



March 18, 2026

Sam Clow, Senior Regulatory Officer  
The Island Regulatory & Appeals Commission  
5<sup>th</sup> Floor, Suite 501  
National Bank Tower  
134 Kent Street  
Charlottetown, PE C1A 7L1

Dear Mr, Clow:

Please find enclosed two copies of the application for a rate increase for the Rural Municipality of Crapaud Sewer Utility and Water Utility Corporation.

If you have any questions or concerns, please do not hesitate to call.

Sincerely,

  
Michelle Burge, FCPA, CA  
Managing Partner  
**MRSB Chartered Professional Accountants Inc.**

Encls.

**MRSB**

## CONTENTS

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1. **Schedule 1:** Background Information
2. **Schedule 2:** Customer Breakdown
3. **Schedule 3:** Breakdown of Revenues, Expenditures and Current Charges
4. **Schedule 4:** Capital Asset and Contributions in Aid Schedules
5. **Schedule 5:** Schedule of Long Term Debt
6. **Schedule 6:** Proposed Infrastructure Development and Amortization Period
7. **Schedule 7:** Proposed Cost Allocation Structure, Tariff Structure, and Rate Increases
8. **Appendix A:** Authorization for Rate Application Preparation
9. **Appendix B:** Copy of Bylaw Re Creation of Utility
10. **Appendix C:** Statement of Revenues and Expenditures with Proposed Rate Increase
11. **Appendix D:** Statement of Revenues and Expenditures without Proposed Rate Increase
12. **Appendix E:** Audited Financial Statements: March 31, 2025

## Schedule 1

# **CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND CRAPAUD WATER UTILITY CORPORATION**

## **BACKGROUND INFORMATION**

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The application for a change in the sewer and water rates by the Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation “the Utility” is a result of changes to the increased cost of financing debt repayments for new infrastructure upgrades to both the water and sewer systems as well as an increase in overall operating costs to the Utility.

Rates were last increased effective January 1, 2012. The service rates for the Utility currently authorized by IRAC are presented in Schedule 2.

Currently the Utility provides sewer services to 222 customers and water services to 74 customers. All customers are billed on a flat rate based on number of units and no customers are metered.

## Schedule 2

**SEWER**

# of flat rate customers billed		222
	annually	
x flat-rate per unit sewerage charge:	\$ 385.00	<u>\$ 385.00</u>
		\$ 85,470

**WATER**

# of single-family dwelling units billed		29
	annually	
x flat-rate per unit water charge:	\$ 380.00	<u>\$ 380.00</u>
		11,020
# of senior citizen home units billed		32
	annually	
x flat-rate per unit water charge:	\$ 228.00	<u>\$ 228.00</u>
		7,296
# of individual apartment units billed		13
	annually	
x flat-rate per unit water charge:	\$ 228.00	<u>\$ 304.00</u>
		3,952
		<u>\$ 22,268</u>

**Schedule 3**

## **Breakdown of Revenues, Expenditures, and Current Charges**

The Utility provides sewer services to the residential and commercial establishments located in Crapaud, P.E.I. The charges assessed within the Utility can be segregated into two distinct categories: sewer and water.

### **Types of Service Fees**

#### *Sewer*

Currently the Utility provides sewer services to 222 customers, all of which are charged a flat rate and none of which are metered. The Utility expects 35 new customers between 2027 and 2028 fiscal years and does not expect any growth in the number of customers for the years ending 2026, 2029, and 2030.

#### *Water*

Currently the Utility provides water services to 74 customers, all of which are charged a flat rate and none of which are metered. The Utility expects 35 new customers between 2027 and 2028 fiscal years and does not expect any growth in the number of customers for the years ending 2026, 2029, and 2030.

#### *Current Charges*

The rates currently approved by the Island Regulatory and Appeals Commission (IRAC) are detailed in Schedule 2 for all sewer and water customers.

### **Utility Expenses**

The annual expenses incurred by the Utility may be segregated into two distinct categories: operational and administrative expenses, and expenses related to infrastructure development.

#### *Operational and Administrative expenses*

Operational and administrative expenditures are those directly related to the Utility, and can be variable or fixed in nature. These costs are inclusive of electricity, insurance, bank charges, and office supplies. These expenses are reasonably consistent from year to year, but are subject to increases from external forces such as inflation and the increasing energy costs.

#### *Expenses related to infrastructure development*

Expenses related to infrastructure development refer to the costs of carrying the current infrastructure in the Utility. This includes amortization of capital assets, interest on long term debt, property taxes, and system maintenance. These expenses are expected to increase in accordance with planned infrastructure developments for the Utility.

## Schedule 4

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**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
CAPITAL ASSET & CONTRIBUTION IN AID SCHEDULE - SEWER**

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**Actual Capital Assets – 2025 - Sewer**

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2025</u>
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	2,452,730	3,864	29,479	515,672	1,940,922
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	30,004	26,339
<b>Total Assets</b>		<b><u>\$ 2,511,766</u></b>	<b><u>\$ 3,864</u></b>	<b><u>\$ 31,652</u></b>	<b><u>\$ 545,676</u></b>	<b><u>\$ 1,969,954</u></b>

**Actual Contributions in Aid – 2025 – Sewer**

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2025</u>
Structures & improvements	1.2%	\$ 1,869,002	\$ -	\$ 22,428	\$ 324,214	\$ 1,544,788
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b><u>\$ 1,869,002</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 22,428</u></b>	<b><u>\$ 324,214</u></b>	<b><u>\$ 1,544,788</u></b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
CAPITAL ASSET SCHEDULE - SEWER**

**Projected Capital Assets – 2026, 2027, 2028, 2029, and 2030 - Sewer**

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2026
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	2,456,594	-	29,479	545,151	1,911,443
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 2,459,287</b>	<b>\$ -</b>	<b>\$ 29,479</b>	<b>\$ 545,151</b>	<b>\$ 1,914,136</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2027
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	2,456,594	1,570,000	48,319	593,470	3,433,124
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 2,459,287</b>	<b>\$ 1,570,000</b>	<b>\$ 48,319</b>	<b>\$ 593,470</b>	<b>\$ 3,435,817</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2028
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	4,026,594	150,000	50,119	643,589	3,533,005
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 4,029,287</b>	<b>\$ 150,000</b>	<b>\$ 50,119</b>	<b>\$ 643,589</b>	<b>\$ 3,535,698</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2029
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	4,176,594	150,000	51,919	695,508	3,631,086
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 4,179,287</b>	<b>\$ 150,000</b>	<b>\$ 51,919</b>	<b>\$ 695,508</b>	<b>\$ 3,633,779</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2030
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	4,326,594	500,000	57,919	753,427	4,073,167
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 4,329,287</b>	<b>\$ 500,000</b>	<b>\$ 57,919</b>	<b>\$ 753,427</b>	<b>\$ 4,075,860</b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
CONTRIBUTION IN AID SCHEDULE - SEWER**

**Projected Contributions in Aid – 2026, 2027, 2028, 2029, and 2030 - Sewer**

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2026</u>
Structures & improvements	1.2%	\$ 1,869,002	\$ -	\$ 22,428	\$ 346,642	\$ 1,522,360
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,869,002</b>	<b>\$ -</b>	<b>\$ 22,428</b>	<b>\$ 346,642</b>	<b>\$ 1,522,360</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2027</u>
Structures & improvements	1.2%	\$ 1,869,002	\$ 1,408,659	\$ 39,332	\$ 385,974	\$ 2,891,688
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,869,002</b>	<b>\$ 1,408,659</b>	<b>\$ 39,332</b>	<b>\$ 385,974</b>	<b>\$ 2,891,688</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2028</u>
Structures & improvements	1.2%	\$ 3,277,661	\$ -	\$ 39,332	\$ 425,306	\$ 2,852,356
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 3,277,661</b>	<b>\$ -</b>	<b>\$ 39,332</b>	<b>\$ 425,306</b>	<b>\$ 2,852,356</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2029</u>
Structures & improvements	1.2%	\$ 3,277,661	\$ -	\$ 39,332	\$ 464,638	\$ 2,813,024
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 3,277,661</b>	<b>\$ -</b>	<b>\$ 39,332</b>	<b>\$ 464,638</b>	<b>\$ 2,813,024</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2030</u>
Structures & improvements	1.2%	\$ 3,277,661	\$ -	\$ 39,332	\$ 503,970	\$ 2,773,692
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 3,277,661</b>	<b>\$ -</b>	<b>\$ 39,332</b>	<b>\$ 503,970</b>	<b>\$ 2,773,692</b>

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**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
CAPITAL ASSET & CONTRIBUTION IN AID SCHEDULE - WATER**

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**Actual Capital Assets – 2025 - Water**

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2025</u>
Wells and Springs	1.2%	158,492	4,268	1,953	25,096	137,664
Supply Mains	1.2%	493,504	-	5,922	79,464	414,040
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b><u>\$ 651,996</u></b>	<b><u>\$ 4,268</u></b>	<b><u>\$ 7,875</u></b>	<b><u>\$ 104,560</u></b>	<b><u>\$ 551,704</u></b>

**Actual Contributions in Aid – 2025 - Water**

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2025</u>
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	456,979	-	5,484	49,634	407,345
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b><u>\$ 456,979</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,484</u></b>	<b><u>\$ 49,634</u></b>	<b><u>\$ 407,345</u></b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
CAPITAL ASSET SCHEDULE - WATER**

**Projected Capital Assets – 2026, 2027, 2028, 2029, and 2030 - Water**

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2026</u>
Wells and Springs	1.2%	162,760	-	1,953	27,049	135,711
Supply Mains	1.2%	493,504	-	5,922	85,386	408,118
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b><u>\$ 656,264</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,875</u></b>	<b><u>\$ 112,435</u></b>	<b><u>\$ 543,829</u></b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2027</u>
Wells and Springs	1.2%	162,760	650,000	9,753	36,802	775,958
Supply Mains	1.2%	493,504	-	5,922	91,308	402,196
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b><u>\$ 656,264</u></b>	<b><u>\$ 650,000</u></b>	<b><u>\$ 15,675</u></b>	<b><u>\$ 128,110</u></b>	<b><u>\$ 1,178,154</u></b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2028</u>
Wells and Springs	1.2%	812,760	-	9,753	46,555	766,205
Supply Mains	1.2%	493,504	-	5,922	97,230	396,274
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b><u>\$ 1,306,264</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,675</u></b>	<b><u>\$ 143,785</u></b>	<b><u>\$ 1,162,479</u></b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2029</u>
Wells and Springs	1.2%	812,760	-	9,753	56,308	756,452
Supply Mains	1.2%	493,504	-	5,922	103,152	390,352
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b><u>\$ 1,306,264</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,675</u></b>	<b><u>\$ 159,460</u></b>	<b><u>\$ 1,146,804</u></b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2030</u>
Wells and Springs	1.2%	812,760	-	9,753	66,061	746,699
Supply Mains	1.2%	493,504	-	5,922	109,074	384,430
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b><u>\$ 1,306,264</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,675</u></b>	<b><u>\$ 175,135</u></b>	<b><u>\$ 1,131,129</u></b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
CONTRIBUTIONS IN AID SCHEDULE - WATER**

**Projected Contributions in Aid – 2026, 2027, 2028, 2029, and 2030 - Water**

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2026
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	456,979	-	5,484	55,118	401,861
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 456,979</b>	<b>\$ -</b>	<b>\$ 5,484</b>	<b>\$ 55,118</b>	<b>\$ 401,861</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2027
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	456,979	583,241	12,483	67,601	972,619
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 456,979</b>	<b>\$ 583,241</b>	<b>\$ 12,483</b>	<b>\$ 67,601</b>	<b>\$ 972,619</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2028
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	1,040,220	-	12,483	80,084	960,136
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,040,220</b>	<b>\$ -</b>	<b>\$ 12,483</b>	<b>\$ 80,084</b>	<b>\$ 960,136</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2029
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	1,040,220	-	12,483	92,567	947,653
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,040,220</b>	<b>\$ -</b>	<b>\$ 12,483</b>	<b>\$ 92,567</b>	<b>\$ 947,653</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2030
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	1,040,220	-	12,483	105,050	935,170
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,040,220</b>	<b>\$ -</b>	<b>\$ 12,483</b>	<b>\$ 105,050</b>	<b>\$ 935,170</b>

**Schedule 5**

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**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
SCHEDULE OF LONG TERM DEBT  
FOR THE YEARS ENDING  
MARCH 31, 2026 - 2030**

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	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$2,333 plus interest. The loan is renewable on January 31, 2026, is amortized to 2036, and is secured by a borrowing resolution.	\$ 159,012	\$ 141,907	\$ 123,529	\$ 103,784	\$ 82,569
Provincial Credit Union - prime; repayable in monthly blended installments of \$1,769. The loan is amortized to January 1, 2042, and is secured by a borrowing resolution.	-	226,426	215,609	204,273	192,392
Provincial Credit Union - prime; repayable in monthly blended installments of \$3,876. The loan is amortized to April 1, 2044, and is secured by a borrowing resolution.	-	-	-	-	478,485
	<hr/> 159,012	<hr/> 368,333	<hr/> 339,139	<hr/> 308,057	<hr/> 753,446
Less: current portion	(17,105)	(29,194)	(31,082)	(33,095)	(59,796)
	<hr/> <hr/> \$ 141,907	<hr/> <hr/> \$ 339,139	<hr/> <hr/> \$ 308,057	<hr/> <hr/> \$ 274,962	<hr/> <hr/> \$ 693,651

Principal portion of long term debt is estimated to be repaid over the following five years as follows:

2026	17,105
2027	29,194
2028	31,082
2029	33,095
2030	59,796

**Schedule 6**

## Proposed Infrastructure Development and Amortization Period

The Utility has undertaken infrastructure upgrades that are taking place throughout 2026, 2027, 2028, 2029 and 2030.

The Utility intends to incur approximately \$2,370,000 in costs to improve and expand its sewer services over the next four years. The major projects include \$1,570,000 to expand sanitary sewer pipes and servicing, stormwater drainage pipes, and silt fencing in the Sherwood Forest Subdivision, \$300,000 to improve existing sewer infrastructure, and \$500,000 to further expand on Sherwood Forest Subdivision development.

The Utility intends to incur approximately \$650,000 in costs to improve and expand its water services over the next four years. The major project includes \$650,000 expand watermains, fire hydrants, and servicing in the Sherwood Forest Subdivision.

To fund these projects, the Utility intends to source \$702,000 from available Canada Community Building Funds, \$1,289,820 from the Canadian Housing Infrastructure Fund (CHIF), and \$300,000 from the sale of land held for development. The remaining \$728,180 in costs will need to be financed with a new loan. Based on current interest rates and loan terms, it is estimated the new loan will bear interest at 4.7% and be amortized over 15 years.

Overall, the total project costs and funding for the proposed infrastructure upgrades are as follows:

<u>Project costs</u>		<u>Project funding</u>	
Sewer extensions and improvements	\$ 2,370,000	Canada Community Building Fund Allocation	\$ 702,000
Water extensions and improvements	650,000	CHIF Funding	1,289,820
		Other funding sources	300,000
		New loan - Town share of project costs	728,180
	<hr/>		<hr/>
	3,020,000		3,020,000

**Schedule 7**

## Proposed Cost Allocation Structure, Tariff Structure, and Rate Increases

### General Overview

The Utility is applying to IRAC for an increase in utility rates to cover the costs of new infrastructure in the area as described in Schedule 6. The Utility is proposing increases to the current sewer rates and water rates as the gap between the costs of building and maintaining these systems has grown to a point where the existing rate is no longer sustainable.

Based on the expected growth in operating expenditures, and the water and sewerage rates currently authorized by the Island Regulatory and Appeals Commission, the Utility's projected operating results for the 2026, 2027, 2028, 2029 and 2030 fiscal years are summarized in Table 1 and Table 2.

**Table 1:** Projected operating results without proposed rate increase - Sewer

	<u>2026</u>		<u>2027</u>		<u>2028</u>		<u>2029</u>		<u>2030</u>
Revenues	\$ 85,085	\$	92,015	\$	98,560	\$	98,560	\$	98,560
Expenditures	<u>78,066</u>		<u>81,585</u>		<u>91,907</u>		<u>93,022</u>		<u>119,371</u>
Change in fund balance	<u>\$ 7,019</u>	\$	<u>10,430</u>	\$	<u>6,653</u>	\$	<u>5,538</u>	\$	<u>(20,811)</u>

**Table 2:** Projected operating results without proposed rate increase - Water

	<u>2026</u>		<u>2027</u>		<u>2028</u>		<u>2029</u>		<u>2030</u>
Revenues	\$ 23,139	\$	30,006	\$	36,492	\$	36,520	\$	36,549
Expenditures	<u>33,110</u>		<u>34,683</u>		<u>35,478</u>		<u>36,296</u>		<u>37,139</u>
Change in fund balance	<u>\$ (9,971)</u>	\$	<u>(4,677)</u>	\$	<u>1,015</u>	\$	<u>224</u>	\$	<u>(590)</u>

## Proposed Rates, Tariff Structure, and Effective Dates

The Utility proposes that increases to the current tariff system be implemented to ensure that the costs related to current and upcoming capital upgrades and improvements can be sustained with sufficient revenues from sewer and water charges. The proposed utility rates are expected to cover the debt service and amortization costs of the Utility's upgrades and maintenance to the infrastructure.

These proposed new utility rates are summarized in Table 3 and Table 4 and are expected to be implemented over a four-year period beginning with the first increase effective as at April 1, 2026 (fiscal 2027), followed by subsequent increases on April 1, 2027, April 1, 2028, and April 1, 2029.

**Table 3:** Proposed Utility Rates for Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation – Sewer

				Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
				no change	7.5% increase	7.5% increase	7.5% increase	7.5% increase
<b>SEWER - DOMESTIC</b>								
# of flat rate customers billed				221	239	256	256	256
	annually							
x flat-rate per unit sewerage charge:	\$ 385.00			\$ 385.00	\$ 413.88	\$ 444.92	\$ 478.28	\$ 514.16
				\$ 85,085	\$ 98,916	\$ 113,898	\$ 122,441	\$ 131,624
				\$ 85,085	\$ 98,916	\$ 113,898	\$ 122,441	\$ 131,624

**Table 4:** Proposed Utility Rates for Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation – Water

				Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
				no change	7.5% increase	7.5% increase	7.5% increase	7.5% increase
<b>WATER - DOMESTIC</b>								
# of single-family dwelling units billed				29	47	64	64	64
	annually							
x flat-rate per unit water charge:	\$ 380.00			\$ 380.00	\$ 408.50	\$ 439.14	\$ 472.07	\$ 507.48
				11,020	\$ 19,200	\$ 28,105	\$ 30,213	\$ 32,479
# of senior citizen home units billed				32	\$ 32	\$ 32	\$ 32	\$ 32
	annually							
x flat-rate per unit water charge:	\$ 228.00			\$ 228.00	\$ 245.10	\$ 263.48	\$ 283.24	\$ 304.49
				7,296	\$ 7,843	\$ 8,431	\$ 9,064	\$ 9,744
# of individual apartment units billed				13	\$ 13	\$ 13	\$ 13	\$ 13
	annually							
x flat-rate per unit water charge:	\$ 228.00			\$ 304.00	\$ 326.80	\$ 351.31	\$ 377.66	\$ 405.98
				3,952	\$ 4,248	\$ 4,567	\$ 4,910	\$ 5,278
				\$ 22,268	\$ 31,291	\$ 41,103	\$ 44,186	\$ 47,500

These new utility rates are expected to be sufficient to cover the added infrastructure and debt service costs associated with the proposed infrastructure projects, along with increases in operating expenditures. Based on the proposed rates above, the projected operating results for 2026, 2027, 2028, 2029 and 2030 are summarized in Table 5 and Table 6.

**Table 5:** Projected operating results with proposed rate increase - Sewer

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Revenues	\$ 85,085	\$ 98,916	\$ 113,898	\$ 122,441	\$ 131,624
Expenditures	<u>78,066</u>	<u>81,585</u>	<u>91,907</u>	<u>93,022</u>	<u>119,371</u>
Change in fund balance	<u>\$ 7,019</u>	<u>\$ 17,331</u>	<u>\$ 21,992</u>	<u>\$ 29,419</u>	<u>\$ 12,253</u>

**Table 6:** Projected operating results with proposed rate increase - Water

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Revenues	\$ 23,139	\$ 32,189	\$ 42,028	\$ 45,138	\$ 48,481
Expenditures	<u>33,110</u>	<u>34,683</u>	<u>35,478</u>	<u>36,296</u>	<u>37,139</u>
Change in fund balance	<u>\$ (9,971)</u>	<u>\$ (2,494)</u>	<u>\$ 6,550</u>	<u>\$ 8,842</u>	<u>\$ 11,342</u>

**Appendix A:  
Authorization for Rate Application Preparation**

**Rural Municipality of Crapaud**

**Council Meeting**

Tuesday, August 20, 2024

7:00 pm

Crapaud Community Hall

**Minutes**

**Present:** Mayor Joanne Harvey; Councillor Dean MacDonald, Councillor George Jesso, Councillor Savannah Dugay; Councillor Tom Patterson (joined by phone) Interim CAO Margaret Armsworthy

1. **Call to Order** - Mayor Joanne Harvey called the meeting to order at 7:00 pm.
2. **Approval of Agenda** - Approval of Agenda for Tuesday, August 20, 2024– Moved by Councillor Tom Patterson and seconded by Councillor George Jesso to approve the agenda as circulated. Motion unanimously carried. (4-0)
3. **Disclosure of Conflict of Interest** – Nil
4. **Approval of Minutes from:**
  - 4.1. **June 18, 2024, Regular Council Meeting** - It was moved by Councillor Dean MacDonald and seconded by Councillor Savannah Dugay to approve the June 18, 2024, Regular Council Meeting Minutes as presented. Motion unanimously carried. (4-0)
  - 4.2. **August 5, 2024, Special Council Meeting** – It was moved by Councillor George Jesso and seconded by Councillor Dean MacDonald to approve the August 5, 2024, Special Council Meeting Minutes as presented. Motion unanimously carried. (4-0)
5. **Business Arising from the Minutes**
  - 5.1. **Library Board** – Still looking to hear from residents interested in being part of the Library Board – looking to hear back by September 15, 2024 with a minimum of three residents

5.2. Lease update – Deputy Mayor Dean MacDonald and Interim CAO Margaret Armsworthy have met with the current tenants to discuss the increases in rent. One tenant has replied and have requested to negotiate for the old municipal offices with rent of \$10 per square feet for the remainder of this year which will increase to \$12 per square feet and increase by \$2 per square feet each year until they reach \$20 per square feet. Our other tenant has a few trips coming up so has indicated they will get back to us in the next month up. There is a lot of interest in our rental space.

5.3. Roof repairs – waiting on another quote from a contractor. Should have this in the next couple of weeks.

## 6. Discussion Items

6.1. Election – Deferred until next meeting.

6.2. Motion #2024-37 – Interim CAO Hourly Wage – Motion put on the floor by Deputy Mayor Dean MacDonald and seconded by Councillor Tom Patterson to hire our Interim CAO Margaret Armsworthy, at a rate of \$35 per hour for 37.5 hours per week until January 31, 2025. Motion passed unanimously. (4-0)

6.3. Motion #2024-38 – Hiring MRSB for IRAC Application – Motion put on the floor by Councillor George Jesso and seconded by Councillor Savannah Dugay to hire the accounting firm of MRSB to complete the IRAC Application to increase water and sewer rates. The cost is \$5900 plus HST. Motion passed unanimously. (4-0)

6.4. Motion #2024-39 – Old Scotiabank Building (Parcel # 217380) – Motion put on the floor by Councillor Savannah Dugay and seconded by Councillor George Jesso to apply to add this building renovations to our Gas Tax projects. Motion passed unanimously. (4-0)

## 7. Information Items

7.1. Furniture Sale – Interim CAO Margaret Armsworthy, reported she received an email from Moe's Auction which changed the pricing due to the amount of work to complete

the removal of built in vaults and other built in items. Interim CAO to review with Moe's to ensure this is cost effective.

- 7.2. Crapaud Resident Distribution List – Interim CAO Margaret Armsworthy, has implemented the email distribution list with emails going to residents about various upcoming events.
  - 7.3. Preparedness Presentation – Interim CAO Margaret Armsworthy mentioned there is a Preparedness Presentation being put on at the Crapaud Hall on Monday, September 16<sup>th</sup> at 7:00pm. This presentation is for personal preparedness in the event of an emergency.
  - 7.4. Stantec update – survey for the public should be available by the end of this week.
  - 7.5. Rekey vault – Councillor Tom Patterson wondered if we can rekey the vault for security. Referred to Interim CAO Margaret Armsworthy to investigate.
  - 7.6. New Emails for Councillors – Councillor Tom Patterson inquired about the new emails that were to be set up for councillors. Referred to Interim CAO Margaret Armsworthy to investigate where this is at.
  - 7.7. Washroom Bars at the Crapaud Hall – Councillor Tom Patterson inquired about the installation of bars on the washroom doors at the Crapaud Hall. Interim CAO Margaret Armsworthy to investigate this.
- 8. Public Discussion – Music Festival –** proposal was presented by resident Jordan Liantzakis. This music festival would be a fundraiser for the Crapaud Hall. It would feature a variety of music from jazz to blues to country and rock. The idea is to have 10 island bands participate in this one day event. The event would be on Saturday, September 28, 2024 from 12:00noon to 11:00pm. Mr. Liantzakis has organized a similar event in the past so he has interested bands who want to participate again. Council will take this information and decide at the next meeting.

- Email – a resident mentioned they were not part of the distribution list. Interim CAO Margaret Armsworthy asked anyone in attendance who wished to be added to the list to see her after the meeting to provide their email so she can email them for their permission as anyone added to the email must be emailed to ensure they have their approval documents to use their email as part of the email distribution list.
- 9. Adjournment** – It was moved by Councillor Savannah Dugay to adjourn the meeting at 8:03 pm and was seconded by Councillor Dean MacDonald.

Joanne Harvey \_\_\_\_\_

Mayor

Margaret Armsworthy \_\_\_\_\_

Interim Chief Administrative Officer

**Appendix B:**  
**Copy of Bylaw Re Creation of Utility**

**Rural Municipality of Crapaud, Prince Edward Island**  
**A Bylaw to Establish a Water and Sewer Utility**  
**Bylaw # 2024-02**

**BE IT ENACTED** by the Council of the Rural Municipality of Crapaud as follows:

**1. Title**

- 1.1. This bylaw shall be known and cited as the “Rural Municipality of Crapaud Water and Sewer Utility Bylaw.”

**2. Authority**

- 2.1. Pursuant to section 180(b) of the *Municipal Government Act*, Council of Rural Municipality of Crapaud may pass bylaws and provide services for municipal purposes respecting municipal utilities, public utilities.

**3. Purpose**

- 3.1. According to section 183 (1) of the *Municipal Government Act*, where a council provides or proposes to provide a public utility pursuant to clause 180(b), the council shall establish its public utility as a department of the municipality and specify the functions of the public utility.
- 3.2. under section 183 (2) of the *Municipal Government Act*, a council referred to in 183 (1) of the *Municipal Government Act* shall by bylaw authorize the construction, management, maintenance, and operation of the public utility in accordance with the *Water and Sewerage Act R.S.P.E.I. 1988, Cap. W-2*.

**4. Application**

- 4.1. This bylaw applies to Mayor, and all Councillors, employees, and customers of the public utility.
- 4.2. Pursuant to Section 185 of the *Municipal Government Act*, unless a council, by bylaw, provides otherwise, where sewer or water mains run along the land of any person, that person is deemed to receive those services despite the fact that the sewer or water mains are not physically connected by lateral lines to any residence, building or other structure located on the land of that person.

**5. Definitions**

- 5.1. In this bylaw, any word and term that is defined in the *Municipal Government Act* has the same meaning as in the Act.
- 5.2. In this bylaw,
- (a) “Act” means the *Municipal Government Act*.
- (b) “Chief Administrative Officer” or “CAO” means the administrative head of the municipality.

- (c) "Commission" means the Island Regulatory and Appeals Commission established under the Island Regulatory and Appeals Commission Act R.S.P.E.J. 1988, Cap 1-11.
- (d) "Committee" means Councillor appointed to be member of committee to deal with any matter.
- (e) "Council" means the Mayor and other members of the Council of the municipality.
- (f) "Councillor" means a member of Council other than the mayor.
- (g) "Customer" means a property, person, firm, or corporation who requests, or is supplied with water and sewer service at a specific location or locations.
- (h) "Municipality" means the Rural Municipality of Crapaud.
- (i) "Public Utility" means a public utility as defined in the Water and Sewerage Act R.S.P.E.1. 1988, Cap. W-2.
- (j) "Utility" means the municipal utility department established herein.
- (k) "Staff" means the Chief Administrative Officer (CAO) and all staff of the municipality, whether full-time, part-time, contract, seasonal or volunteers.

## **6. Municipal Department Established**

- 6.1. There is hereby established the Rural Municipality of Crapaud Water and Sewer Utility Department.
- 6.2. The Water and Sewer Utility Department shall conduct its affairs in accordance, with generally accepted public utility practices and in any case, in accordance with directives, special contracts and regulations as approved by the Commission.
- 6.3. The Council will Appoint a Committee responsible for the Department shall be made in accordance with the Section (22.8) of Procedural Bylaw # 2018-08.

## **7. Water and Sewer Utility Administration**

- 7.1. Pursuant to subsection 93(l)(d) of the Act, the CAO shall manage and supervise the employees that are responsible for the day-to-day operation of the public utility.

## **8. Functions of the Water and Sewer Utility Department**

- 8.1. Pursuant to subsection 183(2) of the Act, and in accordance with the Water and Sewerage Act and its regulations, the water and sewer utility shall be responsible for constructing, altering, extending, managing, and controlling a system for providing water and sewer utility services to the residents of the municipality.
- 8.2. Acquiring, alienating, holding, and disposing of real or personal property with Council approval.
- 8.3. Financing, with the approval of Council, any of its undertakings.
- 8.4. Collecting rates and charges for services provided to any customer, as approved by Council.

## **9. Rates, Charges, and Interests**

- 9.1. Pursuant to subsection 184(1) of the Act, Council shall levy rates in respect of real property for the services of the water and sewer utility that are sufficient to cover the costs of providing the services of the water and sewer utility following approval of the Commission in accordance with the Water and Sewerage Act.
- 9.2. Pursuant to section 187 of the Act, all overdue and unpaid rates bear interest from the due date at the rate prescribed for real property tax pursuant to the Real Property Tax Act R.S.P.E.T. 1988, Cap.R-5.

## **10. Financial**

- 10.1. Pursuant to subsection 183(4) of the Act, the Water and Sewer Utility Department shall maintain separate financial accounts for the public utility.

## **11. Liens**

- 11.1. Pursuant to subsection 186(1) of the Act, rates that are overdue and unpaid, and any interest accrued, constitute a lien on the real property on which they are levied until payment is made in full.
- 11.2. Pursuant to subsection 186(2) of the Act, the lien referred to in section 10.1 of this Bylaw, has priority over every claim, privilege, or encumbrance against the property of every person, except the Crown, and may be enforced on application to the Supreme Court for an order for the sale of the property.

## **12. Complaints**

- 12.1. A complaint in respect of the terms and standards of service, rates, charges or schedules, or any combination of them, of a public utility established under this Part, is subject to appeal to the Commission under the Water and Sewerage Act in accordance with that Act.

## **13. Penalties**

- 13.1. In accordance with the provisions of Section 162 (1)(a)(ii) of the Act, a council may by bylaw impose municipal utility fines and penalties as considered necessary.
- 13.2. Any fines and/or penalties as considered necessary and developed by Council shall be outlined in a Schedule A.

## **14. Appendices**

- 14.1. Schedule A is considered an appendix to this Bylaw and may be updated by Council resolution.

**15. Repeal of Existing Bylaw**

15.1. On adoption, this bylaw replaces, Bylaw -1988-06-06 Establishment of Crapaud Sewage Collection and Treatment, Bylaw #2006-04-04 Community of Crapaud Water Utility Corporation and any previous Bylaws pertaining to the establishment of the Water and Sewer and/or the operation of a water and sewer utility are hereby repealed.

**16. Effective Date**

16.1. This Water and Sewer Utility Bylaw, Bylaw#2024-02, shall be effective on the date of approval and adoption below.

**First Reading:**

This Water and Sewer Utility Bylaw, Bylaw#2024-02, was read a first time at the Council meeting held on the 16<sup>th</sup> day of April, 2024.

This Water and Sewer Utility Bylaw, Bylaw#2024-02, was approved by a majority of Council members present at the Council meeting held on the 16<sup>th</sup> day of April, 2024.

**Second Reading:**

This Water and Sewer Utility Bylaw, Bylaw#2024-02, was read a second time at the Council meeting held on the 21 day of May, 2024.

This Water and Sewer Utility Bylaw, Bylaw#2024-02, was approved by a majority of Council members present at the Council meeting held on the 21 day of May, 2024.

**Approval and Adoption by Council:**

This Water and Sewer Utility Bylaw, Bylaw#2024-02, was adopted by a majority of Council members present at the Council meeting held on the 21 day of May, 2024.

**Signatures**

\_\_\_\_\_  
Mayor (signature sealed)

\_\_\_\_\_  
Chief Administrative Officer (signature sealed)

This Water and Sewer Utility Bylaw, Bylaw#2024-02 adopted by the Council of the Rural Municipality of Crapaud on Rural Municipality of Crapaud is certified to be a true copy.

\_\_\_\_\_  
Chief Administrative Officer Signature

\_\_\_\_\_  
Date

**Bylaw #2024-02  
Schedule A  
Penalties / Fines**

<b>Property</b>	<b>Penalty/Fine</b>
Commercial	TBD
Non-Commercial	TBD

**Appendix C:**  
**Statement of Revenues and Expenditures with Proposed Rate Increase**

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

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**CONTENTS**

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	PAGE
COMPILATION ENGAGEMENT REPORT	3
PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES	4
NOTES TO THE PROJECTED STATEMENTS OF REVENUE AND EXPENDITURES	5 - 13

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## COMPILATION ENGAGEMENT REPORT

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We have compiled a financial projection for the Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation consisting of Projected Statements of Revenues and Expenditures (with proposed rate increase) for the years to end March 31, 2026, 2027, 2028, 2029 and 2030, using assumptions, including the hypotheses set out in Note 2, with an effective date of March 3, 2026, and other information provided by management. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection set out in the CPA Handbook-Assurance.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions, including the hypotheses, or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection or assumptions, including the hypotheses. Further, since this financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occurs, and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication. This financial projection is intended primarily for the purposes of inclusion in a rate filing submission to the Island Regulatory and Appeals Commission.

*MRSB Chartered Professional Accountants Inc.*  
MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.

CHARLOTTETOWN, PE

MARCH 3, 2026

**M | R | S | B**

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
SEWER WITH PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

	Actual 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
<b>REVENUES</b>						
Sewer rates						
Flat rate revenues	\$ 86,101	\$ 85,085	\$ 98,916	\$ 113,898	\$ 122,441	\$ 131,624
Interest	-	-	-	-	-	-
	<u>86,101</u>	<u>85,085</u>	<u>98,916</u>	<u>113,898</u>	<u>122,441</u>	<u>131,624</u>
<b>EXPENDITURES</b>						
<b>GENERAL</b>						
Insurance	775	798	822	847	872	898
Interest and bank charges	1,220	1,257	1,294	1,333	1,373	1,414
Miscellaneous	702	723	745	767	790	814
Professional fees	-	-	-	-	-	-
Regulatory commission fees	1,075	1,107	1,140	1,175	1,210	1,246
	<u>3,772</u>	<u>3,885</u>	<u>4,002</u>	<u>4,122</u>	<u>4,245</u>	<u>4,373</u>
<b>OPERATING</b>						
Operator fee	11,917	12,275	12,643	13,022	13,413	13,815
Repairs and maintenance	6,429	6,622	6,821	7,025	7,236	7,453
Utilities	10,028	10,329	10,639	10,958	11,287	11,625
	<u>28,374</u>	<u>29,225</u>	<u>30,102</u>	<u>31,005</u>	<u>31,935</u>	<u>32,893</u>
<b>OTHER</b>						
Amortization of tangible capital assets (net)	9,224	7,051	8,987	10,787	12,587	18,587
Bad debts	4,542	4,678	4,819	4,963	5,112	5,265
Interest on long term debt	11,566	12,226	12,676	20,030	18,142	37,252
	<u>25,332</u>	<u>23,955</u>	<u>26,481</u>	<u>35,780</u>	<u>35,842</u>	<u>61,105</u>
<b>TRANSFERS</b>						
Allocation from general government	16,000	16,000	16,000	16,000	16,000	16,000
Allocation from professional centre	5,000	5,000	5,000	5,000	5,000	5,000
	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>
<b>TOTAL EXPENDITURES</b>	<u>78,478</u>	<u>78,066</u>	<u>81,585</u>	<u>91,907</u>	<u>93,022</u>	<u>119,371</u>
<b>OPERATING SURPLUS</b>	<u>7,623</u>	<u>7,019</u>	<u>17,331</u>	<u>21,992</u>	<u>29,419</u>	<u>12,253</u>
<b>SURPLUS - BEGINNING OF YEAR</b>	<u>330,902</u>	<u>338,525</u>	<u>345,544</u>	<u>362,875</u>	<u>384,867</u>	<u>414,286</u>
<b>SURPLUS - END OF YEAR</b>	<u>\$ 338,525</u>	<u>\$ 345,544</u>	<u>\$ 362,875</u>	<u>\$ 384,867</u>	<u>\$ 414,286</u>	<u>\$ 426,539</u>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WATER WITH PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

	Actual 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
<b>REVENUES</b>						
Water rates						
Flat rate revenues	\$ 21,135	\$ 22,268	\$ 31,291	\$ 41,103	\$ 44,186	\$ 47,500
Interest	846	871	898	924	952	981
	<u>21,981</u>	<u>23,139</u>	<u>32,189</u>	<u>42,028</u>	<u>45,138</u>	<u>48,481</u>
<b>EXPENDITURES</b>						
GENERAL						
Insurance	1,176	1,211	1,248	1,285	1,324	1,363
Interest and bank charges	322	332	342	352	362	373
Miscellaneous	1,555	1,602	1,650	1,699	1,750	1,803
Regulatory commission fees	250	258	265	273	281	290
	<u>3,303</u>	<u>3,402</u>	<u>3,504</u>	<u>3,609</u>	<u>3,718</u>	<u>3,829</u>
OPERATING						
Operator fee	11,917	12,275	12,643	13,022	13,413	13,815
Repairs and maintenance	6,071	6,253	6,441	6,634	6,833	7,038
Utilities	3,679	3,789	3,903	4,020	4,141	4,265
	<u>21,667</u>	<u>22,317</u>	<u>22,987</u>	<u>23,676</u>	<u>24,386</u>	<u>25,118</u>
OTHER						
Amortization of tangible capital assets (net)	2,390	2,391	3,192	3,192	3,192	3,192
Interest on long term debt	219	-	-	-	-	-
	<u>2,609</u>	<u>2,391</u>	<u>3,192</u>	<u>3,192</u>	<u>3,192</u>	<u>3,192</u>
TRANSFERS						
Allocation from general government	4,000	4,000	4,000	4,000	4,000	4,000
Allocation from professional centre	1,000	1,000	1,000	1,000	1,000	1,000
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>32,579</u>	<u>33,110</u>	<u>34,683</u>	<u>35,478</u>	<u>36,296</u>	<u>37,139</u>
OPERATING SURPLUS (DEFICIT)	<u>(10,598)</u>	<u>(9,971)</u>	<u>(2,494)</u>	<u>6,550</u>	<u>8,842</u>	<u>11,342</u>
DEFICIT - BEGINNING OF YEAR	<u>(87,554)</u>	<u>(98,152)</u>	<u>(108,123)</u>	<u>(110,617)</u>	<u>(104,067)</u>	<u>(95,225)</u>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

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**1. Basis of Preparation**

The Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation provide sewer and water services for the Rural Municipality of Crapaud, P.E.I.

These projections have been prepared for inclusion in an application for an increased utility rate submitted to the Island Regulatory and Appeals Commission (IRAC), and may not be appropriate for purposes other than those described. The projected statements of operations have been prepared as at March 3, 2026 using the hypotheses detailed in Note 2 together with assumptions that are based on management's judgment as to the most probable set of economic conditions as well as the entity's planned courses of action for the period covered.

These projections reflect only the assets, liabilities, revenues, expenditures, and changes in fund balances of the Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation and do not include all funds of the Rural Municipality of Crapaud.

In view of uncertainties inherent in predicting future conditions and events, actual results achieved for the period will vary from the information presented and the variations may be material.

**2. Hypotheses**

The projection is based on the following hypotheses:

- The Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation plan on undertaking infrastructure upgrades as described in Note 4, throughout fiscal years ending March 31, 2026, 2027, 2028, 2029 and 2030.
- The Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation currently have loans with the Bank of Nova Scotia with rates and repayment terms as described in Note 5 (e). Additional financing of \$728,180 with Provincial Credit Union is anticipated with a new loan for the infrastructure upgrades at a rate of prime amortized over a 15-year term.
- The additional financing of \$228,180 described above represents the corporation's share of the estimated capital cost of the sewer (\$2,370,000) and water (\$650,000) upgrades. It is anticipated that \$702,000 of the cost will be provided from Canada Community Building Fund allocation, \$1,289,820 from Canada Housing Infrastructure Fund ("CHIF"), \$300,000 from the sale of land held for development, and the remaining cost to the corporation will be financed as described above with a loan, after government funding has been used.
- The Utility expects 35 new customers between 2027 and 2028 fiscal years and does not expect any growth in the number of customers for the years ending 2026, 2029, and 2030.

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

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**3. Significant Accounting Policies**

The projected financial statements for the Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

**a) Tangible capital assets**

Tangible capital assets of the Sewer and Water Utility are stated at cost and amortized using the straight-line method at the following rates as directed by the Island Regulatory and Appeals Commission:

Buildings	10%
Equipment	10%
Office equipment	10%
Water	1.2%, 5% and 10%
Sewer	1.2%, 5% and 10%

**b) Contributions in aid of construction**

Funds received through capital assistance programs are credited to contributions in aid of construction and amortized at the same rates as the tangible capital assets to which they apply.

**c) Revenue recognition**

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

The Utility follows the deferral method of accounting for grants and contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred, with recognition of excess amounts being deferred until the related expenditures is incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**4. Project Costs and Funding**

<u>Project costs</u>		<u>Project funding</u>	
Sewer extensions and improvements	\$ 2,370,000	Canada Community Building Fund Allocation	\$ 702,000
Water extensions and improvements	650,000	CHIF Funding	1,289,820
		Other funding sources	300,000
		New loan - Town share of project costs	728,180
	3,020,000		3,020,000

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

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**5. Summary of Significant Assumptions**

**a) Revenues**

The Utility is subject to rate regulation on the sewer and water utilities provided to residents in Prince Edward Island under the Island Regulatory & Appeals Commissions Act. The purpose of this Act, which is administered by the Island Regulatory & Appeals Commission (IRAC), is to regulate the rate municipalities may charge for sewer and water utilities provided to residents within Prince Edward Island and to ensure at all times a just and reasonable price for sewer and water services.

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.

Sewer rates for metered customers and domestic customers are proposed to be increased by 7.5% effective April 1, 2026, followed by subsequent increases each of 7.5% on April 1, 2027, April 1, 2028, and April 1, 2029.

Water rates for metered customers and domestic customers are proposed to be increased by 7.5% effective April 1, 2026, followed by subsequent increases each of 7.5% on April 1, 2027, April 1, 2028, and April 1, 2029.

**b) Operating expenditures**

Most operating expenditures are estimated to increase at a rate of 3% per year given the effects of inflation and increasing cost of purchasing goods and services.

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION**  
**NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH PROPOSED RATE INCREASE**  
**FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

**5. Summary of Significant Assumptions (continued)**

**c) Tangible capital assets – sewer assets**

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2026
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	2,456,594	-	29,479	545,151	1,911,443
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 2,459,287</b>	<b>\$ -</b>	<b>\$ 29,479</b>	<b>\$ 545,151</b>	<b>\$ 1,914,136</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2027
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	2,456,594	1,570,000	48,319	593,470	3,433,124
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 2,459,287</b>	<b>\$ 1,570,000</b>	<b>\$ 48,319</b>	<b>\$ 593,470</b>	<b>\$ 3,435,817</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2028
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	4,026,594	150,000	50,119	643,589	3,533,005
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 4,029,287</b>	<b>\$ 150,000</b>	<b>\$ 50,119</b>	<b>\$ 643,589</b>	<b>\$ 3,535,698</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2029
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	4,176,594	150,000	51,919	695,508	3,631,086
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 4,179,287</b>	<b>\$ 150,000</b>	<b>\$ 51,919</b>	<b>\$ 695,508</b>	<b>\$ 3,633,779</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2030
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	4,326,594	500,000	57,919	753,427	4,073,167
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 4,329,287</b>	<b>\$ 500,000</b>	<b>\$ 57,919</b>	<b>\$ 753,427</b>	<b>\$ 4,075,860</b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

**5. Summary of Significant Assumptions (continued)**

**b) Contribution in aid of construction – sewer assets**

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2026
Structures & improvements	1.2%	\$ 1,869,002	\$ -	\$ 22,428	\$ 346,642	\$ 1,522,360
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,869,002</b>	<b>\$ -</b>	<b>\$ 22,428</b>	<b>\$ 346,642</b>	<b>\$ 1,522,360</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2027
Structures & improvements	1.2%	\$ 1,869,002	\$ 1,408,659	\$ 39,332	\$ 385,974	\$ 2,891,688
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,869,002</b>	<b>\$ 1,408,659</b>	<b>\$ 39,332</b>	<b>\$ 385,974</b>	<b>\$ 2,891,688</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2028
Structures & improvements	1.2%	\$ 3,277,661	\$ -	\$ 39,332	\$ 425,306	\$ 2,852,356
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 3,277,661</b>	<b>\$ -</b>	<b>\$ 39,332</b>	<b>\$ 425,306</b>	<b>\$ 2,852,356</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2029
Structures & improvements	1.2%	\$ 3,277,661	\$ -	\$ 39,332	\$ 464,638	\$ 2,813,024
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 3,277,661</b>	<b>\$ -</b>	<b>\$ 39,332</b>	<b>\$ 464,638</b>	<b>\$ 2,813,024</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2030
Structures & improvements	1.2%	\$ 3,277,661	\$ -	\$ 39,332	\$ 503,970	\$ 2,773,692
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 3,277,661</b>	<b>\$ -</b>	<b>\$ 39,332</b>	<b>\$ 503,970</b>	<b>\$ 2,773,692</b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION**  
**NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES**  
**WITH PROPOSED RATE INCREASE**  
**FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

**5. Summary of Significant Assumptions (continued)**

**c) Tangible capital assets – water assets**

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2026</u>
Wells and Springs	1.2%	162,760	-	1,953	27,049	135,711
Supply Mains	1.2%	493,504	-	5,922	85,386	408,118
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 656,264</b>	<b>\$ -</b>	<b>\$ 7,875</b>	<b>\$ 112,435</b>	<b>\$ 543,829</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2027</u>
Wells and Springs	1.2%	162,760	650,000	9,753	36,802	775,958
Supply Mains	1.2%	493,504	-	5,922	91,308	402,196
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 656,264</b>	<b>\$ 650,000</b>	<b>\$ 15,675</b>	<b>\$ 128,110</b>	<b>\$ 1,178,154</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2028</u>
Wells and Springs	1.2%	812,760	-	9,753	46,555	766,205
Supply Mains	1.2%	493,504	-	5,922	97,230	396,274
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,306,264</b>	<b>\$ -</b>	<b>\$ 15,675</b>	<b>\$ 143,785</b>	<b>\$ 1,162,479</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2029</u>
Wells and Springs	1.2%	812,760	-	9,753	56,308	756,452
Supply Mains	1.2%	493,504	-	5,922	103,152	390,352
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,306,264</b>	<b>\$ -</b>	<b>\$ 15,675</b>	<b>\$ 159,460</b>	<b>\$ 1,146,804</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2030</u>
Wells and Springs	1.2%	812,760	-	9,753	66,061	746,699
Supply Mains	1.2%	493,504	-	5,922	109,074	384,430
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,306,264</b>	<b>\$ -</b>	<b>\$ 15,675</b>	<b>\$ 175,135</b>	<b>\$ 1,131,129</b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION**  
**NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH PROPOSED RATE INCREASE**  
**FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

**5. Summary of Significant Assumptions (continued)**

**d) Contribution in aid of construction – water assets**

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2026
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	456,979	-	5,484	55,118	401,861
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 456,979</b>	<b>\$ -</b>	<b>\$ 5,484</b>	<b>\$ 55,118</b>	<b>\$ 401,861</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2027
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	456,979	583,241	12,483	67,601	972,619
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 456,979</b>	<b>\$ 583,241</b>	<b>\$ 12,483</b>	<b>\$ 67,601</b>	<b>\$ 972,619</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2028
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	1,040,220	-	12,483	80,084	960,136
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,040,220</b>	<b>\$ -</b>	<b>\$ 12,483</b>	<b>\$ 80,084</b>	<b>\$ 960,136</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2029
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	1,040,220	-	12,483	92,567	947,653
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,040,220</b>	<b>\$ -</b>	<b>\$ 12,483</b>	<b>\$ 92,567</b>	<b>\$ 947,653</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2030
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	1,040,220	-	12,483	105,050	935,170
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,040,220</b>	<b>\$ -</b>	<b>\$ 12,483</b>	<b>\$ 105,050</b>	<b>\$ 935,170</b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

**5. Summary of Significant Assumptions (continued)**

**e) Long term debt**

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$2,333 plus interest. The loan is renewable on January 31, 2026, is amortized to 2036, and is secured by a borrowing resolution.	\$ 159,012	\$ 141,907	\$ 123,529	\$ 103,784	\$ 82,569
Provincial Credit Union - prime; repayable in monthly blended installments of \$1,769. The loan is amortized to January 1, 2042, and is secured by a borrowing resolution.	-	226,426	215,609	204,273	192,392
Provincial Credit Union - prime; repayable in monthly blended installments of \$3,876. The loan is amortized to April 1, 2044, and is secured by a borrowing resolution.	-	-	-	-	478,485
	159,012	368,333	339,139	308,057	753,446
Less: current portion	(17,105)	(29,194)	(31,082)	(33,095)	(59,796)
	<u>\$ 141,907</u>	<u>\$ 339,139</u>	<u>\$ 308,057</u>	<u>\$ 274,962</u>	<u>\$ 693,651</u>

Principal portion of long term debt is estimated to be repaid over the following five years as follows:

2026	17,105
2027	29,194
2028	31,082
2029	33,095
2030	59,796

**Appendix D:**  
**Statement of Revenues and Expenditures Without Proposed Rate Increase**

**APPENDIX D**

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH NO PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

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**CONTENTS**

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	PAGE
COMPILATION ENGAGEMENT REPORT	3
PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES	4
NOTES TO THE PROJECTED STATEMENTS OF REVENUE AND EXPENDITURES	5 - 13

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## COMPILATION ENGAGEMENT REPORT

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We have compiled a financial projection for Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation consisting of Projected Statements of Revenues and Expenditures (with no proposed rate increase) for the years to end March 31, 2026, 2027, 2028, 2029 and 2030, using assumptions, including the hypotheses set out in Note 2, with an effective date of March 3, 2026, and other information provided by management. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection set out in the CPA Handbook-Assurance.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions, including the hypotheses, or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection or assumptions, including the hypotheses. Further, since this financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occurs, and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication. This financial projection is intended primarily for the purposes of inclusion in a rate filing submission to the Island Regulatory and Appeals Commission.

*MRSB Chartered Professional Accountants Inc.*  
MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.

CHARLOTTETOWN, PE

MARCH 3, 2026

**MRSB**

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
SEWER WITH NO PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

	Actual 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
<b>REVENUES</b>						
Sewer rates						
Flat rate revenues	\$ 86,101	\$ 85,085	\$ 92,015	\$ 98,560	\$ 98,560	\$ 98,560
Interest	-	-	-	-	-	-
	<u>86,101</u>	<u>85,085</u>	<u>92,015</u>	<u>98,560</u>	<u>98,560</u>	<u>98,560</u>
<b>EXPENDITURES</b>						
<b>GENERAL</b>						
Insurance	775	798	822	847	872	898
Interest and bank charges	1,220	1,257	1,294	1,333	1,373	1,414
Miscellaneous	702	723	745	767	790	814
Professional fees	-	-	-	-	-	-
Regulatory commission fees	1,075	1,107	1,140	1,175	1,210	1,246
	<u>3,772</u>	<u>3,885</u>	<u>4,002</u>	<u>4,122</u>	<u>4,245</u>	<u>4,373</u>
<b>OPERATING</b>						
Operator fee	11,917	12,275	12,643	13,022	13,413	13,815
Repairs and maintenance	6,429	6,622	6,821	7,025	7,236	7,453
Utilities	10,028	10,329	10,639	10,958	11,287	11,625
	<u>28,374</u>	<u>29,225</u>	<u>30,102</u>	<u>31,005</u>	<u>31,935</u>	<u>32,893</u>
<b>OTHER</b>						
Amortization of tangible capital assets (net)	9,224	7,051	8,987	10,787	12,587	18,587
Bad debts	4,542	4,678	4,819	4,963	5,112	5,265
Interest on long term debt	11,566	12,226	12,676	20,030	18,142	37,252
	<u>25,332</u>	<u>23,955</u>	<u>26,481</u>	<u>35,780</u>	<u>35,842</u>	<u>61,105</u>
<b>TRANSFERS</b>						
Allocation from general government	16,000	16,000	16,000	16,000	16,000	16,000
Allocation from professional centre	5,000	5,000	5,000	5,000	5,000	5,000
	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>
<b>TOTAL EXPENDITURES</b>	<u>78,478</u>	<u>78,066</u>	<u>81,585</u>	<u>91,907</u>	<u>93,022</u>	<u>119,371</u>
<b>OPERATING SURPLUS</b>	<u>7,623</u>	<u>7,019</u>	<u>10,430</u>	<u>6,653</u>	<u>5,538</u>	<u>(20,811)</u>
<b>SURPLUS - BEGINNING OF YEAR</b>	<u>330,902</u>	<u>338,525</u>	<u>345,544</u>	<u>355,974</u>	<u>362,627</u>	<u>368,165</u>
<b>SURPLUS - END OF YEAR</b>	<u>\$ 338,525</u>	<u>\$ 345,544</u>	<u>\$ 355,974</u>	<u>\$ 362,627</u>	<u>\$ 368,165</u>	<u>\$ 347,355</u>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WATER WITH NO PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

	Actual 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030
<b>REVENUES</b>						
Water rates						
Flat rate revenues	\$ 21,135	\$ 22,268	\$ 29,108	\$ 35,568	\$ 35,568	\$ 35,568
Interest	846	871	898	924	952	981
	<u>21,981</u>	<u>23,139</u>	<u>30,006</u>	<u>36,492</u>	<u>36,520</u>	<u>36,549</u>
<b>EXPENDITURES</b>						
<b>GENERAL</b>						
Insurance	1,176	1,211	1,248	1,285	1,324	1,363
Interest and bank charges	322	332	342	352	362	373
Miscellaneous	1,555	1,602	1,650	1,699	1,750	1,803
Regulatory commission fees	250	258	265	273	281	290
	<u>3,303</u>	<u>3,402</u>	<u>3,504</u>	<u>3,609</u>	<u>3,718</u>	<u>3,829</u>
<b>OPERATING</b>						
Operator fee	11,917	12,275	12,643	13,022	13,413	13,815
Repairs and maintenance	6,071	6,253	6,441	6,634	6,833	7,038
Utilities	3,679	3,789	3,903	4,020	4,141	4,265
	<u>21,667</u>	<u>22,317</u>	<u>22,987</u>	<u>23,676</u>	<u>24,386</u>	<u>25,118</u>
<b>OTHER</b>						
Amortization of tangible capital assets (net)	2,390	2,391	3,192	3,192	3,192	3,192
Interest on long term debt	219	-	-	-	-	-
	<u>2,609</u>	<u>2,391</u>	<u>3,192</u>	<u>3,192</u>	<u>3,192</u>	<u>3,192</u>
<b>TRANSFERS</b>						
Allocation from general government	4,000	4,000	4,000	4,000	4,000	4,000
Allocation from professional centre	1,000	1,000	1,000	1,000	1,000	1,000
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
<b>TOTAL EXPENDITURES</b>	<u>32,579</u>	<u>33,110</u>	<u>34,683</u>	<u>35,478</u>	<u>36,296</u>	<u>37,139</u>
<b>OPERATING SURPLUS (DEFICIT)</b>	<u>(10,598)</u>	<u>(9,971)</u>	<u>(4,677)</u>	<u>1,015</u>	<u>224</u>	<u>(590)</u>
<b>DEFICIT - BEGINNING OF YEAR</b>	<u>(87,554)</u>	<u>(98,152)</u>	<u>(108,123)</u>	<u>(112,800)</u>	<u>(111,785)</u>	<u>(111,561)</u>
<b>DEFICIT - END OF YEAR</b>	<u>\$ (98,152)</u>	<u>\$ (108,123)</u>	<u>\$ (112,800)</u>	<u>\$ (111,785)</u>	<u>\$ (111,561)</u>	<u>\$ (112,151)</u>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH NO PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

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**1. Basis of Preparation**

The Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation provide sewer and water services for the Rural Municipality of Crapaud, P.E.I.

These projections have been prepared for inclusion in an application for an increased utility rate submitted to the Island Regulatory and Appeals Commission (IRAC), and may not be appropriate for purposes other than those described. The projected statements of operations have been prepared as at March 3, 2026 using the hypotheses detailed in Note 2 together with assumptions that are based on management's judgment as to the most probable set of economic conditions as well as the entity's planned courses of action for the period covered.

These projections reflect only the assets, liabilities, revenues, expenditures, and changes in fund balances of the Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation and do not include all funds of the Rural Municipality of Crapaud.

In view of uncertainties inherent in predicting future conditions and events, actual results achieved for the period will vary from the information presented and the variations may be material.

**2. Hypotheses**

The projection is based on the following hypotheses:

- The Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation plan on undertaking infrastructure upgrades as described in Note 4, throughout fiscal years ending March 31, 2026, 2027, 2028, 2029 and 2030.
- The Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation currently have loans with the Bank of Nova Scotia with rates and repayment terms as described in Note 5 (e). Additional financing of \$728,180 with Provincial Credit Union is anticipated with a new loan for the infrastructure upgrades at a rate of prime amortized over a 15-year term.
- The additional financing of \$728,180 described above represents the corporation's share of the estimated capital cost of the sewer (\$2,370,000) and water (\$650,000) upgrades. It is anticipated that \$702,000 of the cost will be provided from Canada Community Building Fund allocation, \$1,289,820 from Canada Housing Infrastructure Fund ("CHIF"), \$500,000 from the sale of land held for development, and the remaining cost to the corporation will be financed as described above with a loan, after government funding has been used.
- The Utility expects 35 new customers between 2027 and 2028 fiscal years and does not expect any growth in the number of customers for the years ending 2026, 2029, and 2030.

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH NO PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

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**3. Significant Accounting Policies**

The projected financial statements for the Crapaud Sewage Collection & Treatment Corporation and Crapaud Water Utility Corporation have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

**a) Tangible capital assets**

Tangible capital assets of the Sewer and Water Utility are stated at cost and amortized using the straight-line method at the following rates as directed by the Island Regulatory and Appeals Commission:

Buildings	10%
Equipment	10%
Office equipment	10%
Water	1.2%, 5% and 10%
Sewer	1.2%, 5% and 10%

**b) Contributions in aid of construction**

Funds received through capital assistance programs are credited to contributions in aid of construction and amortized at the same rates as the tangible capital assets to which they apply.

**c) Revenue recognition**

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

The Utility follows the deferral method of accounting for grants and contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred, with recognition of excess amounts being deferred until the related expenditures is incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**4. Project Costs and Funding**

<u>Project costs</u>		<u>Project funding</u>	
Sewer extensions and improvements	\$ 2,370,000	Canada Community Building Fund Allocation	\$ 702,000
Water extensions and improvements	650,000	CHIF Funding	1,289,820
		Other funding sources	300,000
		New loan - Town share of project costs	728,180
	3,020,000		3,020,000

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH NO PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

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**5. Summary of Significant Assumptions**

**a) Revenues**

The Utility is subject to rate regulation on the sewer and water utilities provided to residents in Prince Edward Island under the Island Regulatory & Appeals Commissions Act. The purpose of this Act, which is administered by the Island Regulatory & Appeals Commission (IRAC), is to regulate the rate municipalities may charge for sewer and water utilities provided to residents within Prince Edward Island and to ensure at all times a just and reasonable price for sewer and water services.

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.

**b) Operating expenditures**

Most operating expenditures are estimated to increase at a rate of 3% per year given the effects of inflation and increasing cost of purchasing goods and services.

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION**  
**NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH NO PROPOSED RATE INCREASE**  
**FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

**5. Summary of Significant Assumptions (continued)**

**c) Tangible capital assets – sewer assets**

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2026
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	2,456,594	-	29,479	545,151	1,911,443
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 2,459,287</b>	<b>\$ -</b>	<b>\$ 29,479</b>	<b>\$ 545,151</b>	<b>\$ 1,914,136</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2027
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	2,456,594	1,570,000	48,319	593,470	3,433,124
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 2,459,287</b>	<b>\$ 1,570,000</b>	<b>\$ 48,319</b>	<b>\$ 593,470</b>	<b>\$ 3,435,817</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2028
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	4,026,594	150,000	50,119	643,589	3,533,005
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 4,029,287</b>	<b>\$ 150,000</b>	<b>\$ 50,119</b>	<b>\$ 643,589</b>	<b>\$ 3,535,698</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2029
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	4,176,594	150,000	51,919	695,508	3,631,086
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 4,179,287</b>	<b>\$ 150,000</b>	<b>\$ 51,919</b>	<b>\$ 695,508</b>	<b>\$ 3,633,779</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2030
Land	0.0%	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,693
Structures & improvements	1.2%	4,326,594	500,000	57,919	753,427	4,073,167
Pumping equipment	5.0%	-	-	-	-	-
Sewer and lines	1.2%	-	-	-	-	-
Other	5.0%	56,343	-	2,173	375	55,968
<b>Total Assets</b>		<b>\$ 4,329,287</b>	<b>\$ 500,000</b>	<b>\$ 57,919</b>	<b>\$ 753,427</b>	<b>\$ 4,075,860</b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH NO PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

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**5. Summary of Significant Assumptions (continued)**

**b) Contribution in aid of construction – sewer assets**

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2026</u>
Structures & improvements	1.2%	\$ 1,869,002	\$ -	\$ 22,428	\$ 346,642	\$ 1,522,360
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,869,002</b>	<b>\$ -</b>	<b>\$ 22,428</b>	<b>\$ 346,642</b>	<b>\$ 1,522,360</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2027</u>
Structures & improvements	1.2%	\$ 1,869,002	\$ 1,408,659	\$ 39,332	\$ 385,974	\$ 2,891,688
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,869,002</b>	<b>\$ 1,408,659</b>	<b>\$ 39,332</b>	<b>\$ 385,974</b>	<b>\$ 2,891,688</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2028</u>
Structures & improvements	1.2%	\$ 3,277,661	\$ -	\$ 39,332	\$ 425,306	\$ 2,852,356
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 3,277,661</b>	<b>\$ -</b>	<b>\$ 39,332</b>	<b>\$ 425,306</b>	<b>\$ 2,852,356</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2029</u>
Structures & improvements	1.2%	\$ 3,277,661	\$ -	\$ 39,332	\$ 464,638	\$ 2,813,024
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 3,277,661</b>	<b>\$ -</b>	<b>\$ 39,332</b>	<b>\$ 464,638</b>	<b>\$ 2,813,024</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2030</u>
Structures & improvements	1.2%	\$ 3,277,661	\$ -	\$ 39,332	\$ 503,970	\$ 2,773,692
Pumping equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 3,277,661</b>	<b>\$ -</b>	<b>\$ 39,332</b>	<b>\$ 503,970</b>	<b>\$ 2,773,692</b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION  
NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES  
WITH NO PROPOSED RATE INCREASE  
FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

**5. Summary of Significant Assumptions (continued)**

**c) Tangible capital assets – water assets**

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2026</u>
Wells and Springs	1.2%	162,760	-	1,953	27,049	135,711
Supply Mains	1.2%	493,504	-	5,922	85,386	408,118
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 656,264</b>	<b>\$ -</b>	<b>\$ 7,875</b>	<b>\$ 112,435</b>	<b>\$ 543,829</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2027</u>
Wells and Springs	1.2%	162,760	650,000	9,753	36,802	775,958
Supply Mains	1.2%	493,504	-	5,922	91,308	402,196
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 656,264</b>	<b>\$ 650,000</b>	<b>\$ 15,675</b>	<b>\$ 128,110</b>	<b>\$ 1,178,154</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2028</u>
Wells and Springs	1.2%	812,760	-	9,753	46,555	766,205
Supply Mains	1.2%	493,504	-	5,922	97,230	396,274
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,306,264</b>	<b>\$ -</b>	<b>\$ 15,675</b>	<b>\$ 143,785</b>	<b>\$ 1,162,479</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2029</u>
Wells and Springs	1.2%	812,760	-	9,753	56,308	756,452
Supply Mains	1.2%	493,504	-	5,922	103,152	390,352
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,306,264</b>	<b>\$ -</b>	<b>\$ 15,675</b>	<b>\$ 159,460</b>	<b>\$ 1,146,804</b>

		<u>Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>	<u>NBV 2030</u>
Wells and Springs	1.2%	812,760	-	9,753	66,061	746,699
Supply Mains	1.2%	493,504	-	5,922	109,074	384,430
Other	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,306,264</b>	<b>\$ -</b>	<b>\$ 15,675</b>	<b>\$ 175,135</b>	<b>\$ 1,131,129</b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION**  
**NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES**  
**WITH NO PROPOSED RATE INCREASE**  
**FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

**5. Summary of Significant Assumptions (continued)**

**d) Contribution in aid of construction – water assets**

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2026
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	456,979	-	5,484	55,118	401,861
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 456,979</b>	<b>\$ -</b>	<b>\$ 5,484</b>	<b>\$ 55,118</b>	<b>\$ 401,861</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2027
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	456,979	583,241	12,483	67,601	972,619
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 456,979</b>	<b>\$ 583,241</b>	<b>\$ 12,483</b>	<b>\$ 67,601</b>	<b>\$ 972,619</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2028
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	1,040,220	-	12,483	80,084	960,136
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,040,220</b>	<b>\$ -</b>	<b>\$ 12,483</b>	<b>\$ 80,084</b>	<b>\$ 960,136</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2029
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	1,040,220	-	12,483	92,567	947,653
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,040,220</b>	<b>\$ -</b>	<b>\$ 12,483</b>	<b>\$ 92,567</b>	<b>\$ 947,653</b>

		Cost	Additions	Amortization	Accumulated Amortization	NBV 2030
Land	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Wells and Springs	1.2%	1,040,220	-	12,483	105,050	935,170
Equipment	5.0%	-	-	-	-	-
<b>Total Assets</b>		<b>\$ 1,040,220</b>	<b>\$ -</b>	<b>\$ 12,483</b>	<b>\$ 105,050</b>	<b>\$ 935,170</b>

**CRAPAUD SEWAGE COLLECTION & TREATMENT CORPORATION AND  
CRAPAUD WATER UTILITY CORPORATION**  
**NOTES TO THE PROJECTED STATEMENTS OF REVENUES AND EXPENDITURES**  
**WITH NO PROPOSED RATE INCREASE**  
**FOR THE YEARS TO END MARCH 31, 2026, 2027, 2028, 2029 AND 2030**

**5. Summary of Significant Assumptions (continued)**

**e) Long term debt**

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$2,333 plus interest. The loan is renewable on January 31, 2026, is amortized to 2036, and is secured by a borrowing resolution.	\$ 159,012	\$ 141,907	\$ 123,529	\$ 103,784	\$ 82,569
Provincial Credit Union - prime; repayable in monthly blended installments of \$1,769. The loan is amortized to January 1, 2042, and is secured by a borrowing resolution.	-	226,426	215,609	204,273	192,392
Provincial Credit Union - prime; repayable in monthly blended installments of \$3,876. The loan is amortized to April 1, 2044, and is secured by a borrowing resolution.	-	-	-	-	478,485
	159,012	368,333	339,139	308,057	753,446
Less: current portion	(17,105)	(29,194)	(31,082)	(33,095)	(59,796)
	<u>\$ 141,907</u>	<u>\$ 339,139</u>	<u>\$ 308,057</u>	<u>\$ 274,962</u>	<u>\$ 693,651</u>

Principal portion of long term debt is estimated to be repaid over the following five years as follows:

2026	17,105
2027	29,194
2028	31,082
2029	33,095
2030	59,796

**Appendix E:**  
**Audited Financial Statements: March 31, 2025**

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Financial Statements**  
**March 31, 2025**

**RURAL MUNICIPALITY OF CRAPAUD**  
**Index to Consolidated Financial Statements**  
**March 31, 2025**

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	Page
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 16
Schedules to Consolidated Financial Statements	17 - 26

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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The accompanying consolidated financial statements of the Rural Municipality of Crapaud 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.

The Mayor and Council meets 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 Crapaud. 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 Crapaud:

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Mayor

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Chief Administrative Officer

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## INDEPENDENT AUDITOR'S REPORT

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### To the Mayor and Members of Council of the Rural Municipality of Crapaud

#### Opinion

We have audited the consolidated financial statements of the Rural Municipality of Crapaud (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 financial position of the Municipality as at March 31, 2025, and the results of its operations and its 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 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 those 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 relating 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.

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## 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

October 21, 2025

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Financial Position**  
**March 31, 2025**

	2025	2024
<b>Financial assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 490,043	\$ 436,272
Restricted	728,299	715,183
Accounts receivable (Note 3)	312,986	238,104
	1,531,328	1,389,559
<b>Liabilities</b>		
Accounts payable and accrued liabilities	67,749	192,156
Deposits received	2,040	7,287
Deferred revenue (Note 4)	848,358	836,671
Long term debt (Note 5)	255,215	299,109
	1,173,362	1,335,223
<b>Net financial assets</b> (Statement 6)	357,966	54,336
<b>Non-financial assets</b>		
Land held for resale	4,249	4,249
Prepaid expense	14,703	153,336
Intangible assets (Note 6)	40,624	28,909
Tangible capital assets (Schedules 1 and 2)	4,173,476	4,215,820
	4,233,052	4,402,314
<b>Accumulated surplus</b> (Statement 5)	\$ 4,591,019	\$ 4,456,650

ON BEHALF OF THE MUNICIPALITY

\_\_\_\_\_ Mayor

\_\_\_\_\_ Councillor

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
General (Schedule 3)	\$ 246,500	\$ 421,241	\$ 213,189
Fire Protection (Schedule 6)	194,000	251,661	224,133
Sewerage (Schedule 7)	79,000	86,101	85,022
Water (Schedule 8)	23,000	21,981	22,268
	<u>542,500</u>	<u>780,984</u>	<u>544,612</u>
<b>Expenditures</b>			
General (Schedule 3)	259,925	395,914	227,870
Fire Protection (Schedule 6)	194,000	188,698	178,430
Sewerage (Schedule 7)	120,000	100,906	101,234
Water (Schedule 8)	38,100	38,064	37,919
	<u>612,025</u>	<u>723,582</u>	<u>545,453</u>
<b>Operating surplus (deficit)</b>	<u>(69,525)</u>	<u>57,402</u>	<u>(841)</u>
<b>Other revenues</b>			
Government transfers for capital - General (Note 7)	100,000	76,545	186,284
Government transfers for capital - Water (Note 7)	-	388	(868)
Government transfers for capital - Sewer (Note 7)	-	34	317
Donated capital contributions	-	-	175,000
	<u>100,000</u>	<u>76,967</u>	<u>360,733</u>
<b>Annual surplus</b>	<u>30,475</u>	<u>134,369</u>	<u>359,892</u>
<b>Accumulated surplus - beginning of year</b>	<u>4,456,650</u>	<u>4,456,650</u>	<u>4,096,758</u>
<b>Accumulated surplus - end of year (Note 8)</b>	<u>\$ 4,487,125</u>	<u>\$ 4,591,019</u>	<u>\$ 4,456,650</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended March 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>Annual surplus</b>	<b>\$ 30,475</b>	<b>\$ 134,369</b>	<b>\$ 359,892</b>
Amortization of tangible capital assets	133,750	133,914	137,228
Purchase of tangible capital assets	(50,000)	(91,571)	(344,589)
Purchase of intangible assets	-	(11,715)	(5,566)
Decrease (increase) in prepaid expense	-	138,633	(145,929)
	<u>83,750</u>	<u>169,261</u>	<u>(358,856)</u>
<b>Increase in net financial assets</b>	<b>114,225</b>	<b>303,630</b>	<b>1,036</b>
<b>Net financial assets - beginning of year</b>	<b>54,336</b>	<b>54,336</b>	<b>53,300</b>
<b>Net financial assets - end of year</b>	<b>\$ 168,561</b>	<b>\$ 357,966</b>	<b>\$ 54,336</b>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2025**

	<b>Actual 2025</b>	<b>Actual 2024</b>
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 134,369	\$ 359,892
Item not affecting cash:		
Amortization of tangible capital assets	<u>133,914</u>	<u>137,228</u>
	<u>268,283</u>	<u>497,120</u>
Changes in non-cash working capital:		
Accounts receivable	(74,882)	(111,009)
Prepaid expense	138,633	(145,929)
Accounts payable and accrued liabilities	(124,407)	150,204
Deferred revenue	11,687	228,103
Deposits received	<u>(5,247)</u>	<u>(2,092)</u>
	<u>(54,216)</u>	<u>119,277</u>
	<u>214,067</u>	<u>616,397</u>
<b>Cash flows from capital activities</b>		
Purchase of tangible capital assets	(91,571)	(344,589)
Purchase of intangible assets	<u>(11,715)</u>	<u>(5,566)</u>
	<u>(103,286)</u>	<u>(350,155)</u>
<b>Cash flows from financing activity</b>		
Repayment of long term debt	<u>(43,894)</u>	<u>(45,752)</u>
<b>Increase in cash and cash equivalents</b>	<b>66,887</b>	<b>220,490</b>
<b>Cash and cash equivalents - beginning of year</b>	<u><b>1,151,455</b></u>	<u><b>930,965</b></u>
<b>Cash and cash equivalents - end of year</b>	<u><b>\$ 1,218,342</b></u>	<u><b>\$ 1,151,455</b></u>
<b>Cash and cash equivalents consist of:</b>		
Unrestricted	\$ 490,043	\$ 436,272
Restricted	<u>728,299</u>	<u>715,183</u>
	<u><b>\$ 1,218,342</b></u>	<u><b>\$ 1,151,455</b></u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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**1. DESCRIPTION OF BUSINESS**

Rural Municipality of Crapaud (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 preparation

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

The 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 Crapaud reflect the assets, liabilities, revenues, expenditures, change in net financial assets and annual surplus of the Municipality. The Municipality is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the Municipality are the following:

Crapaud Fire Department  
Crapaud Sewerage Corporation  
Crapaud Water Corporation

Cash and cash equivalents

Cash and cash equivalents is comprised of cash on hand, cash in banks and temporary investments.

Accounts receivable

Accounts receivable arise from trade, water and sewer dues, fire dues, funding grants, and Harmonized Sales Tax receivable. 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.

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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 on a straight-line basis over the estimated useful life as follows:

General:	
Buildings	2.5%
Fire vehicles	6.67%
Equipment	10.0%
Electronic equipment	25.0%
Signage	10.0%
Sewer and water:	
Sewerage system	1.2%
Sewerage equipment	5.0%
Water system	1.2%
Wells and springs	1.2%

Full amount of annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use. No amortization is recorded in the year of disposal.

Equipment, furniture, software, and buildings and improvements with a cost in excess of \$500 and an estimated useful life of two years or more are capitalized at cost.

Intangible assets

Intangible assets are stated at cost and amortization to commence upon completion of work.

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.

Donated Capital

Donated capital is recorded at the fair market value at the time of the donation. During the year, there was \$Nil in donated capital recorded as tangible capital assets and corresponding revenue (2024 - \$175,000). This capital was donated with the stipulation that it not to be sold or transferred to any third party for a period of 5 years after the donation was made.

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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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**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.

Land held for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes 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.

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 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 financial statements as revenue in the year 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 and water 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.

Fire dues are reviewed, established, and approved annually by the Council. These revenues are recognized when monthly 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.

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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent years, 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 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 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.
- The recognized amounts for inventory values depend on assessment of future cost for sale.

**3. ACCOUNTS RECEIVABLE**

	2025	2024
Government funding receivable	\$ 124,659	\$ 54,224
Sewer dues	87,018	59,003
Fire dues	60,535	85,126
HST receivable	22,813	20,553
Water dues	13,329	10,109
Other receivables	9,174	9,089
Allowance for doubtful accounts	(4,542)	-
	\$ 312,986	\$ 238,104

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**4. DEFERRED REVENUE**

	2025	2024
Canada Community Building Fund - direct allocation		
Balance - beginning of year	\$ 715,194	\$ 589,068
Allocation received during the year	100,000	100,000
Interest	25,598	27,353
Eligible expenditures incurred	(18,642)	(1,227)
Balance - end of year	822,150	715,194
Other deferred revenue		
New Horizons Seniors Project	24,900	-
New Horizons grant	1,308	2,592
Rural Growth Initiative - Community Revitalization	-	109,534
Province of PEI - Seniors Community Meal Pilot Program	-	5,000
Equalization grant	-	4,351
Total deferred revenue	\$ 848,358	\$ 836,671

Under the Canada Community Building Fund, the Municipality is allocated \$100,000 per year for fiscal years ending March 31, 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 period.

**5. LONG TERM DEBT**

	2025	2024
<b><u>General</u></b>		
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$400 plus interest. The loan is renewable on December 7, 2025, is amortized to 2043 and is secured by borrowing resolution.	\$ 90,000	\$ 94,800
<b><u>Sewerage</u></b>		
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$2,333 plus interest. The loan is renewable on January 31, 2026, is amortized to 2036, and is secured by a borrowing resolution.	161,752	189,748
Bank of Nova Scotia - prime; repayable in monthly principal installments of \$346 plus interest. The loan is renewable on January 4, 2026, is amortized to 2026 and is secured by a borrowing resolution.	3,463	7,619

*(continues)*

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**5. LONG TERM DEBT (continued)**

	<b>2025</b>	<b>2024</b>
<u>Water</u>		
Bank of Nova Scotia - prime; repaid during year.	-	6,942
	<b>\$ 255,215</b>	<b>\$ 299,109</b>

Principal repayments of long term debt are expected to be repaid over the next five years as follows:

2026	\$ 36,260
2027	32,796
2028	32,796
2029	32,796
2030	32,766
Thereafter	87,801
	<b>\$ 255,215</b>

**6. INTANGIBLE ASSETS**

	<b>2025</b>	<b>2024</b>
Land Use Plan	<b>\$ 40,624</b>	<b>\$ 28,909</b>

The land use plan is still in progress, therefore, no amortization has been recorded.

**7. GOVERNMENT TRANSFERS**

	<b>2025</b>	<b>2024</b>
<u>Government transfers for operations</u>		
<u>General</u>		
Province of PEI - Community revitalization	\$ 100,000	\$ -
Provincial equalization grant	52,206	47,953
Provincial wage grant	19,328	11,861
Province of PEI - Seniors Community Meal Grant	5,000	-
New Horizons for Seniors	1,284	-
Innovation PEI	-	1,200
	<b>177,818</b>	<b>61,014</b>
<u>Fire Department</u>		
Department of Health and Wellness - Live Well PEI Wellness Grant	5,980	-

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**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**7. GOVERNMENT TRANSFERS (continued)**

	2025	2024
<u>Government transfers for capital</u>		
<u>General</u>		
Province of PEI - Community revitalization	\$ 34,534	\$ 115,466
Canada Community Building Fund	18,648	1,226
Atlantic Canada Opportunities Agency	15,319	37,881
Municipal Capital Expenditure Grant	8,044	14,803
New Horizons for Seniors	-	16,908
	76,545	186,284
 <u>Sewer</u>		
Municipal Capital Expenditure Grant	34	317
<u>Water</u>		
Municipal Capital Expenditure Grant	388	(868)
	\$ 76,967	\$ 185,733

**8. ACCUMULATED SURPLUS**

	2025	2024
Unrestricted surplus	\$ 388,573	\$ 326,953
Reserve funds (Note 9)	243,560	184,077
Investment in tangible capital assets (Note 10)	3,918,262	3,916,711
Investment in intangible assets (Note 6)	40,624	28,909
	\$ 4,591,019	\$ 4,456,650

**9. RESERVE FUNDS**

	2025	2024
<u>Protective Services Reserve</u>		
Balance - beginning of year	\$ 184,077	\$ 134,894
Allocation to protective services reserve	59,483	49,183
	\$ 243,560	\$ 184,077

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

**10. INVESTMENT IN TANGIBLE CAPITAL ASSETS**

	<b>2025</b>	<b>2024</b>
Tangible capital assets - Schedules 1 and 2	\$ 6,417,489	\$ 6,325,918
Accumulated amortization - Schedules 1 and 2	(2,244,012)	(2,110,098)
Long term debt (Note 5)	(255,215)	(299,109)
	<b>\$ 3,918,262</b>	<b>\$ 3,916,711</b>

**11. 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:

Rural Municipality of Crapaud budgeted annual deficit	\$ (13,425)
Crapaud Water Corporation budgeted annual deficit	(41,000)
Crapaud Sewerage Corporation budgeted annual deficit	(15,100)
	<b>\$ 30,475</b>

The columns presented as budget on the statements of operations and the attached schedules were not subject to an audit or review by the external auditor.

**12. FINANCIAL INSTRUMENTS**

The Municipality's financial instruments consist of cash and cash equivalents, 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 customers 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, and accounts payable and accrued liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipality manages exposure through its normal operating and financing activities. The Municipality is exposed to interest rate risk primarily through its floating interest rate credit facilities.

**RURAL MUNICIPALITY OF CRAPAUD**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2025**

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**13. RATE REGULATION**

The Rural Municipality of Crapaud is subject to rate regulation on the sewer and water utilities provided to residents in Prince Edward Island under the Island Regulatory & Appeals Commissions Act. The purpose of this Act, which is administered by the Island Regulatory & Appeals Commission (IRAC), is to regulate the rate municipalities may charge for sewer and water utilities provided to residents within Prince Edward Island and to ensure at all times a just and reasonable price for sewer and water services.

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.

**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:

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.

Water and Sewer Corporation

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

Fire Protection

This segment is responsible for providing fire protection services for residents. Its tasks include providing critical, life saving services in preventing or minimizing loss of life and property from fire and natural or man made emergencies.

**15. LINE OF CREDIT AVAILABILITY**

The Municipality has an approved line of credit with Bank of Nova Scotia with a maximum limit of \$100,000. The line of credit bears a prime interest rate. Security for the line of credit is a borrowing resolution. The Municipality has an approved line of credit with Provincial Credit Union Limited with a maximum limit of \$100,000. The line of credit bears a 5.95% interest rate. Security for the line of credit is a borrowing resolution.

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Tangible Capital Assets**  
**Year Ended March 31, 2025**  
(Schedule 1)

	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
<b>General</b>									
Land	\$ 633,057	-	-	\$ 633,057	-	-	-	\$ -	\$ 633,057
Buildings	1,267,789	21,092	-	1,288,881	543,476	28,421	-	571,897	716,984
Fire vehicles	636,802	-	-	636,802	496,987	26,267	-	523,254	113,548
Equipment	614,751	62,347	-	677,098	450,300	38,913	-	489,213	187,885
Electronic equipment	5,751	-	-	5,751	5,297	454	-	5,751	-
Signage	4,006	-	-	4,006	3,330	331	-	3,661	345
	<b>\$ 3,162,156</b>	<b>\$ 83,439</b>	<b>\$ -</b>	<b>\$ 3,245,595</b>	<b>\$ 1,499,390</b>	<b>\$ 94,386</b>	<b>\$ -</b>	<b>\$ 1,593,776</b>	<b>\$ 1,651,819</b>
<b>Sewer and Water</b>									
Land	\$ 2,693	-	-	\$ 2,693	-	-	-	\$ -	\$ 2,693
Sewerage system	2,452,730	3,864	-	2,456,594	486,191	29,479	-	515,670	1,940,924
Sewerage equipment	56,343	-	-	56,343	27,833	2,173	-	30,006	26,337
Water system	493,505	-	-	493,505	73,542	5,922	-	79,464	414,041
Wells and springs	158,491	4,268	-	162,759	23,143	1,953	-	25,096	137,663
	<b>\$ 3,163,762</b>	<b>\$ 8,132</b>	<b>\$ -</b>	<b>\$ 3,171,894</b>	<b>\$ 610,709</b>	<b>\$ 39,527</b>	<b>\$ -</b>	<b>\$ 650,236</b>	<b>\$ 2,521,658</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 6,325,918</b>	<b>\$ 91,571</b>	<b>\$ -</b>	<b>\$ 6,417,489</b>	<b>\$ 2,110,098</b>	<b>\$ 133,914</b>	<b>\$ -</b>	<b>\$ 2,244,012</b>	<b>\$ 4,173,476</b>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Financial Statements**  
**Tangible Capital Assets**  
**Year Ended March 31, 2024**  
**(Schedule 2)**

	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
<b>General</b>									
Land	\$ 597,747	\$ 35,310	\$ -	\$ 633,057	\$ -	\$ -	\$ -	\$ -	\$ 633,057
Buildings	1,040,423	227,366	-	1,267,789	515,581	27,894	-	543,476	724,313
Fire vehicles	634,528	2,274	-	636,802	468,534	28,453	-	496,987	139,815
Equipment	538,284	76,467	-	614,751	409,704	40,596	-	450,300	164,451
Electronic equipment	5,751	-	-	5,751	4,842	455	-	5,297	454
Signage	4,006	-	-	4,006	2,929	401	-	3,330	676
	<u>\$ 2,820,739</u>	<u>\$ 341,417</u>	<u>\$ -</u>	<u>\$ 3,162,156</u>	<u>\$ 1,401,590</u>	<u>\$ 97,799</u>	<u>\$ -</u>	<u>\$ 1,499,390</u>	<u>\$ 1,662,766</u>
<b>Sewer and Water</b>									
Land	\$ 2,693	\$ -	\$ -	\$ 2,693	\$ -	\$ -	\$ -	\$ -	\$ 2,693
Sewerage system	2,452,730	-	-	2,452,730	456,758	29,433	-	486,191	1,966,539
Sewerage equipment	53,171	3,172	-	56,343	25,660	2,173	-	27,833	28,510
Water system	493,505	-	-	493,505	67,620	5,922	-	73,542	419,963
Wells and springs	158,491	-	-	158,491	21,241	1,902	-	23,143	135,348
	<u>\$ 3,160,590</u>	<u>\$ 3,172</u>	<u>\$ -</u>	<u>\$ 3,163,762</u>	<u>\$ 571,279</u>	<u>\$ 39,430</u>	<u>\$ -</u>	<u>\$ 610,709</u>	<u>\$ 2,553,053</u>
<b>Total Tangible Capital Assets</b>	<u>\$ 5,981,329</u>	<u>\$ 344,589</u>	<u>\$ -</u>	<u>\$ 6,325,918</u>	<u>\$ 1,972,869</u>	<u>\$ 137,228</u>	<u>\$ -</u>	<u>\$ 2,110,098</u>	<u>\$ 4,215,820</u>

Notes 1 - 15 are an integral part of these consolidated financial statements



**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Operations - General** **(Schedule 3)**  
**Year Ended March 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
Real property tax	\$ 135,000	\$ 198,170	\$ 117,416
Government transfers for operations (Note 7)	55,000	177,818	61,014
Rent	14,000	20,679	19,973
Hall	8,000	14,686	7,201
Miscellaneous	8,000	6,592	4,600
Interest	1,500	3,296	2,985
Lot sales - net	25,000	-	-
	<u>246,500</u>	<u>421,241</u>	<u>213,189</u>
<b>Expenditures</b>			
Community hall (Schedule 4)	35,000	45,701	45,442
General Government (Schedule 4)	177,550	290,413	126,697
Professional Centre (Schedule 5)	24,500	31,957	32,922
Recreation, Parks and Streets (Schedule 5)	22,875	27,843	22,809
	<u>259,925</u>	<u>395,914</u>	<u>227,870</u>
<b>Operating surplus (deficit)</b>	<u>\$ (13,425)</u>	<u>\$ 25,327</u>	<u>\$ (14,681)</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Expenditures - General** **(Schedule 4)**  
**Year Ended March 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>Community Hall</b>			
Amortization of tangible capital assets	\$ 7,000	\$ 9,526	\$ 9,185
Electricity	1,500	3,684	2,723
Heat	7,100	2,771	3,369
Insurance	7,000	9,738	9,458
Interest on long term debt	3,000	5,851	6,889
Office and administration	1,000	3,615	1,405
Repairs and maintenance	3,000	4,282	6,451
Taxes and sewerage utility	2,400	3,234	2,962
	<u>32,000</u>	<u>42,701</u>	<u>42,442</u>
Transfers:			
Expenditures allocated from general government	3,000	3,000	3,000
	<u>\$ 35,000</u>	<u>\$ 45,701</u>	<u>\$ 45,442</u>
<b>General Government</b>			
Advertising and donations	\$ 3,000	\$ 109,722	\$ 1,734
Amortization of tangible capital assets	2,550	5,022	5,996
Dues	1,500	1,062	1,055
Election	1,500	980	-
Fire protection	12,500	12,500	12,100
Honorariums	19,600	17,971	18,296
Interest and bank charges	5,500	3,244	3,188
Liability insurance	32,000	23,346	23,021
Library	3,000	1,667	1,232
Municipal office	-	14,789	3,945
Office and postage	7,000	7,315	5,399
Professional fees	25,000	23,156	16,407
Telephone	2,400	1,818	1,520
Travel and meetings	2,000	1,009	302
Wages and wage levies	90,000	96,812	62,502
	<u>207,550</u>	<u>320,413</u>	<u>156,697</u>
Transfers:			
Expenditures allocated to community hall	(3,000)	(3,000)	(3,000)
Expenditures allocated to fire protection	(7,000)	(7,000)	(7,000)
Expenditures allocated to sewerage and water	(20,000)	(20,000)	(20,000)
	<u>\$ 177,550</u>	<u>\$ 290,413</u>	<u>\$ 126,697</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Expenditures - General** **(Schedule 5)**  
**Year Ended March 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>Professional Centre</b>			
Amortization of tangible capital assets	\$ 14,000	\$ 14,809	\$ 14,623
Electricity	4,000	5,759	8,324
Heat	5,000	3,966	5,791
Insurance	2,200	2,415	2,754
Repairs and maintenance	5,000	8,584	5,822
Snow removal and grass cutting	6,100	7,382	7,022
Taxes and sewerage utility	1,200	2,042	1,586
	<u>37,500</u>	<u>44,957</u>	<u>45,922</u>
Transfers:			
Expenditures allocated to fire protection	(7,000)	(7,000)	(7,000)
Expenditures allocated to sewerage and water	(6,000)	(6,000)	(6,000)
	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>
	<u>\$ 24,500</u>	<u>\$ 31,957</u>	<u>\$ 32,922</u>
<b>Recreation, Parks and Streets</b>			
Amortization of tangible capital assets	\$ 4,500	\$ 682	\$ 2,556
Bug control	3,000	3,228	3,315
Festival and events	100	8,362	3,540
Mileage	1,000	2,500	2,391
Property taxes	5,200	3,394	1,472
Sponsorships	-	200	400
Street lights	9,075	9,477	9,135
	<u>22,875</u>	<u>27,843</u>	<u>22,809</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Operations - Fire Protection** **(Schedule 6)**  
**Year Ended March 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
Fire dues	\$ 194,000	\$ 234,309	\$ 212,948
Interest	-	11,372	11,185
Government transfers for operations (Note 7)	-	5,980	-
	<b>194,000</b>	<b>251,661</b>	<b>224,133</b>
<b>Expenditures</b>			
Amortization of tangible capital assets	65,400	64,348	65,438
Gas and oil	3,000	4,485	2,028
Heat	6,000	6,730	7,807
Honorariums	40,000	39,299	38,510
Insurance - firemen	6,000	4,659	4,527
Insurance - trucks	11,000	14,373	13,462
Interest and bank charges	200	152	277
Office, supplies and postage	10,500	7,918	7,839
Property taxes and sewer	1,200	578	578
Repairs and maintenance	20,200	2,343	5,358
Telephone and radio	8,500	7,432	6,488
Training, uniforms and mileage	4,000	17,454	6,903
Utilities	4,000	4,927	5,215
	<b>180,000</b>	<b>174,698</b>	<b>164,430</b>
Transfers:			
Expenditures allocated from general government	7,000	7,000	7,000
Expenditures allocated from professional centre	7,000	7,000	7,000
	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>
	<b>194,000</b>	<b>188,698</b>	<b>178,430</b>
<b>Operating surplus</b>	<b>\$ -</b>	<b>\$ 62,963</b>	<b>\$ 45,703</b>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Operations - Sewerage**  
**Year Ended March 31, 2025**

(Schedule 7)

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
Flat rate revenues	\$ 79,000	\$ 86,101	\$ 85,022
<b>Expenditures</b>			
General:			
Insurance	-	775	1,053
Interest and bank charges	1,500	1,220	921
Miscellaneous	3,500	702	1,649
Professional fees	-	-	438
Regulatory commission fees	1,000	1,075	1,002
	<u>6,000</u>	<u>3,772</u>	<u>5,063</u>
Operating:			
Operator fee	18,500	11,917	12,466
Repairs and maintenance	20,000	6,429	6,326
Utilities	12,000	10,028	9,615
	<u>50,500</u>	<u>28,374</u>	<u>28,407</u>
Other:			
Amortization of tangible capital assets	32,500	31,652	31,606
Bad debts	-	4,542	-
Interest on long term debt	10,000	11,566	15,158
	<u>42,500</u>	<u>47,760</u>	<u>46,764</u>
Transfers:			
Allocation from general government	16,000	16,000	16,000
Allocation from professional centre	5,000	5,000	5,000
	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>
	<u>120,000</u>	<u>100,906</u>	<u>101,234</u>
<b>Operating deficit</b>	<u>\$ (41,000)</u>	<u>\$ (14,805)</u>	<u>\$ (16,212)</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Schedule of Operations - Water**  
**Year Ended March 31, 2025**

(Schedule 8)

	Budget 2025	Actual 2025	Actual 2024
<b>Revenues</b>			
Flat rate revenues	\$ 22,650	\$ 21,135	\$ 22,268
Interest	350	846	-
	<u>23,000</u>	<u>21,981</u>	<u>22,268</u>
<b>Expenditures</b>			
General:			
Insurance	-	1,176	1,390
Interest and bank charges	200	322	314
Miscellaneous	2,400	1,555	1,060
Regulatory commission fees	300	250	250
	<u>2,900</u>	<u>3,303</u>	<u>3,014</u>
Operating:			
Operator fee	12,000	11,917	12,151
Repairs and maintenance	6,400	6,071	5,755
Utilities	3,000	3,679	3,337
	<u>21,400</u>	<u>21,667</u>	<u>21,243</u>
Other:			
Amortization of tangible capital assets	7,800	7,875	7,824
Interest on long term debt	1,000	219	838
	<u>8,800</u>	<u>8,094</u>	<u>8,662</u>
Transfers:			
Allocation from general government	4,000	4,000	4,000
Allocation from professional centre	1,000	1,000	1,000
	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
	<u>38,100</u>	<u>38,064</u>	<u>37,919</u>
<b>Operating deficit</b>	<u>\$ (15,100)</u>	<u>\$ (16,083)</u>	<u>\$ (15,651)</u>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Segment Disclosures**  
**Year Ended March 31, 2025**

(Schedule 9)

	General Government	Fire Department	Sewer Utility	Water Utility	Elimination	Consolidated 2025
<b>Revenues</b>						
Fire dues	\$ -	\$ 234,309	\$ -	\$ -	\$ (12,500)	\$ 221,809
Real property taxes	198,170	-	-	-	-	198,170
Sewer/Water dues	-	-	86,101	21,135	(3,465)	103,771
Government transfers for operations	177,818	5,980	-	-	-	183,798
Rent	20,679	-	-	-	-	20,679
Miscellaneous	6,592	-	-	-	-	6,592
Hall	14,686	-	-	-	-	14,686
Interest	3,296	11,372	-	846	-	15,514
	<b>421,241</b>	<b>251,661</b>	<b>86,101</b>	<b>21,981</b>	<b>(15,965)</b>	<b>765,019</b>
<b>Expenditures</b>						
Salaries and benefits	114,783	39,299	11,917	11,917	-	177,916
Goods and services	241,997	84,899	44,551	17,731	(15,965)	373,213
Amortization of tangible capital assets	30,039	64,348	31,652	7,875	-	133,914
Interest	9,095	152	12,786	541	-	22,574
	<b>395,914</b>	<b>188,698</b>	<b>100,906</b>	<b>38,064</b>	<b>(15,965)</b>	<b>707,617</b>
<b>Operating surplus (deficit)</b>	<b>25,327</b>	<b>62,963</b>	<b>(14,805)</b>	<b>(16,083)</b>	<b>-</b>	<b>57,402</b>
Government transfers for capital	76,545	-	34	388	-	76,967
<b>Annual surplus (deficit)</b>	<b>\$ 101,872</b>	<b>\$ 62,963</b>	<b>\$ (14,771)</b>	<b>\$ (15,695)</b>	<b>-</b>	<b>\$ 134,369</b>

Notes 1 - 15 are an integral part of these consolidated financial statements

**RURAL MUNICIPALITY OF CRAPAUD**  
**Schedules to Consolidated Financial Statements**  
**Segment Disclosures**  
**Year Ended March 31, 2024**  
**(Schedule 10)**

	General Government	Fire Department	Sewer Utility	Water Utility	Elimination	Consolidated 2024
<b>Revenues</b>						
Fire dues	\$ -	\$ 212,948	\$ -	\$ -	\$ (12,100)	\$ 200,848
Real property taxes	117,416	-	-	-	-	117,416
Sewer/Water dues	-	-	85,022	22,268	(3,465)	103,825
Government transfers for operations	61,014	-	-	-	-	61,014
Rent	19,973	-	-	-	-	19,973
Miscellaneous	4,600	-	-	-	-	4,600
Hall	7,201	-	-	-	-	7,201
Interest	2,985	11,185	-	-	-	14,170
	213,189	224,133	85,022	22,268	(15,565)	529,047
<b>Expenditures</b>						
Salaries and benefits	80,798	38,510	12,466	12,151	-	143,925
Goods and services	104,635	74,205	41,083	16,792	(15,565)	221,150
Amortization of tangible capital assets	32,360	65,438	31,606	7,824	-	137,228
Interest	10,077	277	16,079	1,152	-	27,585
	227,870	178,430	101,234	37,919	(15,565)	529,888
<b>Operating surplus (deficit)</b>	(14,681)	45,703	(16,212)	(15,651)	-	(841)
Government transfers for capital	186,284	-	317	(868)	-	185,733
Donated capital contributions	175,000	-	-	-	-	175,000
<b>Annual surplus (deficit)</b>	\$ 346,603	\$ 45,703	\$ (15,895)	\$ (16,519)	\$ -	\$ 359,892

Notes 1 - 15 are an integral part of these consolidated financial statements