VILLAGE OF ARCADIA

Consolidated Financial Statements

Year Ended December 31, 2025

VILLAGE OF ARCADIA
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Year Ended December 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Village of Arcadia have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Village of Arcadia's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Mayor and Council are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Finance Committee meets periodically to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to the Mayor and Council prior to its approval of the financial statements. The Committee also considers, for review by the Mayor and Council and approval by the Mayor and councilors, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Teed Saunders Doyle, in accordance with Canadian generally accepted auditing standards.

X _____
Mayor

X _____
Treasurer

VILLAGE OF ARCADIA ★ INCORPORATED 2023 ★

Arcadia, NB

INDEPENDENT AUDITOR'S REPORT

To the Members of Village of Arcadia

Opinion

We have audited the consolidated financial statements of Village of Arcadia (the "organization"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. Schedules 5, 6, and 7 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

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

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

(continues)

- 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 organization'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 organization'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 organization 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.

Teed Saunders Doyle

Fredericton, New Brunswick
September 28, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF ARCADIA
Consolidated Statement of Financial Position
December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents *(Note 4)*	$ 4,524,521	$ 3,568,727
Accounts receivable *(Note 5)*	262,550	903,876
Pension benefit *(Note 9)*	12,500	-
	4,799,571	4,472,603
LIABILITIES		
Bank indebtedness *(Note 6)*	15,354	242,499
Accounts payable and accrued liabilities *(Note 7)*	414,511	592,692
Deferred revenue	788,295	733,407
Long term debt *(Note 8)*	1,766,999	1,910,000
Pension obligation *(Note 9)*	-	24,800
Asset retirement obligation *(Note 10)*	205,000	199,029
	3,190,159	3,702,427
NET FINANCIAL ASSETS	1,609,412	770,176
NON-FINANCIAL ASSETS		
Tangible capital assets *(Schedule 1)*	7,918,849	8,026,317
ACCUMULATED SURPLUS	$ 9,528,261	$ 8,796,493

ON BEHALF OF MAYOR & COUNCIL

X _____ *Mayor*

X _____ *Treasurer*

VILLAGE OF ARCADIA ★ INCORPORATED 2023 ★

VILLAGE OF ARCADIA
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2025

	Budget 2025	**Total 2025**	Total 2024
REVENUES			
Property tax warrant	$ 4,905,990	**$ 4,905,991**	$ 4,516,887
Other government transfers *(Schedule 2)*	-	**89,458**	634,431
Services to other governments	147,731	**151,802**	232,262
Sewer user charges	72,089	**93,042**	63,499
Interest	-	**-**	54,088
Sale of services, fines and other fees *(Schedule 2)*	43,501	**89,603**	45,621
Other *(Schedule 2)*	-	**13,210**	18,479
Community funding and equalization grant	10,280	**10,280**	15,419
Gains (losses) on disposal of assets	-	**-**	9,040
	5,179,591	**5,353,386**	5,589,726
EXPENSES *(Schedule 3)*			
General government services	973,503	**815,573**	781,652
Protective services	2,008,640	**1,878,931**	1,863,982
Transportation services	1,174,609	**915,798**	919,373
Environmental health services	455,560	**406,390**	506,084
Public health and welfare	28,142	**25,216**	21,789
Environmental development	285,706	**257,099**	239,166
Recreation and cultural services	260,341	**238,806**	226,918
Sewerage services	102,981	**83,805**	110,840
	5,289,482	**4,621,618**	4,669,804
ANNUAL SURPLUS (DEFICIT)	(109,891)	**731,768**	919,922
ACCUMULATED SURPLUS - BEGINNING OF YEAR	8,796,493	**8,796,493**	7,876,571
ACCUMULATED SURPLUS - END OF YEAR	$ 8,686,602	**$ 9,528,261**	$ 8,796,493

VILLAGE OF ARCADIA
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2025

	Budget 2025	2025	2024
ANNUAL SURPLUS (DEFICIT)	$ (109,891)	$ 731,768	$ 919,922
Amortization of tangible capital assets	-	513,701	497,905
Purchase of tangible capital assets	-	(406,234)	(1,128,235)
Proceeds on disposal of tangible capital assets	-	-	9,040
Loss (gain) on disposal of assets	-	-	(9,040)
	-	107,467	(630,330)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(109,891)	839,236	289,592
NET FINANCIAL ASSET - BEGINNING OF YEAR	770,176	770,176	480,584
NET FINANCIAL ASSETS - END OF YEAR	$ 660,285	$ 1,609,412	$ 770,176

VILLAGE OF ARCADIA
Consolidated Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	$ 731,768	$ 919,922
Items not affecting cash:		
Amortization of tangible capital assets	513,701	497,905
Gain on disposal of tangible capital assets	-	(9,040)
Accretion expense	5,971	5,797
	1,251,440	1,414,584
Changes in non-cash working capital:		
Accounts receivable	641,327	(779,745)
Accounts payable and accrued liabilities	(178,181)	(71,969)
Deferred revenue	54,888	200,134
Pension obligation	(37,300)	(30,600)
	480,734	(682,180)
	1,732,174	732,404
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(406,234)	(1,128,235)
Proceeds on disposal of tangible capital assets	-	9,040
	(406,234)	(1,119,195)
FINANCING ACTIVITIES		
Increase (decrease) in bank indebtedness	(227,145)	242,499
Repayment of long term debt	(143,001)	(142,000)
	(370,146)	100,499
INCREASE (DECREASE) IN CASH FLOW	955,794	(286,292)
Cash - beginning of year	3,568,727	3,855,019
CASH - END OF YEAR	$ 4,524,521	$ 3,568,727

1. NATURE OF OPERATIONS

The municipality was incorporated as a Village by the Province of New Brunswick Municipalities Act and the Municipality is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Village of Arcadia are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada. These consolidated financial statements include the additional disclosure requirements by the Department of Environment and Local Government of New Brunswick.

The focus of Public Sector Accounting financial statements is on the financial position of the Village and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Village.

Asset retirement obligation

The Village has adopted Public Sector Accounting Standard PS 3280. Under this new standard, a liability for a legal obligation associated with the retirement of a tangible capital asset is recognized when the asset is acquired. The cost base of the asset is increased by an amount equal to the liability and amortized along with the acquisition costs. For liabilities associated with assets that are not recognized the asset retirement costs would be expensed as there is no cost base of the underlying asset to which the asset retirement costs can be attached.

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in net debt and cash flows of the reporting entity. The Village of Arcadia is comprised of all organizations accountable for the administration of their financial affairs and resources to the Village of Arcadia, and which are controlled by the Village of Arcadia.

Interdepartmental and organizational transactions and balances are eliminated.

Revenue recognition

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

Government transfers are recognized in the financial statements as revenues in the period that the transfer is authorized, eligibility criteria, if any, have been met by the Village, and a reasonable estimate of the amount to be received can be made. Transfers are recognized as deferred revenue when transfer stipulations have not been met and revenue is recognized as the stipulations are settled.

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

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

Expense recognition

Expenses are recognized in the period that the goods and services were acquired, and a liability was incurred. Expenses are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

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

Budget

The budget figures contained in these financial statements were approved by Council on December 16, 2024, and the Minister of Local Government on December 17, 2024.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for 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 excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

Tangible capital assets

Tangible capital assets are initially recorded 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 lives as follows:

Land improvements	20 years
Buildings	10-40 years
Vehicles and equipment	5-20 years
Roads, streets and wharves	10-40 years
Treatment facilities	15-50 years
Sewer collection	50 years

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

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also recorded as revenue.

Amortization commences in the year after acquisition and there is no amortization in the year of disposal.

Cash and cash equivalents

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

Restricted cash consists of cash and cash equivalents designated in the reserve and trust funds. The restrictions are internally imposed only.

Employee future benefits

The Village and its employees contribute to the Village of Arcadia Municipal Pension Plan, a jointly trusted pension plan. The Plan provides for service pensions based on length of service and rate of pay (a defined benefit plan).

In addition to the Municipal Pension Plan, severance benefits also accrue to the Village's employees. The costs of these benefits are actuarially determined based on service and best estimate of retirement ages and expected future salary increases. The obligation under these benefits plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

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

Reserves and trust funds

Certain amounts, as approved by Village Council, are set aside in reserve and trust funds for future operating and capital purposes. Transfers to and from reserve and trust funds are recorded as an adjustment within accumulated surplus. Schedule 5 to the consolidated financial statements is included to show the reserve and trust fund balances as supplementary information.

Segmented information

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

General government services

This department is responsible for the overall governance and financial administration of the Municipality. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

Protective services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

Transportation services

This department is responsible for common services, roads and streets maintenance, street lighting, traffic services, parking and other transportation related functions.

Environmental health services

This department is responsible for the provision of waste collection and disposal.

Environmental development services

This department is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.

Public health

This department relates to the revenues and expenses relateed to the comunity health clinics.

Recreation and cultural services

This department is responsible for the maintenance and operation of recreational and cultural facilities, including swimming pools, arenas, parks and playgrounds, tourism and other recreational and cultural facilities.

Sewerage operations

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

Measurement uncertainty

The preparation of consolidated financial statements in accordance with Canadian public sector standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results may differ from those estimates. Areas requiring the greatest degree of estimation include provision for future employee benefits, valuation of donated assets, assessment of contingent liabilities, and allowance for doubtful accounts receivable.

3. FINANCIAL INSTRUMENTS

The Village 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 Village's risk exposure and concentration as of December 31, 2025.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Village is exposed to credit risk from customers. In order to reduce its credit risk, the Village reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Village has a significant number of customers and government funders which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Village is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, contributions to the pension plan, and accounts payable.

Unless otherwise noted, it is management's opinion that the Village is not exposed to significant other price risks arising from these financial instruments.

4. CASH

	2025	2024
Internally restricted cash - Reserves	$ 2,681,186	$ 2,293,316
Internally restricted cash - Gas Tax Funds	730,824	733,407
Unrestricted cash	1,112,511	542,004
	$ 4,524,521	$ 3,568,727

5. ACCOUNTS RECEIVABLE

	2025	2024
Canada Revenue Agency (HST rebate)	$ 209,580	$ 306,163
Provincial Government	-	265,187
Accounts receivable - General	37,336	111,017
Accounts receivable - Water and sewer	38,934	244,809
	285,850	927,176
Allowance for doubtful accounts	(23,300)	(23,300)
	$ 262,550	$ 903,876

6. BANK INDEBTEDNESS

The Village has a overdraft facility with Scotiabank, up to a maximun of $3,900,000, bearing interest at the bank's prime lending rate.

7. PAYABLES AND ACCRUALS

	2025	2024
Trade payables and accruals	$ 224,516	$ 215,211
Government organizations	189,995	377,481
	$ 414,511	$ 592,692

8. LONG TERM DEBT

	2025	2024
Environment and Local Government loan bearing interest at 3.1% per annum, repayable in annual payments of $70,000 plus interest. The loan matures on September 20, 2042 and is unsecured.	$ 979,999	$ 1,047,000
New Brunswick Municipal Financing Corporation - BR 28 - 2017 loan bearing interest at 2.7% per annum, repayable in annual payments of $22,000 plus interest. The loan matures on December 12, 2032 and is unsecured.	168,000	189,000
New Brunswick Municipal Financing Corporation - BV 31 - 2019 loan bearing interest at 2.4% per annum, repayable in annual payments of $42,000 plus interst. The loan matures on May 14, 2034 and is unsecured.	349,000	389,000
New Brunswick Municipal Financing Corporation CD 18 - 2023 loan bearing interest at 4.6% per annum, repayable in annual payments of $16,000 plus interest The loan matures on June 21, 2038 and is unsecured.	270,000	285,000
	$ 1,766,999	$ 1,910,000

Principal repayment terms are approximately:

2026	$ 150,000
2027	143,000
2028	145,000
2029	149,000
2030	142,000
Thereafter	1,037,999
	$ 1,766,999

9. PENSION OBLIGATION

The Municipality and its employees participate in the New Brunswick Municipal Employees Pension Plan (NB MEPP). The NB MEPP is a multiple-employer defined benefit pension plan administered by a board elected by the employee and employer representatives under the provisions of the Local Governance Act of New Brunswick. The NB MEPP provides pensions based on length of service and best average earnings.

Actuarial valuations for funding purposes are performed either annually or triennially depending on the financial position of the NB MEPP (currently annually). In turn, the actuarial valuations for accounting purposes are based on these figures (with adjustments). The most recent actuarial accounting valuation was prepared as at December 31, 2023 and resulted in an overall NB MEPP accrued benefit obligation of $158,648,800 on the accounting basis.

The actuarial valuation for accounting purposes was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates. The following summarizes the major assumptions in the valuation as at December 31, 2024:

- The expected inflation rate is 2.10%
- The discount rate used to determine the accrued benefit obligation is 6.05%
- The expected rate of return on assets is 6.05% per annum
- Retirement age varies by age and employment category
- Estimated average remaining service life (EARSL) is 14 years

The actuarial funding valuation prepared as at December 31, 2023 indicated that the market value of net assets available for the accumulated plan benefits were less than the present value of these benefits. The pension plan has been granted a solvency deficiency exemption by the Province of New Brunswick. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of $9,496,000, a change of $2,732,600 from the December 31, 2022 deficit of $12,228,600. Based on the assumptions as at December 31, 2023, the actuary expects the level of employer and employee contributions to be sufficient to fund the current service cost and going concern special payments, as required by the Pension Benefits Act.

As at December 31, 2023, the NB MEPP provides benefits for 332 retirees. Total benefit payments to retirees and terminating employees during 2025 are estimated to be approximately $5,705,700 (actual 2024, $8,265,100) in totality for the NB MEPP.

Employees make contributions using rates that vary by earnings level and employment category, with an overall average contribution rate of approximately 7.93%. Each participating body contributes an amount that equals their employees contribution amounts. Pension Fund Assets are invested in Short Term Securities, Bonds, Canadian Equities, Real Estate, Infrastructure, and Foreign Equities. Combined employees and participating bodies' contributions for 2025 are estimated to be approximately $10,714,400 (actual 2024 $10,407,800 in totality for the NB MEPP).

The following summarizes the NB MEPP data as it relates to Arcadia:

- The average age of the 3 active employees covered by NB MEPP is 47.4 (as at December 31, 2023)
- Benefit payments were $2,200 in 2024 and were estimated to be $2,100 in 2025
- Combined contributions were $36,800 in 2024 and were estimated to be $38,000 in 2025

In addition to determining the position of the NB MEPP as it relates to the Arcadia as at December 31, 2023 and December 31, 2024, NB MEPP's actuary performed an extrapolation of the December 31, 2024 accounting valuation to determine the estimated position as at December 31, 2025. The extrapolation assumes assumptions used as at December 31, 2025 remain unchanged from December 31, 2024. The extrapolation also assumes assets return 6.05% net of all fees and expenses. If experience is different than assumed, amounts will adjusted to reflect actual experience.

The results are as follows:

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9. PENSION OBLIGATION *(continued)*

	2025	2024
Accrued benefit liability (asset)		
Accrued benefit liability at beginning of period	$ 24,000	$ 44,200
Pension expense for the year	(17,500)	(1,800)
Less employer contributions	(19,000)	(18,400)
	$ (12,500)	$ 24,000

In summary, the Accrued Benefit Liability (Asset) as it relates to the Arcadia is estimated to be $(12,500) as at December 31, 2025. This compares to $24,000 as at January 1, 2024 and $24,800 as at December 31, 2024. This amount is included in the Post Employment Benefits Payable on the Consolidated Statement of Financial Position.

The financial position as it relates to the accrued benefit liability is shown as follows and illustrates the unamortized amounts being recognized in pension expense over time:

Reconciliation of funded status at end of period		
Accrued benefit obligation	$ 211,700	$ 189,900
Less plan assets	(303,200)	(251,000)
Accrued benefit liability at end of period	(91,500)	(61,100)
Unamortized experience gains (losses)	79,000	85,100
Accrued benefit at end of period	$ (12,500)	$ 24,000

Total expenses related to pensions include the following components:

Pension expenses		
Employer current service cost	$ (6,900)	$ 4,800
Interest on accrued benefit obligation	11,800	11,000
Expected return on assets	(16,300)	(12,800)
Experience gain (loss)	(6,100)	(4,800)
	$ (17,500)	$ (1,800)

The pension expense is included in the consolidated statement of operations.

10. ASSET RETIREMENT OBLIGATION

In accordance with PS 3280 (Asset Retirement Obligations) effective April 1, 2022, the Village recognizes a liability for legal obligations associated with the retirement of tangible capital assets. The obligations include the estimated disposal costs of regulated materials such as asbestos, lead, the removal of petroleum storage tanks, and the decommissioning of infrastructure in environmentally sensitive areas. The associated assets include buildings, site services, and other infrastructure. The liability is based on management's best estimates and includes a discount rate factor of 3% applied to costs.

	2025	2024
Asset retirement obligations, beginning of year	$ 199,029	$ 193,232
Accretion expense	5,971	5,797
Asset retirement obligations, end of year	$ 205,000	$ 199,029

11. SHORT TERM BORROWING COMPLIANCE

Operating borrowing

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

Interim borrowing for capital

The municipality has arranged a non-revolving loan at the prime lending rate for the General Capital Fund. The loan is being used to provide interm financing for capital expenditures. This borrowing was approved to a maximum amount of $1,026,000 for a period of three years under the order number 21-0022. Subsequent to year end, Council passed a resolution to terminate the financing agreement as the funding was no longer required.

Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. The amounts payable between Funds are in compliance with the requirements.

12. WATER AND SEWER FUND SURPLUS (DEFICIT)

The Municipalities Act requires Sewer Fund surplus (deficit) amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuing year; the balance of the surplus (deficits) from prior year that need to be taken into income are:

	2025	2024
2025 Deficit	**$ (32,219)**	$ -
2024 Deficit	**(16,512)**	(16,512)
2023 Deficit	**-**	(11,487)
	$ (48,731)	$ (27,999)

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Village of Arcadia
Consolidated Tangible Capital Assets
Year ended December 31, 2025

(Schedule 1)

Description	Land	Land improvements	Buildings	Vehicles & Equipment	Roads, streets & wharves	Treatment facilities	Sewer collection	Total 2025	Total 2024
Cost									
Opening cost	$ 725,613	$ 406,283	$ 2,487,320	$ 2,243,917	$ 6,550,719	$ 1,023,250	$ 924,527	$ 14,361,629	$ 13,233,393
Additions and transfers	-	-	16,888	72,075	231,984	64,846	20,441	406,234	1,128,235
Disposals and transfers	-	-	-	-	-	-	-	-	-
Closing cost	725,613	406,283	2,504,208	2,315,992	6,782,703	1,088,096	944,968	14,767,863	14,361,628
Accumulated amortization									
Opening cost	-	283,827	784,539	1,558,982	2,284,258	739,719	683,987	6,335,313	5,837,406
Additions and transfers	-	19,659	73,692	112,239	267,687	26,190	14,234	513,701	497,905
Disposals and transfers	-	-	-	-	-	-	-	-	-
Closing cost	-	303,486	858,231	1,671,221	2,551,945	765,909	698,221	6,849,014	6,335,311
Asset net book value	$ 725,613	$ 102,797	$ 1,645,977	$ 644,771	$ 4,230,758	$ 322,187	$ 246,747	$ 7,918,849	$ 8,026,317

VILLAGE OF ARCADIA

Consolidated Schedule of Revenues
(Schedule 2)

Year Ended December 31, 2025

	Budget 2025	Total 2025	Total 2024
Sale of services, fines and other fees			
Building permits	$ 40,000	$ 82,039	$ 38,327
Building rent	3,501	7,564	7,294
	$ 43,501	$ 89,603	$ 45,621
Other government transfers			
Infrastructure grants	$ -	$ 88,033	$ 631,670
Other	-	1,425	2,761
	$ -	$ 89,458	$ 634,431
Other revenue			
Donations	$ -	$ 1,486	$ 4,343
Miscellaneous	-	11,724	14,136
	$ -	$ 13,210	$ 18,479

VILLAGE OF ARCADIA

Consolidated Schedule of Expenses
(Schedule 3)
Year Ended December 31, 2025

	Budget 2025	Total 2025	Total 2024
General government services			
Legislative:			
Mayor	$ 34,270	$ **24,809**	$ 32,016
Councillors	80,000	**75,531**	75,341
Other legislative costs	2,500	**122**	2,414
	116,770	**100,462**	109,771
Administrative:			
Personnel benefits and related costs	280,006	**263,187**	200,511
Secretary treasurer	95,643	**91,791**	89,509
Sewer worker wages and related costs	17,621	**17,472**	15,334
Sewer cost recovery	(44,201)	**2,857**	(48,434)
Office building	43,000	**41,026**	53,960
Other	14,259	**40,241**	115,398
Legal Services	10,000	**834**	6,106
Operating Contingency	193,155	**38,815**	28,569
Civic relations	12,200	**5,344**	9,479
Insurance	29,326	**27,123**	30,477
Cost of Assessment	101,068	**101,068**	92,252
Grants to organizations	27,250	**12,838**	10,363
	779,327	**642,596**	603,524
Financial management			
External audit	27,600	**30,222**	28,313
	27,600	**30,222**	28,313
Other			
Training and civic relations	14,500	**5,120**	3,983
Bank charges	1,500	**1,365**	356
Other fees and taxes	6,746	**6,315**	6,383
	22,746	**12,800**	10,722
Amortization	27,060	**27,060**	27,060
Accretion of asset retirement obligation	-	**2,433**	2,262
	$ 973,503	$ **815,573**	$ 781,652

(continues)

VILLAGE OF ARCADIA

Consolidated Schedule of Expenses *(continued)*
(Schedule 3)
Year Ended December 31, 2025

	Budget 2025	Total 2025	Total 2024
Protective services			
Police			
Police - RCMP	$ 728,299	$ 728,299	$ 703,670
	728,299	728,299	703,670
Fire			
Administration	68,200	68,167	79,143
Firefighting force	45,800	35,965	36,663
Fire alarm system	57,155	64,498	69,304
Station and building	170,607	172,024	166,476
Equipment maintenance	417,754	391,552	383,492
Equipment operating lease	163,584	163,584	148,817
Emergency measures	47,156	-	-
Other	112,611	57,514	79,356
Interest on long term debt	42,287	42,287	44,450
	1,125,154	995,591	1,007,701
Other services			
Animal and pest control	15,188	15,042	12,299
Amortization	139,999	139,999	140,312
	$ 2,008,640	$ 1,878,931	$ 1,863,982
Transportation services			
Common services			
General equipment	$ 20,000	$ 9,303	$ 9,371
	20,000	9,303	9,371
Roads and streets			
Summer maintenance	383,059	187,868	178,888
Winter maintenance	356,943	345,580	307,896
Culverts and drainige ditches	45,000	23,141	81,987
Storm sewers	10,000	3,546	5,277
Regional Service Commission	640	540	1,452
Street lighting	70,207	64,312	60,512
Street signs	7,500	2,416	3,467
Other	6,000	3,832	3,728
	879,349	631,235	643,207
Interest on long term debt	17,573	17,573	18,847
Amortization	257,687	257,687	247,948
	$ 1,174,609	$ 915,798	$ 919,373

(continues)

VILLAGE OF ARCADIA

Consolidated Schedule of Expenses *(continued)*
(Schedule 3)
Year Ended December 31, 2025

	Budget 2025	Total 2025	Total 2024
Environmental health services			
Garbage collection	$ 286,000	$ **301,886**	$ 369,508
Other garbage disposal and recycling	169,560	**104,504**	136,576
	$ 455,560	$ **406,390**	$ 506,084
Public health and welfare			
Medical clinic	25,000	**22,074**	18,647
Amortization	3,142	**3,142**	3,142
	$ 28,142	$ **25,216**	$ 21,789
Environmental development			
Community planning	$ 175,056	$ **173,152**	$ 165,088
Community development	19,505	**19,408**	19,176
Tourism promotion	25,145	**25,863**	26,588
Administration and other	66,000	**38,676**	28,314
	$ 285,706	$ **257,099**	$ 239,166
Recreation and cultural services			
Administration	$ 72,327	$ **69,298**	$ 60,792
Parks and playgrounds	10,627	**10,076**	14,731
Other recreation facilities	109,627	**96,376**	93,638
Libraries	22,372	**17,668**	14,004
Amortization	45,388	**45,388**	43,753
	$ 260,341	$ **238,806**	$ 226,918
Sewerage services			
Administration	$ 15,762	$ **7,380**	$ 24,622
Sewer collection system	15,031	**2,821**	18,503
Sewer treatment and disposal	31,764	**17,895**	22,608
Other	-	**11,747**	5,883
Amortization	40,424	**40,424**	35,689
Accretion expense	-	**3,538**	3,535
	$ 102,981	$ **83,805**	$ 110,840

Village of Arcadia
Schedule of segment disclosure
Year ended December 31, 2025

(Schedule 4)

	General Government	Protection	Transportation	Environmental Health	Public Health and Welfare	Environmental Development	Recreation and Culture	Sewer	Total 2025	Total 2024
Revenues										
Property tax warrant	$ 881,654	$ 2,031,425	$ 990,124	$ 439,373	$ 27,263	$ 277,965	$ 258,188	$ -	$ 4,905,991	$ 4,516,887
Transfers from other governments	-	42,970	14,168				32,320	-	89,458	634,431
Services provided to other governments	-	151,802	-	-	-	-	-	-	151,802	232,262
Sewer users fees	-	-	-	-	-	-	-	93,042	93,042	63,499
Interest	-	-	-	-	-	-	-	-	-	54,088
Sale of services, fines and other fees	-	-	-	-	7,564	82,039	-	-	89,603	45,621
Other	13,210	-	-	-	-	-	-	-	13,210	18,479
Community funding end equalization grant	1,847	4,257	2,075	921	57	582	541	-	10,280	15,419
Gain on disposal of assets	-	-	-	-	-	-	-	-	-	9,040
	896,711	2,230,453	1,006,367	440,293	34,884	360,587	291,049	93,042	5,353,386	5,589,726
Expenses										
Salaries and benefits	354,978	91,487	85,456	-	-	-	69,298	-	601,220	364,919
Goods and services	431,102	1,605,158	555,081	406,390	22,074	257,099	124,120	39,843	3,440,866	3,737,887
Amortization	27,060	139,999	257,688	-	3,142	-	45,388	40,424	513,701	497,904
Interest	-	42,287	17,573	-	-	-	-	-	59,860	63,297
Accretion (asset retirements)	2,330	-	-	-	-	-	-	3,641	5,971	5,797
	815,470	1,878,931	915,798	406,390	25,216	257,099	238,806	83,908	4,621,618	4,669,804
	$ 81,241	$ 351,522	$ 90,569	$ 33,903	$ 9,668	$ 103,488	$ 52,243	$ 9,134	$ 731,768	$ 919,922

VILLAGE OF ARCADIA

Consolidated Schedule Reserve and Trust Funds
(Schedule 5)

Year Ended December 31, 2025

	General operating reserve	General capital reserve	Sewer capital reserve	2025 Total	2024 Total
Accumulated surplus, beginning of year	$ 500,036	$ 2,302,515	$ 37,445	**$ 2,839,996**	$ 2,738,239
Transfers from (to) general operating funds	(43,890)	340,137	(36,368)	**259,879**	47,795
Interest earned (paid)	(98)	(118)	(82)	**(298)**	53,962
Annual surplus (deficit)	(43,988)	340,019	(36,450)	**259,581**	101,757
Accumulated surplus, end of year	$ 456,048	$ 2,642,534	$ 995	**$ 3,099,577**	$ 2,839,996
Assets					
Cash	$ 455,989	$ 2,210,434	$ 14,763	**$ 2,681,186**	$ 2,293,316
Due from operating fund	59	432,100	(13,768)	**418,391**	546,680
Assets total	$ 456,048	$ 2,642,534	$ 995	**$ 3,099,577**	$ 2,839,996

Council Resolutions regarding transfers to and from reserves:

Transfer from the General Operating Fund to the General Capital Reserve Fund

It was moved and seconded to transfer a portion of the 2025 surplus from the Arcadia General Operating Fund in the amount of $435,917 to the Arcadia Capital Reserve Fund.

CARRIED

Arcadia Sewer & Utility Trust Fund to the Arcadia General Operating Fund

It was moved and seconded the amount of $22,599.89 to be transferred from the Arcadia Sewer & Utility Trust account to the Arcadia General Operating account for repairs made to the sewer lines under the PMHP 24-E723 Doctor's Hill & Tilley Road Project.

CARRIED

Transfer from the General Capital Reserve to the General Operating Fund

It was moved and seconded to transfer $63,394.48 from the Arcadia Capital Reserve account to the Arcadia General Operating account for the 2022 Ram 3500 Rescue Vehicle.

CARRIED

Transfer from the General Capital Reserve to the General Operating Fund

It was moved and seconded to transfer $10,395.97 from the Arcadia Capital Reserve account to the Arcadia General Operating account for a portion of the costs for body work performed on the C-NFD 2004 GMC Sierra Rescue Vehicle.

CARRIED

Transfer from the General Operating Reserve Fund to the General Operating Fund

It was moved and seconded to transfer $43,889.81 from the Arcadia General Operating Reserve - Ward 2 to the Arcadia General Operating account for repayment of a portion of the outstanding invoices for the 2022 Department of Transportation Winter/Summer Maintenance.

CARRIED

Transfer from the General Capital Reserve to the General Operating Fund

It was moved and seconded to transfer $21,989.93 from the Arcadia Capital Reserve account - Ward 2 to the Arcadia General Operating account. These funds consist of the 5% municipal cost share of $14,463.53 and $7,526.40 for the PMHP 24-E723 Doctor's Hill & Tilley Road Project.

CARRIED

Transfer from the Sewer & Utility Capital Reserve to the Sewer & Utility Operating Fund

It was moved and seconded to transfer $13,767.57 from the Acradia Sewer & Utility Capital Reserve account to the Arcadia Sewer & Utility Operating fund for repayment of an L. Sandford and Sons Ltd invoice related to work surrounding a valve replacement.

CARRIED

I hereby certify that the above are true and exact copies of resolutions adopted at the Regular Session of Council on June 16, September 15 and December 30, 2025.

Kerrie Bedford
CAO
Village of Arcadia

Oct 6 2026
Date

VILLAGE OF ARCADIA ★ INCORPORATED 2023 ★

Village of Arcadia
Consolidated of Reconciliation of Annual Surplus
Year ended December 31, 2025

(Schedule 6)

Description	General Operating Fund	General Capital Fund	General Capital Reserve	General Operating Reserve	Sewerage Operating Fund	Sewerage Capital Fund	Sewerage Capital Reserve	Total all funds
2025 annual surplus (deficit) per PSAB for the year	$ 1,198,456	$ (475,607)	$ (118)	$ (98)	$ 53,281	$ (44,065)	$ (82)	$ 731,768
Adjustment to annual surplus (deficit) for funding requirements								
Second previous year's surplus (deficit)	(1,274)	-	-	-	(11,487)	-	-	(12,761)
Transfers between funds:								
General Operating to General Capital reserve	(435,917)	-	435,917	-	-	-	-	-
General Operating reserve to General Operating	43,890	-	-	(43,890)	-	-	-	-
General Capital reserve to General Operating	63,394	-	(63,394)	-	-	-	-	-
General Capital reserve to General Operating	10,396	-	(10,396)	-	-	-	-	-
General Capital reserve to General Operating	21,990	-	(21,990)	-	-	-	-	-
Sewer Capital reserve to General Operating	22,600	-	-	-	-	-	(22,600)	-
Sewer Capital reserve to Sewer Operating	-	-	-	-	13,768	-	(13,768)	-
General Operating to General Capital	(320,946)	320,946	-	-	-	-	-	-
Sewer Operating to Sewer Capital	-	-	-	-	(85,288)	85,288	-	-
Long-term debt principal repayment	(143,001)	143,001	-	-	-	-	-	-
Pension adjustment	(37,300)	-	-	-	-	-	-	(37,300)
Accretion of ARO	-	2,330	-	-	-	3,641	-	5,971
Amortization of tangible assets	-	473,277	-	-	-	40,424	-	513,701
Total adjustments	(776,168)	939,553	340,137	(43,890)	(83,007)	129,353	(36,368)	469,610
2025 annual fund surplus (deficit)	$ 422,289	$ 463,947	$ 340,019	$ (43,988)	$ (29,726)	$ 85,288	$ (36,450)	$ 1,201,378

VILLAGE OF ARCADIA

Consolidated Schedule of Operating Budget to PSAB Budget
(Schedule 7)

Year Ended December 31, 2025

	General Operating Budget	Sewerage Operating Budget	Amortization of Tangible Capital Assets	Transfers	Eliminated 2nd previous (surplus) deficit	2025
REVENUES						
Warrant for property taxes	$ 4,905,990	$ -	$ -	$ -	$ -	$ **4,905,990**
Unconditional grant	10,280	-	-	-	-	**10,280**
Services to other governments	147,731	-	-	-	-	**147,731**
Sale of services	43,501	-	-	-	-	**43,501**
Sewerage service fees	-	72,089	-	-	-	**72,089**
Interest	-	-	-	-	-	-
Other transfers	44,201	1,955	-	(46,156)	-	-
	5,151,703	74,044	-	(46,156)	-	**5,179,591**
EXPENDITURES						
General government services	990,644	-	27,060	(44,201)	-	**973,503**
Protective services	1,826,354	-	139,999	42,287	-	**2,008,640**
Transportation services	899,349	-	257,687	17,573	-	**1,174,609**
Environmental health services	455,560	-	-	-	-	**455,560**
Public health and welfare	25,000	-	3,142	-	-	**28,142**
Environmental development services	285,706	-	-	-	-	**285,706**
Recreation and cultural services	214,953	-	45,388	-	-	**260,341**
Sewerage	-	62,557	40,424	-	-	**102,981**
Second previous year's deficit	1,274	11,487	-	-	(12,761)	-
Fiscal services						
Long-term debt repayments	174,863	-	-	(174,863)	-	-
Interest on long term debt	28,000	-	-	(28,000)	-	-
Bank charges	-	-	-	-	-	-
Capital Purchases	250,000	-	-	(250,000)	-	-
	5,151,703	74,044	513,700	(437,204)	(12,761)	**5,289,482**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ -	$ -	$ (513,700)	$ 391,048	$ 12,761	$ **(109,891)**