RECEIVED
In Person
MAR 2 0 2026
The Island Regulatory and Appeals Commission

TO: Cheryl Bradley, Director

RE: Rate Application

DOCKET: UW30 305

Forecast & Revenue

1a. Since the time the application was submitted the utility has had a few more new builds, and the current number of units billed is approximately 207. The new builds would be 4 new residential units, 2 duplexes and 2 - 6 unit townhouses.

The 207 units billed would include single residential units, duplexes, apartment units, townhouses and commercial customers.

1b. The 'Village' does not possess any property for future development. We do anticipate 1 – 2 new residential units to be built and we also have a developer that owns property and plans to build 3 – 4 duplexes on that parcel of land.

There is also a proposed upgrade to an existing camp ground located within the village and these upgrades would include a multi-unit hotel as well as upgrading existing camping sites to include sewer. These upgrades would be done in 2 phases with no date set for completion.

1c. As for how the revenue forecast was calculated it is based on current development permits submitted and the anticipated new development permits for the new duplexes as well as any building permits for the 2 phases for the multi-unit hotel and the upgrade to the campground.

Expenses & Allocations

The cost to have a qualified waste water treatment operator oversee the regular maintenance of the system has increased over the last several years and stands at approximately $1440.00 monthly for a total of $17,280.00 annually. This cost is only for regular maintenance and standard costs associated with this. Any other costs such as videotaping the sewer system to ensure there are no obstructions or collapsed lines, flushing of lines, or any unforeseen problems that arise are not included in the monthly cost. The company, Prince County Wastewater Management, was recently sold and the new owner is currently keeping the same monthly rate but as with every other cost for service we anticipate this will increase as well although we were not advised of this as yet.

In the application we stated the system is getting older but the increased costs are to reflect the maintenance and servicing of the system including maintaining the lift stations and the added expense of operating the backup generators.

We currently do not have any proposed capital projects or anticipated significant expenditures in the next 2-5 years and we are not anticipating any significant repairs or upgrades to the system at this time but as with any system we anticipate there will be some maintenance and repairs in the future. We will be discussing the total system with the new Wastewater Management Operator on a go forward basis with a maintenance schedule of the system. We do not have a date to replace any part of the system but this is something we will have to discuss with the operator. We don't want to scramble to find the funding so we want to ensure we have the funds to cover any unseen costs.

With the utility having 3 lift stations, we were pro-active in purchasing replacement parts for each of the pumps. Each lift station has 2 pumps and they will have to be serviced on a rotating basis to ensure the lift stations operate as required. Also, with the purchase of backup generators for each of the lift stations there are added costs associated with these such as us having to replace a transfer switch. There is a cost of keeping the generators serviced and fueled and we anticipate the cost of electricity to increase over the next few years.

In the application we stated the maintenance and administrative costs have risen but that would be for the wastewater management operator costs and not the administrative cost associated with running the utility. These costs have not risen since fiscal 2019 – 2020 and we don't foresee any increase with the current annual cost of $10,800.00. It certainly wasn't our intention to imply that our administrative costs will rise.

As well, since the application was submitted the government had announced the construction of a new Evangeline School to replace the existing school that was damaged by hurricane Fiona. We don't see there being any significant change with the new school connecting to the system and we don't anticipate any significant costs associated with this unless we have to upgrade our system at the point of connection.

On a footnote, I was speaking with the administrator from 1980 when the sewer system was initially started and he mentioned that the annual sewer fee at that time was $120.00 per residence so the total cost only increased by $80.00 annually over the last 45 years.

Phillip LeBlanc, Mayor

Rural Municipality of Abram-Village

Utility Name: Abram-Village Sewer Utility Corporation

Statement of Revenue and Expenditures (WITHOUT RATE CHANGE)

	# of Sewer Customers	
$ 207	# of Prop Units Billed	
$ -	# of Feet of Frontage	

PER YEAR	Current	Proposed	Diff %	Diff $
Flat Rate	$ 200	$ 240	20	$ 40.00
Ftg Rate/Ft	$ -	$ -	#DIV/0!	$ -

					WITHOUT RATE CHG		
		Actual Year 1	Actual Year 2	Proj 2026	Proj 2027	Proj 2028
	REVENUES					
521	Flat Rate Revenues	$ 54,610	$ 55,290	$ 55,500	$ 55,500	$ 55,500
522	Measured Revenues	-	-	-	-	-
523	Revenues from Public Authorities	-	-	-	-	-
525	Interdepartmental Revenues	-	-	-	-	-
530	Frontage Rates	-	-	-	-	-
531	Sale of Sludge	-	-	-	-	-
532	Delayed Payment Charges	-	-	-	-	-
534	Rents from Sewer Property	-	-	-	-	-
536	Other Sewer Revenues	536	766	200	200	200
	TOTAL REVENUES	$ 55,146	$ 56,056	$ 55,700	$ 55,700	$ 55,700
	EXPENDITURES					
Operating	700 Salaries and Wages - Oper Emp	$ 22,457	$ 24,107	$ 23,500	$ 24,000	$ 24,000
Operating	705 Materials and Supplies	-	-	-	-	-
Operating	710 Repairs and Maintenance	10,401	13,943	11,000	12,000	12,000
Operating	715 Rentals	-				
Operating	720 Power or Electricity	4,414	4,208	4,400	4,500	4,500
Operating	725 Chemicals	-	-			
Operating		37,272	42,258	38,900	40,500	40,500
General	750 Salaries and Wages - Admin Emp	10,800	10,800	10,800	10,800	10,800
General	755 Employee Pensions and Benefits	-	-	-	-	-
General	760 Office Supplies and Other	-	-	-	-	-
General	761 Interest and Bank Service Charges	515	100	100	100	100
General	765 Contractual Services	-	500	500	500	500
General	770 Transportation Expenses	-	-	-	-	-
General	775 Insurance	-	-	-	-	-
General	780 Amortization - Rate Case Expense	30,397	30,634	-	-	-
General	785 Regulatory Commission Fees	700	693	700	700	700
General	790 Miscellaneous Expenses	-	-	-	-	-
General	795 Bad Debt Expense	-	-	-	-	-
General		42,412	42,727	12,100	12,100	12,100
Other	902 Small Tools Written Off	-	-			
Other	903 Depreciation Expenses (Sch 9A)	-	-			
Other	904 Interest on Long-Term Debt	4,240	2,580			
Other		4,240	2,580	-	-	-
	TOTAL EXPENDITURES	$ 83,924	$ 87,565	$ 51,000	$ 52,600	$ 52,600
	Net Income (Loss) Year	$ (28,778)	$ (31,509)	$ 4,700	$ 3,100	$ 3,100
	Cumulative Surp (Def)		$ (31,509)	$ (26,809)	$ (23,709)	$ (20,609)

Notes

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Utility Name: Abram-Village Sewer Utility Corporation

Statement of Revenue and Expenditures (WITH RATE CHANGE)

		PER YEAR	Current	Proposed	Diff %	Diff $
	# of Sewer Customers					
$ 207	# of Prop Units Billed	Flat Rate	$ 200	$ 240	20	$ 40.00
	# of Feet of Frontage	Ftg Rate/Ft			#DIV/0!	$ -

					WITH RATE CHANGE		
		Actual Year 1	Actual Year 2	Proj 2026	Proj 2027	Proj 2028
	REVENUES					
	521 Flat Rate Revenues	$ 54,610	$ 55,290	$ 66,600	$ 66,840	$ 67,100
	522 Measured Revenues	-	-			
	523 Revenues from Public Authorities	-	-			
	525 Interdepartmental Revenues	-	-			
	530 Frontage Rates	-	-			
	531 Sale of Sludge	-	-			
	532 Delayed Payment Charges	-	-			
	534 Rents from Sewer Property	-	-			
	536 Other Sewer Revenues	536	766	200	200	200
	TOTAL REVENUES	$ 55,146	$ 56,056	$ 66,800	$ 67,040	$ 67,300
	EXPENDITURES					
Operating	700 Salaries and Wages - Oper Emp	$ 22,457	$ 24,107	$ 23,500	$ 24,000	$ 24,000
Operating	705 Materials and Supplies	-	-			
Operating	710 Repairs and Maintenance	10,401	13,943	13,800	14,000	14,000
Operating	715 Rentals	-	-			
Operating	720 Power or Electricity	4,414	4,208	4,400	4,500	4,500
Operating	725 Chemicals	-	-			
Operating		37,272	42,258	41,700	42,500	42,500
General	750 Salaries and Wages - Admin Emp	10,800	10,800	10,800	10,800	10,800
General	755 Employee Pensions and Benefits	-	-			
General	760 Office Supplies and Other	-	-			
General	761 Interest and Bank Service Charges	515	100	100	100	100
General	765 Contractual Services	-	500	500	500	500
General	770 Transportation Expenses	-	-			
General	775 Insurance	-	-			
General	780 Amortization - Rate Case Expense	30,397	30,634			
General	785 Regulatory Commission Fees	700	693	700	700	700
General	790 Miscellaneous Expenses	-	-			
General	795 Bad Debt Expense	-	-			
General		42,412	42,727	12,100	12,100	12,100
Other	902 Small Tools Written Off	-	-			
Other	903 Depreciation Expenses (Sch 9A)	-	-			
Other	904 Interest on Long-Term Debt	4,240	258			
Other		4,240	258	-	-	-
	TOTAL EXPENDITURES	$ 83,924	$ 85,243	$ 53,800	$ 54,600	$ 54,600
	Net Income (Loss) Year	$ (28,778)	$ (29,187)	$ 13,000	$ 12,440	$ 12,700
	Cumulative Surp (Def)	$ -	$ (29,187)	$ (16,187)	$ (3,747)	$ 8,953

Notes

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RURAL MUNICIPALITY OF ABRAM-VILLAGE

Consolidated Financial Statements

March 31, 2025

M|R|S|B

RURAL MUNICIPALITY OF ABRAM-VILLAGE
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March 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Rural Municipality of Abram-Village are the responsibility of management and have been prepared in accordance with Canadian Accounting Standards for the Public Sector. A summary of the significant accounting policies are described in the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with a certainty until future periods.

To meet its responsibility, management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MRSB Chartered Professional Accountants Inc., independent external auditors appointed by the Rural Municipality of Abram-Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Rural Municipality of Abram-Village:

_____

Mayor

M|R|S|B
Accounting Tax Consulting Valuation Bookkeeping

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of Rural Municipality of Abram-Village

Opinion

We have audited the consolidated financial statements of Rural Municipality of Abram-Village (the Municipality), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes and schedules 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 March 31, 2025, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian Accounting Standards for the Public Sector.

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 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.

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 Accounting Standards for the Public Sector, 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.

(continues)

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 consolidated 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:

- 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. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- 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.

MRSB Chartered Professional Accountants Inc.

MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.

Charlottetown, PE

December 2, 2025

RURAL MUNICIPALITY OF ABRAM-VILLAGE
Consolidated Statement of Financial Position
March 31, 2025

	2025	2024
Financial assets		
Unrestricted cash	**$ 360,575**	$ 123,316
Restricted cash	**98,572**	285,479
Accounts receivable (Note 3)	**205,387**	58,671
Land held for resale	**-**	19,000
	664,534	486,466
Liabilities		
Accounts payable and accrued liabilities	**4,063**	6,699
Damage deposit payable	**300**	300
Deferred revenue (Note 4)	**484,084**	302,687
Long term debt (Note 5)	**10,775**	37,550
	499,222	347,236
Net financial assets (Statement 6)	**165,312**	139,230
Non-financial assets		
Prepaid expense	**5,835**	4,884
Tangible capital assets (Schedules 1 and 2)	**2,730,023**	2,641,672
Intangible assets (Note 6)	**23,277**	27,588
	2,759,135	2,674,144
Accumulated surplus (Statement 5)	**$ 2,924,447**	$ 2,813,374

On behalf of Council

_____ Mayor

_____ Councillor

Notes 1 - 14 are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF ABRAM-VILLAGE
Consolidated Statement of Operations
Year Ended March 31, 2025

	Budget 2025	Actual 2025	Actual 2024
Revenues			
Municipality (Schedule 3)	$ 127,251	$ 128,677	$ 166,144
Sewer (Schedule 4)	55,500	56,056	55,146
	182,751	184,733	221,290
Expenditures			
Municipality (Schedule 3)	120,950	135,768	136,999
Sewer (Schedule 4)	50,800	87,065	83,924
	171,750	222,833	220,923
Operating surplus (deficit)	11,001	(38,100)	367
Other revenues			
Government transfers for capital - Municipality (Note 7)	19,172	152,987	5,639
Government transfers for capital - Sewer (Note 7)	-	(3,814)	30,164
	19,172	149,173	35,803
Annual surplus	30,173	111,073	36,170
Accumulated surplus - beginning of year	2,813,374	2,813,374	2,777,204
Accumulated surplus - end of year (Note 8)	$ 2,843,547	$ 2,924,447	$ 2,813,374

Notes 1 - 14 are an integral part of these consolidated financial statements

MRSB

RURAL MUNICIPALITY OF ABRAM-VILLAGE
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2025

	Budget 2025	Actual 2025	Actual 2024
Annual surplus	**$ 30,173**	**$ 111,073**	$ 36,170
Amortization of tangible capital assets	-	**64,996**	70,267
Purchase of tangible capital assets	**(58,000)**	**(153,346)**	(39,201)
Amortization of intangible assets	-	**4,311**	4,311
Increase in prepaid expense	-	**(952)**	(174)
	(58,000)	**(84,991)**	35,203
Increase (decrease) in net financial assets	**(27,827)**	**26,082**	71,373
Net financial assets - beginning of year	**139,230**	**139,230**	67,857
Net financial assets - end of year	**$ 111,403**	**$ 165,312**	$ 139,230

Notes 1 - 14 are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF ABRAM-VILLAGE
Consolidated Statement of Cash Flows
Year Ended March 31, 2025

	2025	2024
Cash flows from operating activities		
Annual surplus	**$ 111,073**	$ 36,170
Items not affecting cash:		
Amortization of tangible capital assets	**64,996**	70,267
Amortization of intangible assets	**4,311**	4,311
	180,380	110,748
Changes in non-cash working capital:		
Accounts receivable	**(146,716)**	9,158
Land held for resale	**19,000**	18,000
Prepaid expense	**(951)**	(173)
Accounts payable and accrued liabilities	**(2,637)**	(10,472)
Deferred revenue	**181,397**	75,911
	50,093	92,424
	230,473	203,172
Cash flows from capital activities		
Purchase of tangible capital assets	**(153,346)**	(39,201)
Cash flows from financing activity		
Repayment of long term debt	**(26,775)**	(31,615)
Increase in cash	**50,352**	132,356
Cash - beginning of year	**408,795**	276,439
Cash - end of year	**$ 459,147**	$ 408,795
Cash consists of:		
Unrestricted cash	**$ 360,575**	$ 123,316
Restricted cash	**98,572**	285,479
	$ 459,147	$ 408,795

Notes 1 - 14 are an integral part of these consolidated financial statements

1. DESCRIPTION OF BUSINESS

Rural Municipality of Abram-Village (the "Municipality") was incorporated under the Municipalities Act of Prince Edward Island. Its principal activities include the provision of local government services to residents of the incorporated area. The Municipality is a non-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Rural Municipality of Abram-Village are the representations of management prepared in accordance with Canadian Accounting Standards for the Public Sector.

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs and in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the year when the related expenditures are incurred, services are performed or the tangible capital assets are acquired.

Basis of consolidation

The consolidated financial statements for the Rural Municipality of Abram-Village reflect the assets, liabilities, revenues, expenditures, and annual surplus of all funds of the Municipality. The Municipality is comprised of all organizations and committees accountable to the Municipality for the administration of their financial affairs and resources. Included in the Municipality are the following:

Rural Municipality of Abram-Village
Abram-Village Sewer Utility

Cash

Cash is comprised of unrestricted and restricted balances on deposits with the credit union.

Accounts receivable

Accounts receivable arise from sewer dues, HST receivable, miscellaneous receivable and government funding. An allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

(continues)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Costs include costs for land acquisition and improvements required to prepare land for servicing. Related development costs incurred to provide infrastructure are recorded as physical assets under the respective function.

Tangible capital assets

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized over the estimated useful life using the following rates and methods:

Municipality		
Buildings	40 years	straight-line method
Parks and playground	10 years	straight-line method
Sidewalks	25 years	straight-line method
Computer	2 years	straight-line method
Lawn mower	3 years	straight-line method
Motorized equipment	5 years	straight-line method
Furniture and equipment	5 years	straight-line method
Sewer Utility		
Sewer system	83.3 years	straight-line method
Equipment	5 years	straight-line method
Sewer pumping station	20 years	straight-line method
Fence	10 years	straight-line method

One-half of the annual rate is recorded in the year of acquisition; no amortization is recorded in the year of disposal.

Amortization rates for the Sewer Utility were established using the estimated useful life of the asset in accordance with the Island Regulatory and Appeals Commission guidelines.

Tangible capital assets acquired during the year but not placed into use during the year are not amortized until they are placed in use. During the year, the municipality has building additions of $145,678 not being amortized as not available for use at year end.

Impairment of long lived assets

The Municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

(continues)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Asset Retirement Obligation

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations. As at March 31, 2025, no asset retirement obligations have been identified by management.

Intangible assets

Official plan is stated at cost and amortized on a straight line basis over 10 years.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net financial assets for the year.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates on the amounts can be determined.

Revenue recognition

Property tax billings are based on the assessed value of real property in the Municipality and is payable in each calendar year. Tax rates are reviewed, established, and approved annually by the Municipality. These revenues are recognized when monthly billings come due.

Sewer dues are charged based on rates approved by the Island Regulatory and Appeals Commission (IRAC). These charges are assessed semi annually and are recognized when billings come due.

Revenue from transactions with performance obligations are recognized when (or as) the Municipality satisfies a performance obligation. Revenue from transactions with no performance obligations are recognized when the Municipality has the authority to claim or retain an inflow of economic resources and a past transaction has given rise to an asset.

(continues)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in surplus. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issuance of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

Management estimates

The presentation of the consolidated financial statements in conformity with Canadian Accounting Standards for the Public Sector requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The following are areas in which management makes significant accounting estimates:

- The amounts recorded for amortization of tangible capital assets on the statement of operations is subject to management's assessment of the estimated useful life of the Municipality's tangible capital assets;
- The recognized amounts of potential claims and liabilities depend on management's assessment of future costs and the probability these events will occur.

3. ACCOUNTS RECEIVABLE

	2025	2024
Canada Community Building Fund	**$ 100,000**	$ -
Sewer accounts receivable	**60,643**	41,837
HST receivable	**29,790**	2,376
Municipal Capital Expenditure Grant	**13,126**	9,268
Miscellaneous accounts receivable	**1,828**	5,190
	$ 205,387	$ 58,671

4. DEFERRED REVENUE

	2025	2024
Canada Community Building Fund	$ 361,950	$ 258,325
Unearned Sewer revenues	43,350	41,400
Rural Growth Initiative - Community Revitalization Grant	78,784	2,962
	$ 484,084	$ 302,687

Under the Canada Community Building Fund for Incorporated Communities, the Municipality was allocated $100,000 per year for fiscal years 2025 to 2029. These funds, along with interest earned, must be used for eligible infrastructure and capacity building projects. Any funds received under this program, including interest earned but not yet spent, are recognized as deferred revenue at the end of the year.

During the year, the Municipality received Canada Community Building Fund funding of $100,000, incurred eligible expenditures of $Nil, and earned interest of $3,625.

5. LONG TERM DEBT

	2025	2024
Sewer		
Provincial Credit Union Limited - 6.86%, repayable in quarterly blended installments of $1,001. The loan matures on April 1, 2028.	$ 10,775	$ 37,550

The Municipality has provided a general security agreement providing a fixed charge over serial numbered assets, a first floating charge over all other assets, and all deposit accounts at Provincial Credit Union Limited with carrying value of security of $562,563.

6. INTANGIBLE ASSETS

	2025	2024
Official plan	$ 43,110	$ 43,110
Accumulated amortization	(19,833)	(15,522)
	$ 23,277	$ 27,588

7. GOVERNMENT TRANSFERS

Government transfers for capital

	2025	2024
Sewer Utility		
Municipal Capital Expenditure Grant	$ (3,814)	$ 3,128
Canada Community Building Fund	-	27,036
	(3,814)	30,164
Municipality		
Rural Growth Initiative - Community Revitalization	145,316	-
Municipal Capital Expenditure Grant	7,671	843
Canada Community Building Fund	-	4,796
	152,987	5,639

Government transfers for operations

	2025	2024
Municipality		
Jobs for Youth	5,126	4,826
Grant in lieu of property tax	809	-
	5,935	4,826
	$ 155,108	$ 40,629

8. ACCUMULATED SURPLUS

	2025	2024
Unrestricted surplus	$ 181,920	$ 181,661
Investment in tangible capital assets (Note 9)	2,719,250	2,604,125
Investment in intangible capital assets (Note 6)	23,277	27,588
	$ 2,924,447	$ 2,813,374

9. INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2025	2024
Tangible capital assets (Schedules 1 and 2)	$ 3,648,714	$ 3,495,368
Accumulated amortization (Schedules 1 and 2)	(918,689)	(853,693)
Long term debt (Note 5)	(10,775)	(37,550)
	$ 2,719,250	$ 2,604,125

10. LINE OF CREDIT AVAILABILITY

The Rural Municipality of Abram-Village and Sewer Utility have approved lines of credit with Provincial Credit Union Limited of $5,000 each, which were not utilized at the year end date. The lines of credit are renewable September 30, 2025.

11. RATE REGULATION

Sewer Utility

The Municipality is subject to rate regulation on wastewater utility rates in Prince Edward Island in accordance with the Water and Sewerage Act. The purpose of this Act, which is administered by the Island Regulatory and Appeals Commission (IRAC), is to regulate the sewer utility rates within the Province of Prince Edward Island.

Utility rates and charges are fixed and determined in accordance with the generally accepted public utility practices after taking into consideration local conditions and circumstances. Municipalities may apply for changes to sewer utility rates with IRAC. The commission will review these requests and adjust the price accordingly.

12. BUDGET FIGURES

A reconciliation of the 2025 fiscal operating budget prepared by Council to the budget figures disclosed in the consolidated financial statements is as follows

Budgeted annual surplus (deficit) - Sewer	$ (6,850)
Budgeted annual surplus - Municipality	1,301
Add: Debt retirement	11,550
Add: Capital purchases	5,000
Add: Capital funding	19,172
	$ 30,173

The budget figures provided on Statements 5 and 6 and Schedules 3 to 4 have not been audited or reviewed by the external auditor.

13. FINANCIAL INSTRUMENTS

The Municipality's consolidated financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and long term debt.

The Municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Municipality's risk exposure and concentration as of March 31, 2025.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Municipality is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Municipality has a significant number of residents which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its receipt of government funding, long term debt, and accounts payable and accrued liabilities.

14. SEGMENT DISCLOSURE

The Municipality is a diversified municipal unit that provides a wide range of services to its citizens. For management reporting purposes the Municipality's operations and activities are organized and reported by segment. The major segments are as follows:

Sewer Utility
This segment is responsible for the maintenance and operations of sewer services provided to residents and other customers.

General Government
This segment is responsible for the overall financial and local government administration. Its tasks include, but are not limited to, daily accounting functions, preparation and coordination of annual audited consolidated financial statements, development of the annual budget, human resource functions for the entire Municipality, maintenance of bylaws and policies, oversight of public works, maintenance of municipal facilities and administration of municipal services.

RURAL MUNICIPALITY OF ABRAM-VILLAGE

Schedules to Consolidated Financial Statements

(Schedule 1)

Tangible Capital Assets

Year Ended March 31, 2025

	Cost beginning of year	Additions	Disposals and write downs	Cost end of year	Accum amort beginning of year	Amort in the year	Disposals and write downs	Accum amort end of year	Net book value
Municipality									
Land	$ 9,318	$ -	$ -	$ 9,318	$ -	$ -	$ -	$ -	$ 9,318
Buildings	208,958	145,678	-	354,636	39,744	5,224	-	44,968	309,668
Parks and playground	77,363	-	-	77,363	69,143	1,793	-	70,936	6,427
Sidewalks	549,216	-	-	549,216	106,262	21,968	-	128,230	420,986
Computer	1,160	-	-	1,160	1,160	-	-	1,160	-
Lawn mower	2,560	-	-	2,560	1,280	853	-	2,133	427
Motorized equipment	21,306	-	-	21,306	10,653	4,261	-	14,914	6,392
Furniture and equipment	-	2,630	-	2,630	-	263	-	263	2,367
	$ 869,881	$ 148,308	$ -	$ 1,018,189	$ 228,242	$ 34,362	$ -	$ 262,604	$ 755,585
Sewer Utility									
Land	$ 17,281	$ -	$ -	$ 17,281	$ -	$ -	$ -	$ -	$ 17,281
Sewer system	2,550,297	5,039	-	2,555,336	567,544	30,634	-	598,178	1,957,158
Equipment	11,954	-	-	11,954	11,954	-	-	11,954	-
Sewer pumping station	28,989	-	-	28,989	28,989	-	-	28,989	-
Fence	16,963	-	-	16,963	16,963	-	-	16,963	-
	$ 2,625,484	$ 5,039	$ -	$ 2,630,523	$ 625,450	$ 30,634	$ -	$ 656,084	$ 1,974,439
Total tangible capital assets	$ 3,495,368	$ 153,346	$ -	$ 3,648,714	$ 853,693	$ 64,996	$ -	$ 918,689	$ 2,730,023

Notes 1 - 14 are an integral part of these consolidated financial statements

MRSB

RURAL MUNICIPALITY OF ABRAM-VILLAGE

Schedules to Consolidated Financial Statements

(Schedule 2)

Tangible Capital Assets

Year Ended March 31, 2024

	Cost beginning of year	Additions	Disposals and write downs	Cost end of year	Accum amort beginning of year	Amort in the year	Disposals and write downs	Accum amort end of year	Net book value
Municipality									
Land	$ 9,318	$ -	$ -	$ 9,318	$ -	$ -	$ -	$ -	$ 9,318
Buildings	208,958	-	-	208,958	34,520	5,224	-	39,744	169,214
Parks and playground	74,767	2,596	-	77,363	61,538	7,605	-	69,143	8,220
Sidewalks	547,016	2,200	-	549,216	84,337	21,925	-	106,262	442,954
Computer	1,160	-	-	1,160	1,160	-	-	1,160	-
Lawn mower	2,560	-	-	2,560	427	853	-	1,280	1,280
Motorized equipment	21,306	-	-	21,306	6,392	4,261	-	10,653	10,653
	$ 865,085	$ 4,796	$ -	$ 869,881	$ 188,374	$ 39,868	$ -	$ 228,242	$ 641,639
Sewer Utility									
Land	$ 17,281	$ -	$ -	$ 17,281	$ -	$ -	$ -	$ -	$ 17,281
Sewer system	2,515,892	34,408	-	2,550,300	537,147	30,397	-	567,544	1,982,756
Equipment	11,954	-	-	11,954	11,954	-	-	11,954	-
Sewer pumping station	28,989	-	-	28,989	28,989	-	-	28,989	-
Fence	16,963	-	-	16,963	16,963	-	-	16,963	-
	$ 2,591,079	$ 34,408	$ -	$ 2,625,487	$ 595,053	$ 30,397	$ -	$ 625,450	$ 2,000,037
Total tangible capital assets	$ 3,456,164	$ 39,201	$ -	$ 3,495,368	$ 783,427	$ 70,267	$ -	$ 853,693	$ 2,641,672

Notes 1 - 14 are an integral part of these consolidated financial statements

MRSB

RURAL MUNICIPALITY OF ABRAM-VILLAGE

Schedules to Consolidated Financial Statements

Statement of Operations - Municipality (Schedule 3)

Year Ended March 31, 2025

	Budget 2025	Actual 2025	Actual 2024
Revenues			
Property tax	$ 54,000	$ 72,106	$ 65,460
Equalization grant	32,651	35,548	32,652
Sewer administration fees	10,800	10,800	10,800
Government transfers for operations (Note 7)	4,500	5,935	4,826
Club 50 rentals	5,500	3,200	9,347
Interest	200	813	909
Development permits	100	275	150
Lot sales	19,500	-	42,000
	127,251	128,677	166,144
Expenditures			
Administrator salary	29,200	16,072	9,990
Advertising and promotion	4,600	2,446	2,416
Amortization of intangible assets	-	4,311	4,311
Amortization of tangible capital assets	-	34,362	39,870
Community center	15,000	18,854	14,389
Dues and fees	1,000	665	697
Fire dues	19,000	19,231	18,568
Honorariums and council	5,500	4,330	4,118
Insurance	3,500	3,330	3,165
Interest and bank charges	150	96	28
Lot sales and legal	3,000	567	1,125
Office	-	659	814
Park	4,000	752	614
Professional fees	9,000	7,145	7,145
Property tax	1,000	537	741
Sidewalk maintenance	7,000	5,013	12,652
Street lights	11,000	10,026	9,175
Telecommunications	3,000	1,968	1,765
Wages and wage levies - student	5,000	5,404	5,416
	120,950	135,768	136,999
Operating surplus (deficit)	$ 6,301	$ (7,091)	$ 29,145

Notes 1 - 14 are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF ABRAM-VILLAGE

Schedules to Consolidated Financial Statements

Statement of Operations - Sewer (Schedule 4)

Year Ended March 31, 2025

	Budget 2025	Actual 2025	Actual 2024
Revenues			
Sewer charges	$ 55,000	$ 55,290	$ 54,610
Interest	500	766	536
	55,500	56,056	55,146
Expenditures			
Administration fees	10,800	10,800	10,800
Amortization of tangible capital assets	-	30,634	30,397
Dues and fees	1,100	693	700
Electricity	5,000	4,208	4,414
Interest and bank charges	150	100	515
Interest on long term debt	3,250	2,580	4,240
Operator	18,000	24,107	22,457
Repairs and maintenance	12,500	13,943	10,401
	50,800	87,065	83,924
Operating surplus (deficit)	$ 4,700	$ (31,009)	$ (28,778)

Notes 1 - 14 are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF ABRAM-VILLAGE

Schedules to Consolidated Financial Statements (Schedule 5)

Segment Disclosures

Year Ended March 31, 2025

	Municipality	Sewer	Elimination	Consolidated 2025
Revenues				
Property taxes	$ 72,106	$ -	$ -	$ 72,106
Equalization grant	35,548	-	-	35,548
Club 50 rentals	3,200	-	-	3,200
Government transfers for operations	5,935	-	-	5,935
Interest	813	766	-	1,579
Sewer charges	-	55,290	(700)	54,590
Sewer administration fees	10,800	-	(10,800)	-
Development permits	275	-	-	275
	128,677	56,056	(11,500)	173,233
Expenditures				
Salaries and benefits	25,806	24,107	-	49,913
Goods and services	71,193	29,644	(11,500)	89,337
Amortization of tangible capital assets	34,362	30,634	-	64,996
Amortization of intangible assets	4,311	-	-	4,311
Interest	96	2,680	-	2,776
	135,768	87,065	(11,500)	211,333
Operating deficit	(7,091)	(31,009)	-	(38,100)
Govenment transfers for capital	152,987	(3,814)	-	149,173
Annual surplus (deficit)	$ 145,896	$ (34,823)	$ -	$ 111,073

Notes 1 - 14 are an integral part of these consolidated financial statements

RURAL MUNICIPALITY OF ABRAM-VILLAGE

Schedules to Consolidated Financial Statements (Schedule 6)

Segment Disclosures

Year Ended March 31, 2023

	Municipality	Sewer	Elimination	Consolidated 2024
Revenues				
Property taxes	$ 65,460	$ -	$ -	$ 65,460
Equalization grant	32,652	-	-	32,652
Club 50 rentals	9,347	-	-	9,347
Government transfers for operations	4,826	-	-	4,826
Lot sales	42,000	-	-	42,000
Interest	909	536	-	1,445
Sewer charges	-	54,610	-	54,610
Sewer administration fees	10,800	-	(10,800)	-
Development permits	150	-	-	150
	166,144	55,146	(10,800)	210,490
Expenditures				
Salaries and benefits	19,524	22,457	-	41,981
Goods and services	73,266	26,315	(10,800)	88,781
Amortization of tangible capital assets	39,870	30,397	-	70,267
Amortization of intangible assets	4,311	-	-	4,311
Interest	28	4,755	-	4,783
	136,999	83,924	(10,800)	210,123
Operating surplus (deficit)	29,145	(28,778)	-	367
Govenment transfers for capital	5,639	30,164	-	35,803
Annual surplus	$ 34,784	$ 1,386	$ -	$ 36,170

Notes 1 to 14 are an integral part of these consolidated financial statements