

Deep Bay Improvement District
Consolidated Financial Statements
December 31, 2025

Deep Bay Improvement District Contents

For the year ended December 31, 2025

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Management's Responsibility

To the Board of Trustees of Deep Bay Improvement District:

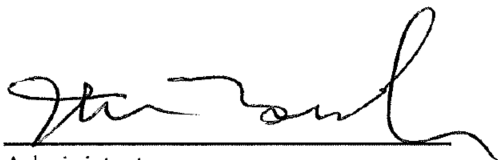
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Trustees composed primarily of Trustee who are neither management nor employees of the District . The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the District 's external auditors.

MNP LLP is appointed by the Board of Trustees to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 21, 2026



Administrator

To the Board of Trustees of Deep Bay Improvement District:

Opinion

We have audited the consolidated financial statements of Deep Bay Improvement District (the "District"), 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 District as at December 31, 2025, and the results of its consolidated operations, changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the District'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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District'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:

- 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 District '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 District '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 District 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.

Nanaimo, British Columbia

April 21, 2026

MNP LLP

Chartered Professional Accountants

Deep Bay Improvement District
Consolidated Statement of Financial Position

As at December 31, 2025

	2025	2024
Financial assets		
Cash	335,935	323,224
Portfolio investments (Note 3)	2,457,424	2,140,376
Accounts receivable (Note 4)	104,570	88,726
	2,897,929	2,552,326
Liabilities		
Accounts payable and accruals	62,944	81,898
Deferred revenue	8,020	6,533
Capital tax advance debt (Note 5)	1,382,942	1,460,231
Asset retirement obligations (Note 6)	63,763	63,763
	1,517,669	1,612,425
Net financial assets	1,380,260	939,901
Contingencies (Note 6)		
Non-financial assets		
Tangible capital assets (Schedule 1)	4,678,339	4,726,151
Prepaid expenses	33,276	31,528
	4,711,615	4,757,679
Accumulated surplus (Note 9) (Schedule 2)	6,091,875	5,697,580

Approved on behalf of the Board of Trustees



 Trustee



 Trustee

Deep Bay Improvement District Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2025

	2025 Budget (Note 10)	2025	2024
Revenue			
Parcel taxes and fire protection levy	557,357	557,357	503,737
Sale of services	288,598	281,453	236,777
Recognition of capital tax advance	-	105,536	105,536
Investment income	16,500	67,607	91,296
Donations	-	34,000	29,150
Fire service revenue	18,408	14,939	10,562
Other revenue	40,500	59,053	31,116
Penalties and interest	5,110	9,942	5,383
Connection fees	1,000	2,061	-
Capital expenditure charges	-	8,587	-
	927,473	1,140,535	1,013,557
Program expenses			
Water	405,801	508,000	456,372
Fire Protection	164,391	238,240	223,072
Total expenses	570,192	746,240	679,444
Annual surplus	357,281	394,295	334,113
Accumulated surplus, beginning of year	5,697,580	5,697,580	5,363,467
Accumulated surplus, end of year	6,054,861	6,091,875	5,697,580

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

Deep Bay Improvement District Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2025

	2025 <i>Budget</i> <i>(Note 10)</i>	2025	2024
Annual Surplus	357,281	394,295	334,113
Acquisition of tangible capital assets	(559,481)	(151,129)	(1,072,334)
Amortization of tangible capital assets	-	198,940	179,275
Decrease (increase) in prepaid expenses	-	(1,747)	506,908
Consumption of supplies inventories	-	-	5,156
Change in net financial assets	(202,200)	440,359	(46,882)
Net financial assets, beginning of year	939,901	939,901	986,783
Net financial assets, end of year	737,701	1,380,260	939,901

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

Deep Bay Improvement District Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	2025	2024
Operating activities		
Annual surplus	394,295	334,113
Non-cash items		
Amortization	198,940	179,275
Non-cash reduction of capital tax advance	(77,289)	(75,826)
	515,946	437,562
Changes in working capital accounts		
Accounts receivable	(15,834)	(16,879)
Inventory	-	5,156
Prepaid expenses and deposits	(1,747)	506,908
Accounts payable and accruals	(18,953)	10,626
Deferred revenue	1,488	6,533
Net cash provided by operating activities	480,900	949,906
Capital activities		
Purchases of tangible capital assets	(151,129)	(1,072,334)
Investing activities		
Net change in portfolio investments	(317,060)	267,799
Increase in cash resources	12,711	145,371
Cash resources, beginning of year	323,224	177,853
Cash resources, end of year	335,935	323,224

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

Deep Bay Improvement District

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. Incorporation and operations

The Deep Bay Improvement District (the "District") was incorporated on March 10, 1972, and is subject to the provisions contained in the Local Government Act, a statute of the British Columbia provincial government. The principal activities of the District are to provide water service and fire protection to the residents of the Deep Bay Improvement District and to maintain and repair all wells, water lines and fire protection equipment associated with those services.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of presentation

It is the policy of the District to follow accounting principles accepted for British Columbia improvement districts and to apply such principles consistently. The consolidated financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board of the CPA Canada. In accordance with these recommendations, the District has implemented the consolidation of all funds. The consolidated financial statements reflect the removal of internal transactions and balances.

Revenue recognition

Parcel taxes and fire protection taxes are recognized upon issuance of tax notices for the fiscal year. Sale of services revenue for water services are recognized as the performance obligation to the customer is satisfied, and billed on a quarterly basis. Fire service revenue consists of funds received from the Provincial Emergency Program and are recognized upon completion of fire rescue services. Capital expenditure charges are recognized when levied. Interest and other income is recognized as revenue as earned on an accrual basis.

Government transfers recorded as grant revenue are recognized as revenues 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.

Capital tax advances represent taxes received from the Province of BC in advance of the tax being levied. Amounts will be recorded as revenue when levied, over the period of the capital tax advance debt account that is held with the Province of BC.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Accounts receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. A liability for an asset retirement obligation reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the District is responsible for. Contributed tangible capital assets are estimated based on best available fair value information on date of contribution.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

Deep Bay Improvement District
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

2. **Significant accounting policies** *(Continued from previous page)*

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the District to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the District reviews the carrying amount of the liability. The District recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Financial instruments

The District recognizes its financial instruments when the District becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the District may irrevocably elect to subsequently measure any financial instrument at fair value. The District has made such an election during the year.

The District subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The District has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the District's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the District reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Deep Bay Improvement District
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025

2. **Significant accounting policies** (Continued from previous page)

Tangible capital assets (Continued from previous page)

Amortization

Tangible capital assets are amortized annually on a straight-line basis at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Waterworks system	5 to 80 years
Buildings	20 to 50 years
Equipment	10 years
Vehicles	10 to 20 years
Office furniture and equipment	10 years
Computers	5 years

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2025.

At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. At December 31, 2025, the District has not recorded any liability for contaminated sites as no sites were identified.

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Trustees.

Eight funds are maintained:

- 1) The Operating Fund - Water accounts for all the revenues and expenses related to the general and ancillary water services provided by the District.
- 2) The Operating Fund – Fire Protection accounts for all revenues and expenses related to the general and ancillary fire protection services provided by the District.
- 3) The Capital Fund - Water accounts for all the tangible capital assets of the District used in the provision of water services by the District and presents the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.
- 4) The Capital Fund – Fire Protection accounts for all tangible capital assets of the District used in the provision of fire protection services by the District and presents the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.
- 5) The Restricted Reserve Fund – Water Capital consists of funds established by the Board of the District, under bylaw 222, to be used for expenditures related to the capital cost of providing, constructing, altering or expanding water facilities in order to service directly or indirectly, the development in respect to which the charges are fixed. These funds, and interest earned thereon, must only be invested and disbursed by bylaw passed by the trustees.
- 6) The Restricted Reserve Fund – Water Renewal consists of funds established by the Board of the District under bylaw 205, to be used for expenditures related to the upgrading, replacement or renewal of existing tangible capital assets used in the provision of water services by the District. These funds, and interest earned thereon, must only be invested and disbursed by bylaw passed by the trustees.

Deep Bay Improvement District

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

2. Significant accounting policies *(Continued from previous page)*

Fund accounting *(Continued from previous page)*

7) The Internally Restricted Reserve Fund - Water Renewal consists of funds established by the Board of the District to be used for expenditures related to the upgrading, replacement or renewal of existing tangible capital assets used in the provision of water services by the District. These funds, and interest earned thereon, must only be invested and disbursed when approved by the trustees.

8) The Internally Restricted Reserve Fund - Fire Protection Capital consists of funds established by the Board of the District to be used for expenditures related to the upgrading, replacement or renewal of existing tangible capital assets used in the fire protection services by the District. These funds, and interest earned thereon, must only be invested and disbursed when approved by the trustees.

3. Portfolio investments

Portfolio investments are recorded at cost and consists of term deposits, guaranteed investment certificates and money market mutual funds with interest rates ranging from 2% to 3.6% (2024 - 2% to 4.3%) with varying maturity dates up to November 2026.

4. Accounts receivable

	2025	2024
Trade accounts receivable	50,830	50,763
Grants receivable	20,000	-
Goods and Services Tax receivable	33,740	37,963
	104,570	88,726

5. Capital tax advance debt

	2025	2024
Province of BC (Bylaw #243) loan bearing interest at 1.89% per annum, repayable in annual blended payments of \$77,667. The loan matures July 2, 2040.	1,006,224	1,063,785
Province of BC (Bylaw #247) loan bearing interest at 1.89% per annum, repayable in annual blended payments of \$21,933. The loan matures July 2, 2041.	300,415	316,369
Province of BC (Bylaw #250) loan bearing interest at 2.7% per annum, repayable in annual blended payments of \$5,936. The loan matures July 2, 2041.	76,303	80,077
	1,382,942	1,460,231

Principal repayments on capital tax advance debt in each of the next five years are estimated as follows:

	Principal
2026	78,781
2027	80,302
2028	81,851
2029	83,431
2030	85,043

Interest on capital tax advance debt amounted to \$28,247 (2024 - \$29,051).

Deep Bay Improvement District

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

6. Asset retirement obligation

The District has a building which may contain asbestos and is legally required remove the asbestos when it becomes necessary to repair or replace the building. The District recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of the building. The asset retirement cost is amortized on a straight-line basis over the useful life of the building.

The District estimated the amount of the liability using undiscounted future expenditures estimated to retire the tangible capital asset. The significant assumptions used to determine the best estimate of the liability include:

- the square feet of drywall and flooring that may contain asbestos and the cost of removing the asbestos.

	2025	2024
Balance, beginning of year and end of year	63,763	63,763

7. Financial Instruments

The District as part of its operations carries a number of financial instruments. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

Risk management

The District manages its credit risk by performing regular credit assessments of its customers and issues water shut-off notices for delinquent accounts.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the District manages exposure through limiting the term on portfolio investments.

8. Commitments

The District has a five-year contract ending in 2029 for a water operator to provide routine operations and maintenance with an annual payment schedule as follows:

2026	54,000
2027	54,000
2028	54,000
2029	49,500

Deep Bay Improvement District Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

9. Accumulated surplus

Accumulated surplus consists of the following (see Schedule 2 for more information):

	2025	2024
Operating funds		
Water	197,498	209,357
Fire Protection	457,157	459,342
	654,655	668,699
Reserve funds		
Restricted Reserve Fund - Water Capital	480,224	459,632
Restricted Reserve Fund - Water Renewal	1,270,092	1,058,396
Internally Restricted Reserve Fund - Water Renewal	107,671	104,525
Internally Restricted Reserve Fund - Fire Protection Capital	360,351	294,101
	2,218,338	1,916,654
Equity in tangible capital assets		
Water	1,920,625	1,906,554
Fire Protection	1,298,257	1,205,673
	3,218,882	3,112,227
	6,091,875	5,697,580

10. Budget figures

Budget figures represent the budget adopted by the Board on October 15, 2024. The following schedule reconciles the consolidated surplus as presented in the budget as approved by the Board to the consolidated surplus for the year as shown on the Consolidated Statement of Operations and Accumulated Surplus.

Budget, as approved by the Board	(268,450)
Transfer to reserves	66,250
Capital purchases	559,481
	357,281

The District does not budget for all transactions, and the following items are not included in the budget figures on the Statement of Operations: recognition of capital tax advance revenue, imputed interest on capital tax advance, and amortization.

Deep Bay Improvement District

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

11. Pension

The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The District paid \$8,107 (2024 - nil) for employer contributions to the plan in fiscal 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Deep Bay Improvement District
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2025

	<i>Land</i>	<i>Waterworks system</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Vehicles</i>	<i>Office furniture and equipment</i>	<i>Computers</i>	<i>2025</i>	<i>2024</i>
Cost									
Balance, beginning of year	14,327	4,281,993	2,242,472	511,454	982,649	25,514	17,722	8,076,131	7,003,797
Acquisition of tangible capital assets	-	101,187	-	47,619	-	-	2,322	151,128	1,072,334
Balance, end of year	14,327	4,383,180	2,242,472	559,073	982,649	25,514	20,044	8,227,259	8,076,131
Accumulated amortization									
Balance, beginning of year	-	2,387,312	204,140	302,597	422,415	16,832	16,684	3,349,980	3,170,705
Annual amortization	-	82,486	46,806	29,870	37,972	1,158	648	198,940	179,275
Balance, end of year	-	2,469,798	250,946	332,467	460,387	17,990	17,332	3,548,920	3,349,980
Net book value of tangible capital assets	14,327	1,913,382	1,991,526	226,606	522,262	7,524	2,712	4,678,339	4,726,151
2024 Net book value of tangible capital assets	14,327	1,894,681	2,038,332	208,857	560,234	8,682	1,038	4,726,151	

Deep Bay Improvement District
Schedule 2 - Consolidated Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2025

	<i>Water - Operating</i>	<i>Water - Capital</i>	<i>Water Capital - Restricted Reserve</i>	<i>Water Renewal - Restricted Reserve</i>	<i>Water Renewal - Internally Restricted Reserve</i>	<i>Fire Protection - Operating</i>	<i>Fire Protection - Capital</i>
Balance, beginning of year	209,357	1,906,554	459,632	1,058,396	104,525	459,342	1,205,673
Excess (deficiency) of revenue over expenses	(117,447)	(87,116)	20,592	312,883	3,146	374,061	(111,824)
Operating funds transferred to reserves	-	-	-	-	-	(66,250)	-
Interfund transfers	105,588	-	-	-	-	(105,588)	-
Funds used for tangible capital assets purchases	-	101,187	-	(101,187)	-	(49,942)	49,942
Reduction of capital tax advance debt	-	-	-	-	-	(154,466)	154,466
Change in accumulated surplus	(11,859)	14,071	20,592	211,696	3,146	(2,185)	92,584
Balance, end of year	197,498	1,920,625	480,224	1,270,092	107,671	457,157	1,298,257

Deep Bay Improvement District
Schedule 2 - Consolidated Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2025

	<i>Fire Protection Capital - Internally Restricted Reserve</i>	<i>2025</i>	<i>2024</i>
Balance, beginning of year	294,101	5,697,580	5,363,467
Excess (deficiency) of revenue over expenses	-	394,295	334,113
Operating funds transferred to reserves	66,250	-	-
Interfund transfers	-	-	-
Funds used for tangible capital assets purchases	-	-	-
Reduction of capital tax advance debt	-	-	-
Change in accumulated surplus	66,250	394,295	334,113
Balance, end of year	360,351	6,091,875	5,697,580

Deep Bay Improvement District
Scheduled 3 - Consolidated Schedule of Segment Disclosure
Year ended December 31, 2025

	Water (Budget)	Water	Fire Protection (Budget)	Fire Protection	2025 (Budget)	2025
Revenue						
Parcel taxes and fire protection levy	\$ 281,032	\$ 281,032	\$ 276,325	\$ 276,325	\$ 557,357	\$ 557,357
Sale of services	288,598	281,453	-	-	288,598	281,453
Recognition of capital tax advances	-	-	-	105,536	-	105,536
Investment income	15,000	55,385	1,500	-	16,500	67,607
Donations	-	-	-	34,000	-	34,000
Fire service revenue	-	-	18,408	14,939	18,408	14,939
Other revenue	500	1,600	40,000	57,453	40,500	59,053
Penalties and interest	5,110	9,942	-	-	5,110	9,942
Connection fees	1,000	2,061	-	-	1,000	2,061
Capital expenditures charges	-	8,587	-	-	-	8,587
	591,240	640,060	336,233	500,475	927,473	1,140,535
Expenses						
Amortization	-	87,116	-	111,824	-	198,940
Equipment	-	-	55,000	19,936	55,000	19,936
Insurance	40,000	40,555	2,400	2,293	42,400	42,848
Interest on capital tax advance debt	-	-	-	28,247	-	28,247
Mileage and vehicle	2,500	809	19,060	14,463	21,560	15,272
Office supplies	19,450	13,187	5,050	3,184	24,500	16,371
Professional fees	35,000	27,582	475	-	35,475	27,582
Repairs and maintenance	54,250	59,818	27,200	3,015	81,450	62,833
Salaries and benefits	224,405	248,668	32,600	33,494	257,005	282,162
Training	1,000	-	22,000	20,238	20,000	20,238
Utilities	29,196	30,265	606	1,546	29,802	31,811
	405,801	508,000	164,391	238,240	570,192	746,240
Annual surplus (deficit)	\$ 185,439	\$ 132,060	\$ 171,842	\$ 262,235	\$ 357,281	\$ 394,295

	Water (Budget)	Water	Fire Protection (Budget)	Fire Protection	2024 (Budget)	2024
Revenue						
Parcel taxes and fire protection levy	-	\$ 267,738	\$ 236,005	\$ 235,999	\$ 236,005	\$ 503,737
Sale of services	267,589	236,777	-	-	267,589	236,777
Recognition of capital tax advances	-	-	-	105,536	-	105,536
Investment income	5,000	78,466	1,500	12,830	6,500	91,296
Donations	-	-	25,000	29,150	25,000	29,150
Fire service revenue	-	-	18,408	10,562	18,408	10,562
Other revenue	500	2,590	-	28,526	500	31,116
Penalties and interest	5,110	5,383	-	-	5,110	5,383
Connection fees	1,000	-	-	-	1,000	-
Capital expenditures charges	-	-	-	-	-	-
	279,199	590,954	280,913	422,603	560,112	1,013,557
Expenses						
Amortization	-	83,270	-	96,005	-	179,275
Equipment	-	-	35,000	24,367	35,000	24,367
Insurance	37,500	38,043	2,400	2,293	39,900	40,336
Interest on capital tax advance debt	-	-	-	29,051	-	29,051
Mileage and vehicle	3,000	3,611	18,060	17,453	21,060	21,064
Office supplies	14,350	16,878	6,970	3,645	21,320	20,523
Professional fees	48,000	49,242	7,500	463	55,500	49,705
Repairs and maintenance	34,000	53,709	8,000	5,056	42,000	58,765
Salaries and benefits	142,990	189,645	28,270	28,881	171,260	218,526
Training	-	-	23,000	14,631	23,000	14,631
Utilities	29,180	21,974	520	1,227	29,700	23,201
	309,020	456,372	129,720	223,072	438,740	679,444
Annual surplus (deficit)	\$ (29,821)	\$ 134,582	\$ 151,193	\$ 199,531	\$ 121,372	\$ 334,113