

Accounting Policy

(adopted by Council on February 9th, 2026)

1. Cost Allocation and Billing Policy – Water and Sewer Corporation

1.1 Purpose

The purpose of this policy is to establish a transparent and fair framework for the allocation of shared costs between the Municipality and the Water and Sewer Corporation, ensuring the long-term financial sustainability and operational integrity of both entities.

1.2 Cost Allocation Formulas

If a Water and Sewer Manager is employed, the Water and Sewer Corporation shall contribute to municipal expenses under two fixed-percentage categories.

First, the Corporation shall be responsible for fifteen percent (15%) of shared administrative costs, including general government administration, office supplies, general liability insurance, and all payroll-related costs for staff supporting both municipal and Water and Sewer operations. The Corporation shall also pay fifty percent (50%) of the audit fee and one hundred percent (100%) of the costs related to the Water and Sewer Manager.

Second, the Corporation shall pay eight percent (8%) of all office-related costs, including but not limited to utilities, property taxes, property insurance, repairs and maintenance, cleaning, waste services, and grounds maintenance associated with the School House.

If a Water and Sewer Manager is not employed and the Chief Administrative Officer (CAO) assumes responsibility for the management of Water and Sewer operations, the Water and Sewer Corporation shall contribute to municipal expenses as follows.

First, the Corporation shall be responsible for thirty percent (30%) of all shared administrative costs, including general government administration, office

supplies, general liability insurance, all payroll-related costs for staff supporting both municipal and Water and Sewer operations, and the audit fee.

Second, the Corporation shall pay eight percent (8%) of all office-related costs, including but not limited to utilities, property taxes, property insurance, repairs and maintenance, cleaning, waste services, and grounds maintenance associated with the School House.

1.3 Review and Adjustment

To ensure the continued accuracy of these cost-sharing arrangements, the allocation percentages shall be reviewed annually by Council during the formal budget process. Any necessary adjustments shall be made to reflect significant changes in operational usage, staffing focus, or the overall administrative requirements of the Corporation.

1.4 Billing and Payment Terms

Effective April 1, 2026, cost allocations shall be calculated on a quarterly basis, and the Municipal Office shall make the corresponding transfer of money as an expense reimbursement (rather than issue an internal invoice) within 30 days after the end of each quarter following a motion of the Council. To protect the Water and Sewer Corporation's operational stability, payment of costs allocation may be deferred if the settlement of the account would cause the Corporation's ending cash balance to fall below a minimum threshold of \$10,000.

1.5 Exceptional Circumstances and Relief

Effective April 1, 2026, in the event that the Water and Sewer Corporation incurs significant unplanned repair or maintenance expenditures that exceed the approved annual budget, and it is determined that the Corporation lacks sufficient liquidity to settle outstanding internal balances due to the Municipality, Council may, by resolution, approve a formal deferral of payment or authorize a partial or full write-off of the balance for that specific fiscal period.

1.6 Legacy Balances and Implementation

This policy shall govern all cost allocations moving forward after the policy is adopted. To ensure a transparent opening balance sheet for the 2026–2027 fiscal year, any inter-entity balances between the RMV and the Water and Sewer

Corporation accumulated prior to April 1, 2026 shall be reviewed by Council and, upon approval, reclassified as a one-time municipal subsidy and write off the balances. No prior legacy balances shall be carried forward or integrated into the new allocation system established by this framework.

2. Policy about the Use of Municipal Capital Expenditures Grant (MCEG)

2.1 Fund Management and General Use

MCEG is obtained after the investment of capital expenditure.

Municipal Capital Expenditures Grant (MCEG) funds shall be received and deposited into the Rural Municipality of Victoria's accounts and form part of the Municipality's annual budget. These funds may be used to support municipal operations, administrative and staffing costs, and infrastructure improvements.

2.2 Application to Water and Wastewater Services

For water and sewer services, MCEG funding can be utilized for repair and maintenance that exceed the approved annual budget amounts, provided that such use is specifically reviewed and approved by Council resolution.

2.3 Restrictions on Fund Transfers

MCEG funds are managed by the Municipality and will not be transferred to the Water and Sewer Corporation unless specifically authorized by Council resolution.

3. Financial Approval and Payment Authorization Policy

3.1. Purpose

To ensure all expenditures are properly authorized, documented, and controlled in accordance with the Municipality's approved budget and sound internal control practices.

3.2. Scope

This policy applies to all purchases, payments, reimbursements, electronic payments, and credit card transactions.

3.3. Roles and Responsibilities

Financial Administrative Assistant (FAA)

- Receives invoices and payment requests
- Verifies documentation and codes expenses
- Prepares payments and reconciliations

Chief Administrative Officer (CAO)

- Reviews expenditures for budget availability and operational need
- Approves payments and performs oversight

Mayor / Deputy Mayor

- Provides required authorization as signing officers

3.4. Expenditure Approval Process

- The FAA is responsible for collecting and organizing all municipal invoices and payment requests, ensuring they are accompanied by appropriate supporting documentation.
- The FAA prepares the payment.
- The CAO reviews and approves the expenditure.
- The Mayor provides final approval.
- Payments are processed only after required approvals are obtained.

3.5. Cheque Signing Authority

All cheques must be signed by CAO and any one (1) of the following signing officers:

- Mayor
- Deputy Mayor

3.6. Electronic Payments

Electronic payments (EFTs, online banking, or other digital disbursements) should be approved by CAO and the Mayor or the acting Mayor.

3.7. Corporate Credit Card Use

A corporate credit card may be issued to the FAA for authorized business expenses only. Original receipts are required for all purchases. The FAA shall reconcile the monthly statement. The CAO shall review and sign the statement.

3.8. Records and Controls

All transactions must be supported by appropriate documentation and retained in accordance with the Municipality's records retention policy. Duties should be separated where practicable to maintain effective internal controls.

CAO Yves Dallaire

Mayor Martin Ruben

Date

Date