

Financial Statements of

RURAL MUNICIPALITY OF YORK

Year ended March 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Rural Municipality of York

Qualified Opinion

We have audited the accompanying financial statements of Rural Municipality of York (the Municipality), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at March 31, 2025 and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective April 1, 2022, the Municipality was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded under assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. As of the audit report date, management has not completed its assessment of the Municipality's tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2025 and 2024, tangible capital assets and the asset retirement obligation as at March 31, 2025 and 2024, and accumulated surplus as at April 1 and March 31 for both the 2025 and 2024 years.



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 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 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 qualified opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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.

BDO Canada LLP

Chartered Professional Accountants

Charlottetown, Prince Edward Island
January 22, 2026

RURAL MUNICIPALITY OF YORK

Statement of Financial Position

March 31, 2025 with comparative figures for March 31, 2024

	2025	2024
Financial Assets		
Cash (Note 2)	\$ 57,476	\$ 63,602
Accounts receivable (Note 3)	5,668	11,848
	63,144	75,450
Liabilities		
Accounts payable and accrued liabilities (Note 4)	3,305	15,752
Deferred revenue (Note 5)	75	1,250
	3,380	17,002
Net financial assets	59,764	58,448
Non-financial Assets		
Prepaid expenses	1,682	1,641
Tangible capital assets (Page 10)	78,807	85,567
	80,489	87,208
Accumulated surplus	\$ 140,253	\$ 145,656

The accompanying notes are an integral part of these financial statements.

On Behalf of the Council:

Councillor

Councillor

RURAL MUNICIPALITY OF YORK

Statement of Operations

Year ended March 31, 2025

	Budget (Note 6)	2025	2024
Revenue:			
Property taxes	\$ 78,925	\$ 82,508	\$ 69,828
Equalization grant	4,000	8,128	8,144
Hall rental	8,000	8,405	7,401
Gas tax	-	-	42,701
Other government income	-	300	17,125
Interest	-	1,014	909
	90,925	100,355	146,108
Expenses:			
Administration			
Administrative	11,000	11,738	12,499
Advertising and promotion	-	66	138
Council	-	-	3,250
Fire dues	25,736	20,400	34,674
Interest and bank charges	700	94	74
Office	2,500	5,094	4,285
Professional fees	7,000	11,751	8,343
Property tax	25	2,163	29
Utilities	1,320	2,209	1,377
Facilities and public property			
Amortization	-	6,760	6,739
Electricity	6,000	7,816	6,284
Heat	2,000	385	2,187
Insurance	10,000	10,258	9,399
Property manager	13,000	10,071	9,750
Repairs and maintenance	3,700	8,526	9,436
Special events	275	-	-
Snow removal	5,200	5,914	6,184
Waste disposal	3,300	2,513	2,328
	91,756	105,758	116,976
Annual surplus (deficit)	(831)	(5,403)	29,132
Accumulated surplus, beginning of the year	145,656	145,656	116,524
Accumulated surplus, end of the year	\$ 144,825	\$ 140,253	\$ 145,656

The accompanying notes are an integral part of these financial statements.

RURAL MUNICIPALITY OF YORK

Statement of Change in Net Financial Assets

Year ended March 31, 2025

	Budget (Note 6)	2025	2024
Annual surplus (deficit)	\$ (831)	\$ (5,403)	\$ 29,132
Acquisition of tangible capital assets	-	-	(29,098)
Amortization of tangible capital assets	-	6,760	6,739
	(831)	1,357	6,773
Acquisition of prepaid expenses	-	(41)	(264)
Change in net financial assets	(831)	1,316	6,509
Net financial assets, beginning of the year	58,448	58,448	51,939
Net financial assets, end of the year	\$ 57,617	\$ 59,764	\$ 58,448

The accompanying notes are an integral part of these financial statements.

RURAL MUNICIPALITY OF YORK

Statement of Cash Flows

Year ended March 31, 2025

	2025	2024
Cash flows from (used in) operating activities:		
Cash receipts from property owners and funding	\$ 102,561	\$ 136,842
Cash paid to suppliers and employees	(109,701)	(96,662)
Interest received	1,014	909
	(6,126)	41,089
Cash flows used in capital activities:		
Purchase of tangible capital assets	-	(29,098)
Increase (decrease) in cash position	(6,126)	11,991
Cash, beginning of the year	63,602	51,611
Cash, end of the year	\$ 57,476	\$ 63,602

The accompanying notes are an integral part of these financial statements.

RURAL MUNICIPALITY OF YORK

Notes to Financial Statements

Year ended March 31, 2025

1. Significant Accounting Policies

(a) Management's Responsibility for the Financial Statements

The financial statements of Rural Municipality of York are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.

The Rural Municipality of York was incorporated in 1986 under the Prince Edward Island Municipal Government Act. Its principal activities include the provision of local government services to residents of the incorporated area. These services include community development, land development and zoning, and additional municipal services.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts directly attributable to acquisition or construction or betterment of the tangible capital asset. Contributed tangible capital assets are recorded at fair value at the time of contribution, with a corresponding amount recorded as revenue. Amortization is recorded on a declining balance basis over the estimated useful life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Rate
Buildings	4%
Equipment	20%
Computer equipment	55%
Signage	10%

RURAL MUNICIPALITY OF YORK

Notes to Financial Statements

Year ended March 31, 2025

1. Significant Accounting Policies (continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

(c) 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.

(d) Revenue Recognition

Property tax billings are received directly from the Province of Prince Edward Island. Taxes are billed based on the assessment rolls provided by the Province at rates set by the Municipality. Taxation revenue is recorded as it is received in monthly installments from the Province. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

Revenue from transactions with no performance obligations is recognized at net realizable value when the Municipality has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations such as hall rental is recognized when the organization satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor. Deferred revenue is recognized when hall rental is received in advance.

RURAL MUNICIPALITY OF YORK

Notes to Financial Statements

Year ended March 31, 2025

1. Significant Accounting Policies (continued)

(e) Financial Instruments

Cash and equity investments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and short-term investments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

For the financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates made by management in the preparation of these financial statements include the estimated useful lives of tangible capital assets and the resulting estimates for amortization expense.

(g) Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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Notes to Financial Statements

Year ended March 31, 2025

2. Restricted Cash

Cash balances include \$41,791 (2024 - \$40,647) which consists of funds restricted for use under the Canada Community Building Fund ("CCBF", formerly the Federal Gas Tax Fund).

3. Accounts Receivable

	2025	2024
Trade	\$ 150	\$ 5,398
HST	5,518	6,450
	\$ 5,668	\$ 11,848

4. Accounts Payable and Accrued Liabilities

	2025	2024
Trade	\$ 2,918	\$ 10,166
Payroll remittances	387	5,586
	\$ 3,305	\$ 15,752

5. Deferred Revenue

	2025	2024
Balance, beginning of the year	\$ 1,250	\$ -
Add: Hall rental revenue received during the year	75	1,250
Less: Amounts recognized in revenue during the year	(1,250)	-
Balance, end of the year	\$ 75	\$ 1,250

RURAL MUNICIPALITY OF YORK

Notes to Financial Statements

Year ended March 31, 2025

6. Budget

The budget adopted by Council for the year was not prepared on a basis consistent with that used to report actual results. As a result, the budget figures presented on the statements of operations and change in net financial assets represent the budget adopted by Council with adjustments as follows:

		2025
Budgeted annual surplus	\$	19
Less: HST rebate budgeted		(850)
	\$	(831)

7. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The municipality is exposed to credit risk through its accounts receivable. Credit risk arises from these instruments due to possible financial loss.

The municipality's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable presented on the statement of financial position.

The municipality manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to \$100,000.

Credit risk has decreased from the prior year due to the decrease in overall accounts receivable.

RURAL MUNICIPALITY OF YORK

Schedule of Tangible Capital Assets

Year ended March 31, 2025

	Cost beginning of the year	Additions	Disposals and write downs	Cost end of the year	Accumulated amortization beginning of the year	Disposals and write downs	Amortization	Accumulated amortization end of the year	Net book value 2025	Net book value 2024
Land	\$ 9,506	\$ -	\$ -	\$ 9,506	\$ -	\$ -	\$ -	\$ -	\$ 9,506	\$ 9,506
Community Center	46,198	-	-	46,198	6,478	-	1,589	8,067	38,131	39,720
Equipment	27,147	-	-	27,147	11,935	-	3,043	14,978	12,169	15,212
Computer Equipment	2,525	-	-	2,525	2,491	-	19	2,510	15	34
Signage	23,083	-	-	23,083	1,988	-	2,109	4,097	18,986	21,095
	\$ 108,459	\$ -	\$ -	\$ 108,459	\$ 22,892	\$ -	\$ 6,760	\$ 29,652	\$ 78,807	\$ 85,567