

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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REGIONAL COMMUNITY OF SOUTHERN VICTORIA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

DECEMBER 31, 2025

The accompanying consolidated financial statements of Regional Community of Southern Victoria are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

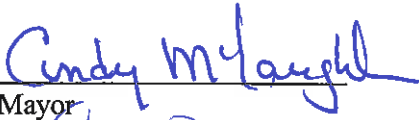
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

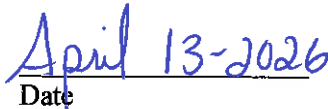
The Council meets periodically with management, as well as the external auditors annually, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Lenehan McCain & Associates, CPA's, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Regional Community of Southern Victoria and meet when required.

On behalf of Regional Community of Southern Victoria:



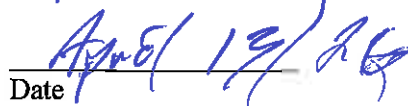
Mayor



Date



CAO



Date

Independent Auditor's Report

To Her Worship the Mayor and Members of Council, of
Regional Community of Southern Victoria

Opinion

We have audited the consolidated financial statements of Regional Community of Southern Victoria, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2025, and the results of its consolidated operations, changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. Notes 15-19 on pages 15-23 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditor's Report, continued

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Leah McCain + Associates

Chartered Professional Accountants

Perth-Andover, New Brunswick
April 13, 2026

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash (Note 3)	\$ 1,028,810	\$ 1,066,389
Accounts receivable (Note 4)	1,526,633	1,146,090
Marketable securities (Note 5)	8,034,271	8,207,809
	<u>10,589,714</u>	<u>10,420,288</u>
Liabilities		
Accounts payable (Note 6)	1,701,571	1,314,398
Deferred revenue (Note 7)	308,985	383,581
	<u>2,010,556</u>	<u>1,697,979</u>
Net financial assets	<u>8,579,158</u>	<u>8,722,309</u>
Non-financial Assets		
Tangible capital assets (Note 14)	15,743,259	14,724,008
Prepaid expenses	99,529	82,184
Inventory	433,079	389,319
	<u>16,275,867</u>	<u>15,195,511</u>
Accumulated Surplus	<u>\$ 24,855,025</u>	<u>\$ 23,917,820</u>

Approved on behalf of the Regional Community of Southern Victoria

_____, Mayor
 CAO

The accompanying notes are an integral part of the financial statements

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Surplus	\$ (266,906)	\$ 937,205	\$ 622,113
Acquisition of tangible capital assets	-	(2,023,495)	(1,547,486)
Amortization of tangible capital assets	967,576	967,576	995,662
Net disposal of tangible capital assets	-	36,668	379,186
	967,576	(1,019,251)	(172,638)
Change in prepaid asset	(17,345)	(17,345)	(57,944)
Change in inventory	(43,760)	(43,760)	(91,657)
Increase in net financial assets	639,565	(143,151)	299,874
Net financial assets at beginning of year	-	8,722,309	8,422,435
Net financial assets at end of year	\$ -	\$ 8,579,158	\$ 8,722,309

The accompanying notes are an integral part of the financial statements

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Revenue			
Warrant of assessment	\$ 2,542,584	\$ 2,542,584	\$ 2,377,595
Unconditional grants	362,916	362,916	387,600
Other government transfers	-	-	6,105
Services to other governments	179,418	187,988	171,453
Sales of services - Environmental health services	45,616	43,129	45,516
Sales of services - Recreation and cultural	196,654	235,134	270,470
Sales of services - Water and sewer	719,008	728,237	708,061
Sales of services - Light commission	4,345,861	4,514,162	4,007,579
Other revenues from own source	99,307	177,463	370,543
Outside funding	-	731,031	142,195
Investment income	-	145,306	256,291
Fire lottery	-	257,017	291,602
10% Provincial rebate income	-	171,042	-
	8,491,364	10,096,009	9,035,010
Expenditures			
General government services	527,918	492,065	519,303
Protective services	989,117	1,000,701	936,605
Transportation services	640,549	597,544	529,083
Environmental health services	289,867	261,410	284,797
Environmental development services	233,813	213,344	309,186
Recreation and cultural services	896,381	905,583	924,634
Water and sewer	882,268	823,533	867,849
Light commission	4,298,357	4,504,855	3,814,098
Fire lottery	-	187,093	227,342
10% Provincial rebate expense	-	172,676	-
	8,758,270	9,158,804	8,412,897
Surplus	(266,906)	937,205	622,113
Accumulated surplus at beginning of year	-	23,917,820	23,295,707
Accumulated surplus at end of year	\$ -	\$ 24,855,025	\$ 23,917,820

The accompanying notes are an integral part of the financial statements

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Cash flows from		
Operating activities		
Surplus	\$ 937,205	\$ 622,113
Items not affecting cash		
Amortization of tangible capital assets	967,576	995,662
Loss (gain) on sale of tangible capital assets	(48,133)	1,540
	<u>1,856,648</u>	<u>1,619,315</u>
Change in non-cash operating working capital		
Accounts receivable	(380,543)	82,162
Accounts payable	387,173	19,243
Deferred revenue	(74,596)	87,294
Inventory	(43,760)	(91,657)
Prepaid expenses	(17,345)	(57,944)
	<u>1,727,577</u>	<u>1,658,413</u>
Capital activities		
Acquisition of tangible capital assets	(2,023,495)	(1,547,486)
Proceeds on disposal of tangible capital assets	84,801	377,646
	<u>(1,938,694)</u>	<u>(1,169,840)</u>
Investing activities		
Decrease (increase) in Investments	173,538	(355,662)
Increase (decrease) in cash and cash equivalents	<u>(37,579)</u>	<u>132,911</u>
Cash and cash equivalents, beginning of year	<u>1,066,389</u>	<u>933,478</u>
Cash and cash equivalents, end of year	<u>\$ 1,028,810</u>	<u>\$ 1,066,389</u>

The accompanying notes are an integral part of the financial statements

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. Description of entity

The Village is incorporated and operates under the provisions of the Province of New Brunswick Municipalities Act.

The Village provides municipal services such as police, fire, public works, engineering, parks and recreation, community development and general government operations.

New Brunswick Regulation 2022-50 under the Local Governance Act filed on August 30, 2022, stated "For the purpose of the elections held under An Act Respecting Local Governance Reform, former "Village of Perth-Andover" and "Village of Aroostook" amalgamated to incorporate a village called "Regional Community of Southern Victoria" and will continue with certain unincorporated areas contiguous to Regional Community of Southern Victoria and are annexed to Regional Community of Southern Victoria. The effective date of the annexation is January 1, 2023.

2. Basis of Presentation and Significant Accounting Policies

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of CPA Canada.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The focus of Public Sector Accounting (PSA) financial statements is on the financial position of the Municipality and the charges thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Municipality.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in net debt and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

There are no other organizations or entities included in these consolidated financial statements.

Inter-departmental and organizational transactions and balances are eliminated.

(b) Investments

Investments are comprised of portfolio investments and are recorded at fair market value.

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Basis of Presentation and Significant Accounting Policies, continued

(c) Budget

The budget figures contained in these financial statements were approved by Council on December 18, 2024 and were approved by the Minister of Local Government on January 7, 2025. The budget figures are unaudited.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Revenue recognition

Taxation Revenue represents the annual levy administered and collected by the Province of New Brunswick on behalf of all New Brunswick Municipalities for municipal services. They are recorded as warrant of assessment as the funds are received by the Village.

Government Transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the Village, and a reasonable estimate of the amount to be received can be made.

Fee and charge revenue for building permits, water and sewer, electricity and transportation are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

Other revenue is recorded when it is earned, and collection is reasonably assured.

(f) Expenditure recognition

Expenses are recorded on the accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the statement of financial position date.

(g) Government transfers

Government transfers are transfer of monetary or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Basis of Presentation and Significant Accounting Policies, continued

(h) Segmented information

The Municipality is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments as follows:

- **General government services**
This department is responsible for the overall governance and financial administration of the Municipality. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.
- **Protective services**
This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.
- **Transportation services**
This department is responsible for common services, road and street maintenance, street lighting and other transportation related functions.
- **Environmental health services**
This department is responsible for the provision of waste collection and disposal.
- **Environmental development services**
This department is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.
- **Recreation and cultural services**
This department is responsible for the maintenance and operation of recreational and cultural facilities, including the swimming pool, arena, parks and playgrounds and other recreational and cultural facilities.
- **Water supply**
This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks and lagoons.
- **Light Commission**
This department is responsible for the provision of electric power services including the maintenance and operation of power lines and substations.
- **Fire Lottery**
The Village operates a lottery to raise funds to assist in the purchasing of necessary equipment and supplies for the use of the fire department in providing protection services.

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Basis of Presentation and Significant Accounting Policies, continued

(i) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Village: is directly responsible; or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(j) Reserves

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are recorded as an adjustment within accumulated surplus. "Statement of Reserve Fund Balances" to the consolidated financial statements is included to show the reserve fund balances as supplementary information.

(k) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development and betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful life as follows:

Buildings	15-80 years
Motor vehicles	5-10 years
Computer equipment	5-10 years
Equipment	5-80 years
Land improvements	5-80 years
Distribution and lighting systems	10-40 years
Infrastructure	10-80 years
Water and sewer systems	25-60 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

Amortization is not recognized in the year assets are acquired.

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Basis of Presentation and Significant Accounting Policies, continued

(l) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventory of supplies.

(m) Supplies inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

(n) Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates reported in these financial statements include amortization of tangible capital assets, allowance for doubtful accounts and accrued sick leave obligation. Actual results may differ from those estimates.

(o) Financial instruments

Financial instruments are financial assets or liabilities of the Village where the Village has the right to receive cash or another financial asset from another party or has the obligation to pay cash or other financial assets to another party or equity instruments of another entity.

The Village's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is council's opinion that the Village is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Village is subject to credit risk through accounts receivable. The Village minimizes credit risk through ongoing credit management.

(p) Deferred revenue

Funding is recorded as deferred revenue if it has been restricted by the government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Basis of Presentation and Significant Accounting Policies, continued

(q) Net debt or net financial assets

The consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt or net financial asset is determined by the difference between liabilities and financial assets. Net debt or net financial assets, is comprised of two components, non-financial assets and accumulated surplus.

(r) Employee future benefits

The Village provides continuation of unused sick banks which do not vest to be used during the employees' period of employment.

3. Cash

	2025	2024
Unrestricted	\$ 796,286	\$ 679,541
Cash - restricted (Gas Tax Funds)	184,817	339,985
Cash - restricted (reserve funds)	47,707	46,863
	<hr/> \$ 1,028,810	<hr/> \$ 1,066,389

4. Accounts receivable

	2025	2024
Light commission	\$ 828,721	\$ 831,547
Water and sewer	100,719	120,134
Province of New Brunswick	400,359	12,208
Sales tax	121,250	54,009
Other accounts receivable	170,071	241,110
Allowance for doubtful accounts	(94,487)	(112,918)
	<hr/> \$ 1,526,633	<hr/> \$ 1,146,090

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Marketable securities

The marketable securities consist of fixed income securities with maturity dates ranging from January 2026 to December 2055 and interest rates ranging from 1.25% to 7.05%.

	2025	2024
Cash and short term investments	\$ 2,199,047	\$ 2,301,273
Fixed income	5,788,804	5,845,022
Accrued interest	46,420	61,514
	<hr/>	<hr/>
	\$ 8,034,271	\$ 8,207,809

6. Accounts payable

	2025	2024
Light commission	\$ 997,047	\$ 661,501
Water and sewer	15,497	29,130
Payroll deductions	43,223	50,353
Sick liability	217,823	231,635
Accrued payroll	85,974	68,589
Other accounts payable and accruals	192,805	128,933
Minister of Finance	149,202	144,257
	<hr/>	<hr/>
	\$ 1,701,571	\$ 1,314,398

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

7. Deferred revenue

	December 31, 2024	Funding received, 2025	Revenue recognized, 2025	December 31, 2025
Federal government				
Gas Tax Fund	\$ 339,986	\$ 175,503	\$ (330,672)	\$ 184,817
Senior park grant	4,912	-	-	4,912
Fire Lottery	31,684	253,771	(257,017)	28,438
Winter Freeze Festival grants	2,000	900	-	2,900
Pending land purchases	5,000	82,918	-	87,918
	43,596	337,589	(257,017)	124,168
	\$ 383,581	\$ 513,092	\$ (587,689)	\$ 308,985

8. Operating borrowing

As prescribed in the Municipalities Act of New Brunswick, borrowing to finance General Fund operations is limited to 4% of the Municipality's budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2025, the Municipality has complied with these restrictions.

9. Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short term inter-fund borrowing be repaid in the year unless the borrowing is for a capital project.

10. Water cost transfer

The Municipality's water cost transfer is within the maximum allowable by regulation based on the applicable percentage of system expenditures for the population.

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

11. Water and Sewer Fund Surplus/Deficit

The Municipalities Act requires Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuing year. The balance of the surplus/deficit at the end of the year consists of:

	2025	2024
2025 surplus	\$ 111,614	\$ -
2024 surplus	116,286	116,286
2023 surplus	-	98,830
	<hr/> \$ 227,900	<hr/> \$ 215,116

12. Sick leave benefits

The Village provides every employee who works full time hours a sick leave entitlement that accumulates at a rate of 1.25 days for each calendar month. Management employees can accumulate a maximum of 180 days, while other employees can accumulate up to 90 days. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. The estimated obligation at the end of the year has been accrued. The sick leave is a non-vesting benefit and is unfunded.

13. Contingent Liabilities

In the normal course of operations, the Village becomes involved in various claims and legal proceedings. As the final outcome with respect to claims and legal proceedings pending at December 31, 2025 cannot be predicted with certainty, it is the opinion of management and council that resolution of these matters, if any will not have a material adverse effect as the Village maintains insurance coverage in amounts considered appropriate.

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

14. Schedule of Tangible Capital Assets

	Land	Land Improvements	Buildings	Computer Equipment	Infrastructure	Motor Vehicles	Equipment	Assets under construction	2025 Total	2024 Total
COST										
Balance, beginning of year	\$ 1,378,485	\$ 2,318,851	\$ 6,176,358	\$ 392,897	\$ 19,055,781	\$ 693,344	\$ 6,037,412	\$ 38,562	\$ 36,091,690	\$ 34,949,199
Add:										
Net additions during the year	-	14,239	27,003	4,823	541,054	49,686	840,719	545,971	2,023,495	1,547,486
Less:										
Disposals during the year	(9,508)	-	-	-	(86,890)	-	(253,300)	-	(349,698)	(404,995)
BALANCE, END OF YEAR	1,368,977	2,333,090	6,203,361	397,720	19,509,945	743,030	6,624,831	584,533	37,765,487	36,091,690
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	1,405,828	3,692,662	326,005	12,102,351	400,917	3,439,919	-	\$ 21,367,682	20,397,829
Add:										
Amortization during the year	-	48,737	153,750	12,951	462,958	34,879	254,301	-	\$ 967,576	995,662
Less:										
Accumulated amortization on disposals	-	-	-	-	(59,730)	-	(253,300)	-	\$ (313,030)	(25,809)
BALANCE, END OF YEAR	-	1,454,565	3,846,412	338,956	12,505,579	435,796	3,440,920	-	22,022,228	21,367,682
NET BOOK VALUE OF TANGIBLE CAPITAL	\$ 1,368,977	\$ 878,525	\$ 2,356,949	\$ 58,764	\$ 7,004,366	\$ 307,234	\$ 3,183,911	\$ 584,533	\$ 15,743,259	\$ 14,724,008
Consists of:										
General Capital Fund	\$ 1,281,987	\$ 247,568	\$ 2,070,610	\$ -	\$ 1,734,499	\$ 265,718	\$ 2,043,289	\$ 584,533	\$ 8,228,204	\$ 6,982,995
Water and Sewer Capital Fund	80,190	595,602	286,339	57,708	2,558,234	41,516	1,140,622	-	4,760,211	4,939,550
Light Commission Capital Fund	6,800	35,355	-	1,056	2,711,633	-	-	-	2,754,844	2,801,463
BALANCE, END OF YEAR	\$ 1,368,977	\$ 878,525	\$ 2,356,949	\$ 58,764	\$ 7,004,366	\$ 307,234	\$ 3,183,911	\$ 584,533	\$ 15,743,259	\$ 14,724,008

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

15. Schedule of Segment Disclosure

	General Government services	Protective services	Transportation services	Environmental health services	Environmental development services	Recreation and cultural services	Water and Sewer	Light Commission	Fire Lottery	2025 Consolidated	2024 Consolidated
Revenues											
Warrant of assessment	\$ 425,682	\$ 750,475	\$ 357,582	\$ 198,239	\$ 185,485	\$ 625,121	\$ -	\$ -	\$ -	\$ 2,542,584	\$ 2,377,595
Unconditional grant	60,760	107,119	51,039	28,296	26,475	89,227	-	-	-	362,916	387,600
Other government transfers	-	-	-	-	-	-	-	-	-	-	6,105
Services provided to other governments	-	126,091	-	-	-	61,897	-	-	-	187,988	171,453
Sale of services	-	-	-	43,129	-	235,134	728,237	4,514,162	-	5,520,662	5,031,626
Other revenue from own sources	92,246	-	-	-	-	-	25,415	59,802	-	177,463	370,543
Outside funding	400,359	-	330,672	-	-	-	-	-	-	731,031	142,195
Investment income (net)	80,399	-	-	-	-	-	27,748	37,159	-	145,306	256,291
Fire lottery	-	-	-	-	-	-	-	-	257,017	257,017	291,602
10% Provincial rebate income	-	-	-	-	-	-	-	171,042	-	171,042	-
	\$ 1,059,446	\$ 983,685	\$ 739,293	\$ 269,664	\$ 211,960	\$ 1,011,379	\$ 781,400	\$ 4,782,165	\$ 257,017	\$ 10,096,009	\$ 9,035,010
Expenses											
Salaries and benefits	\$ 305,041	\$ 77,575	\$ 67,988	\$ 65,077	\$ 84,307	\$ 391,177	\$ 360,400	\$ 162,977	\$ -	\$ 1,514,542	\$ 1,452,397
Goods and services	244,417	791,422	313,681	147,613	120,856	373,051	240,582	4,133,428	187,093	6,552,143	5,963,298
Amortization	10,099	131,704	215,875	48,720	8,181	141,355	222,551	189,091	-	967,576	995,662
Loss (gain) on disposal of assets	(67,492)	-	-	-	-	-	-	19,359	-	(48,133)	1,540
10% Provincial rebate expense	-	-	-	-	-	-	-	172,676	-	172,676	-
	\$ 492,065	\$ 1,000,701	\$ 597,544	\$ 261,410	\$ 213,344	\$ 905,583	\$ 823,533	\$ 4,677,531	\$ 187,093	\$ 9,158,804	\$ 8,412,897
Surplus (deficit) for the year	\$ 567,381	\$ (17,016)	\$ 141,749	\$ 8,254	\$ (1,384)	\$ 105,796	\$ (42,133)	\$ 104,634	\$ 69,924	\$ 937,205	\$ 622,113

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

16. Reconciliation of Operating Budget to PSAB Budget

	General Operating Budget	Water and Sewer Operating Budget	Light Commission Operating Budget	Amortization	Transfers	Total
Revenue						
Warrant of assessment	\$ 2,542,584	\$ -	\$ -	\$ -	\$ -	2,542,584
Unconditional grant	362,916	-	-	-	-	362,916
Other government transfers	-	-	-	-	-	-
Services provided to other governments	179,418	-	-	-	-	179,418
Sales of services						
Environmental health services	45,616	-	-	-	-	45,616
Recreation and cultural services	202,054	-	-	-	(5,400)	196,654
Water and sewer	-	719,008	-	-	-	719,008
Light commission	-	-	4,345,861	-	-	4,345,861
Other revenue from own sources	48,707	68,000	38,100	-	(55,500)	99,307
Transfers from other funds	76,057	-	20,613	-	(96,670)	-
Surplus of second previous year	63,325	98,830	159,507	-	(321,662)	-
	3,520,677	885,838	4,564,081	-	(479,232)	8,491,364
Expenditures						
General government services	517,819	-	-	10,099	-	527,918
Protective services	912,913	-	-	131,704	(55,500)	989,117
Transportation services	434,980	-	-	215,875	(10,306)	640,549
Environmental health services	241,147	-	-	48,720	-	289,867
Environmental development services	225,632	-	-	8,181	-	233,813
Recreation and cultural services	760,426	-	-	141,355	(5,400)	896,381
Water and sewer	-	692,496	-	222,551	(32,779)	882,268
Light commission	-	-	4,162,851	189,091	(53,585)	4,298,357
Fiscal services	427,760	193,342	401,230	-	(1,022,332)	-
	3,520,677	885,838	4,564,081	967,576	(1,179,902)	8,758,270
Surplus (deficit)	\$ -	\$ -	\$ -	\$ (967,576)	\$ 700,670	\$ (266,906)

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

17. Reconciliation of Annual Surplus

	General Operating Fund	Water and Sewer Operating Fund	Light Commission Operating Fund	Operating Reserve Funds	General Capital Fund	Water and Sewer Capital Fund	Light Commission Capital Fund	Total
2025 annual surplus (deficit) per PSAB	\$ (370,504)	\$ 137,207	\$ 151,251	\$ -	\$ 1,245,210	\$ (179,341)	\$ (46,618)	\$ 937,205
Adjustments to annual surplus (deficit) for funding requirements								
Amortization of tangible capital assets	-	-	-	-	555,934	222,551	189,091	967,576
Tangible capital asset additions	-	-	-	-	(1,810,652)	(49,210)	(169,633)	(2,023,495)
Net proceeds from disposal of tangible capital assets	-	-	-	-	9,508	-	27,160	36,668
Second previous year's surplus	63,325	98,830	159,507	-	-	-	-	321,662
Transfer between Operating Fund and Operating Reserve Fund	307,601	(97,748)	(37,159)	(172,694)	-	-	-	-
Interfund transfers	107,324	(25,814)	(81,510)	-	-	-	-	-
Net fire lottery annual surplus	(47,121)	-	-	-	-	-	-	(47,121)
Sick leave accrual	(14,391)	(861)	1,440	-	-	-	-	(13,812)
Total adjustments to 2025 annual surplus (deficit)	416,738	(25,593)	42,278	(172,694)	(1,245,210)	179,341	46,618	(758,522)
2025 annual fund surplus (deficit)	\$ 46,234	\$ 111,614	\$ 193,529	\$ (172,694)	\$ -	\$ -	\$ -	\$ 178,683

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

18. Statement of Reserve Funds Balances

	General Reserve	Water and Sewer Reserve	Light Commission Reserve	2025	2024
Accumulated surplus, beginning of year	\$4,750,982	\$1,738,390	\$2,148,400	\$8,637,772	\$7,994,805
Revenues/ Expenditures					
Investment Income	121,238	(698)	48,715	169,254	226,289
Transfers from operating funds	112,000	70,000	-	182,000	386,676
Increase (decrease) in unrealized gains on investments	(40,839)	28,446	(11,556)	(23,948)	30,001
Transfers from capital funds	(500,000)	-	-	(500,000)	-
Annual surplus	(307,601)	97,748	37,159	(172,694)	642,967
Accumulated surplus, end of year	\$4,443,381	\$1,836,138	\$2,185,559	\$8,465,078	\$8,637,772

Reserve funds are made up of cash of \$47,707, marketable securities of \$8,034,271 and interfund loans payable of \$383,100 totaling \$8,465,078.

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

19. Statement of Detailed Revenue and Expenditures

	2025 Budget (Unaudited)	2025	2024
Revenue			
Services to other governments	\$	\$	\$
Local governments			
Fire	-	8,570	72
Province of New Brunswick			
Fire	117,521	117,521	114,468
Recreation	61,897	61,897	56,913
	<u>179,418</u>	<u>187,988</u>	<u>171,453</u>
Sales of service			
Environmental health services			
Recycling products	45,616	43,129	45,516
Recreation and cultural services			
Civic centre	110,104	128,562	161,240
Recreation commission	86,550	106,572	109,230
	<u>196,654</u>	<u>235,134</u>	<u>270,470</u>
Water and sewer			
Water	481,919	487,321	474,551
Sewer	237,089	240,916	233,510
	<u>719,008</u>	<u>728,237</u>	<u>708,061</u>
Light commission			
Power sales and rentals	4,345,861	4,514,162	4,007,579
	<u>4,345,861</u>	<u>4,514,162</u>	<u>4,007,579</u>
Other revenue from own source			
Licenses and permits			
Animal	-	-	155
Construction	2,000	8,806	5,943
Rentals			
Trailer Park	13,200	14,960	15,840
Return on investments			
Interest	57,500	58,297	73,701
Miscellaneous			
Village other income	5,500	43,182	247,446
Water other income	-	8,222	9,757
Light other income	-	8,350	1,449
Adjustment in lieu of tax	15,007	15,007	20
Services provided to other utilities	4,000	8,214	13,852
Line extensions, electrical waiver and connection fees	2,100	12,425	2,380
	<u>99,307</u>	<u>177,463</u>	<u>370,543</u>

(continues)

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

19. Statement of Detailed Revenue and Expenditures

	2025 Budget (Unaudited)	2025	2024
Expenses			
General government services			
Legislative			
Mayor	13,956	13,393	13,064
Councilors	57,010	55,242	53,884
Mayor and council travel expenses	29,200	25,073	19,275
Administrative			
Administration salaries and other	264,928	302,769	298,265
Office building	37,466	30,481	30,873
Solicitor	17,000	680	25,646
Financial management			
Audit	12,500	8,744	9,068
Other general government services			
Conventions	5,000	7,450	4,812
Public liability insurance	4,883	4,215	6,144
Grants to organizations	25,000	28,204	23,950
Training and development	7,000	29,331	7,802
Assessment costs	43,876	43,876	40,801
Amortization	10,099	10,099	10,099
Loss (gain) on disposal of tangible capital assets	-	(67,492)	(24,380)
	527,918	492,065	519,303
Protective services			
Police			
R.C.M.P.	596,809	596,808	576,626
Fire			
Administration	-	36	37
Firefighting force	84,756	77,575	68,299
Fire alarm system	24,000	24,266	24,459
Station and building	39,030	35,852	41,069
Fighting equipment	57,993	82,837	48,950
Training and development	32,000	43,527	28,120
Emergency measures			
EMO	5,000	345	1,157
Other			
By-law enforcement	10,000	4,505	5,026
Animal and pest control	5,000	421	5,298
Regional public safety committee (RSC)	2,825	2,825	2,119
Amortization	131,704	131,704	135,445
	989,117	1,000,701	936,605

(continues)

REGIONAL COMMUNITY OF SOUTHERN VICTORIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

19. Statement of Detailed Revenue and Expenditures

	2025 Budget (Unaudited)	2025	2024
Expenses (continued)			
Transportation services			
Roadway transport			
Summer maintenance	230,016	187,664	87,791
Culvert and drainage	7,000	200	21,253
Storm sewers	2,500	5,249	500
Street cleaning	6,000	9,151	5,510
Snow and ice removal	155,770	167,359	129,030
Street lights	12,000	11,474	10,769
Street signs	1,250	(293)	3,153
Crosswalks	10,000	727	10,571
Other			
Contribution to RSC	138	138	366
Amortization	215,875	215,875	260,140
	640,549	597,544	529,083
Environmental health services			
Administration	21,378	5,914	20,507
Solid waste collection and disposal	192,245	182,542	199,977
Recycling	27,524	24,234	15,593
Amortization	48,720	48,720	48,720
	289,867	261,410	284,797
Environmental development services			
Community development	99,863	75,457	170,646
Tourism promotion	53,678	59,566	51,632
Beautification and land rehabilitation	57,747	59,796	63,810
Industrial park	4,000	-	-
Contribution to RSC	10,344	10,344	13,268
Amortization	8,181	8,181	9,830
	233,813	213,344	309,186

(continues)

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

19. Statement of Detailed Revenue and Expenditures

	2025 Budget (Unaudited)	2025	2024
Expenses (continued)			
Recreation and cultural services			
Administration	161,522	144,374	158,456
Civic centre	360,444	359,552	341,743
Recreation commission, pool and marina	192,077	218,018	242,186
Library	37,306	40,607	39,845
Museums	2,000	-	-
Contribution to RSC	1,677	1,677	1,911
Amortization	141,355	141,355	140,493
	<u>896,381</u>	<u>905,583</u>	<u>924,634</u>
Water and sewer			
Administration	101,581	98,128	97,364
Transmission and distribution	267,989	238,315	290,470
Purification and treatment	22,000	19,147	14,421
Power and pumping	57,000	57,484	51,855
Discounts	7,000	14,247	13,000
Sewerage and collection and disposal	204,147	173,661	182,904
Amortization	222,551	222,551	217,835
	<u>882,268</u>	<u>823,533</u>	<u>867,849</u>
Light commission			
Administration	346,328	312,263	307,019
Energy services	51,430	4,960	20,010
Power purchases	3,272,403	3,568,284	2,966,696
Transmission and distribution	406,766	376,239	290,312
Discounts	32,339	34,659	31,041
Amortization	189,091	189,091	173,100
Loss on disposal of tangible capital assets	-	19,359	25,920
	<u>4,298,357</u>	<u>4,504,855</u>	<u>3,814,098</u>
Fire Lottery			
Lottery payouts	-	128,380	145,604
Donations	-	25,000	25,000
Interest and bank charges	-	56	490
Repairs and maintenance	-	-	-
Supplies	-	33,657	56,248
	<u>\$ -</u>	<u>\$ 187,093</u>	<u>\$ 227,342</u>

REGIONAL COMMUNITY OF SOUTHERN VICTORIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

20. Statements of Reserves - Council Resolutions regarding transfers to and from reserves:

Councillor Cummings **MOVED** that Council agrees to move \$500,000.00 from Fire Capital Reserve for the purchase of the new Pump Truck. **SECONDED** by Councillor McPhail. **MOTION CARRIED.**

I hereby certify that the above is a true and exact copy of the resolution adopted by Council on October 14, 2025.

It was **MOVED** by Deputy Mayor Shaw and **SECONDED** by Councillor Cummings to approve the transfer of \$12,000 from the Village General Operation Account to the Recreation Capital Reserve Fund. **MOTION CARRIED.**


I hereby certify that the above is a true and exact copy of the resolution adopted by Council on December 8, 2025.

It was **MOVED** by Councillor Cummings and **SECONDED** by Deputy Mayor Shaw that council approves the transfer of \$100,000.00 from the Village General Operation Account to the Village Capital Reserve Fund, **MOTION CARRIED.**

It was **MOVED** by Councillor Cummings and **SECONDED** by Deputy Mayor Shaw that council approves the transfer of \$60,000.00 from the Water General Operation Account to the P-A System Water Capital Reserve Fund, **MOTION CARRIED.**

It was **MOVED** by Councillor Cummings and **SECONDED** by Councillor Legace that council approves the transfer of \$10,000.00 from the Water General Operation Account to the Aroostook System Water Capital Reserve Fund, **MOTION CARRIED.**

I hereby certify that the above are true and exact copies of resolutions adopted by Council on December 22, 2025.



CAO
Regional Community of Southern Victoria



Date