

**EASTERN CHARLOTTE**  
**Consolidated Financial Statements**  
Year Ended December 31, 2023

**EASTERN CHARLOTTE**  
**Index to the Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

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To his Worship the Mayor and Members of Council of the Municipality of Eastern Charlotte

### *Opinion*

We have audited the financial statements of the Municipality of Eastern Charlotte (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net debt and cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and the results of its operations and changes in net debt for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### *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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with 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 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 PSAS, 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.

### *Auditors' 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 auditors' 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.

(continues)

Independent Auditors' Report to his Worship the Mayor and Members of Council of the Municipality of Eastern Charlotte (*continued*)

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 auditors' 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 auditors' 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.

Saint John, New Brunswick  
December 18, 2024

  
CHARTERED PROFESSIONAL ACCOUNTANTS



**EASTERN CHARLOTTE**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2023**

	<b>2023</b>	
	( Unaudited )	
	Budget	Actual
	( Note 24)	
<b>REVENUE</b>		
Property tax warrant	\$ 4,578,785	\$ 4,578,785
Community funding and equalization grant	513,140	513,140
Tourism accomodation levy	15,000	55,009
Services provided to other governments	260,905	290,879
Sales of services	56,000	70,608
Other revenue from own sources	76,499	125,804
Unconditional transfers from other governments	-	1,034,636
Conditional transfers from other governments	26,650	537,826
Other transfers	2,783	2,783
Water and sewer fees	1,271,682	1,289,191
Gain on disposal of tangible capital assets	-	71,113
Interest	5,000	74,863
	<u>6,806,444</u>	<u>8,644,637</u>
<b>EXPENDITURE</b>		
General government services	941,605	897,454
Protective services	1,804,216	1,777,894
Transportation services	1,150,610	1,316,202
Environmental health services	737,413	737,086
Public health and welfare services	23,950	29,125
Environmental development services	421,574	298,694
Recreational and cultural services	757,299	999,024
Water and sewer	1,761,596	1,621,955
	<u>7,598,263</u>	<u>7,677,434</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (791,819)</u>	967,203
<b>ACCUMULATED SURPLUS</b>		
<b>BEGINNING OF YEAR</b>		<u>17,565,203</u>
<b>END OF YEAR</b>		<u>\$ 18,532,406</u>

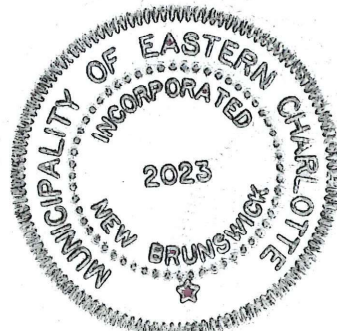
**EASTERN CHARLOTTE**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2023**

	<b>2023</b>	<b>Opening Balance January 1 2023</b>
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 1,561,137	\$ 963,225
Receivables		
General (Note 4)	461,626	382,755
Federal government and its agencies (Note 5)	320,832	674,070
Province of New Brunswick (Note 6)	213,231	386,023
Portfolio investments (Note 7)	922,877	1,133,405
	<u>3,479,703</u>	<u>3,539,478</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 8)	26,553	50,407
Payables and accruals	614,981	1,082,802
Deferred revenue (Note 9)	320,234	310,772
Obligation under capital leases (Note 10)	7,898	27,573
Long term debt (Note 11)	1,716,000	1,967,000
Accrued sick leave (Note 12)	37,797	28,665
Post employment benefits payable (Note 13)	177,400	172,300
	<u>2,900,863</u>	<u>3,639,519</u>
<b>NET ASSETS (DEBT)</b>	<u>578,840</u>	<u>(100,041)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 20)	42,194,105	41,121,076
Less: Accumulated amortization (Note 20)	(24,600,878)	(23,615,088)
	<u>17,593,227</u>	<u>17,505,988</u>
Inventory of supplies	118,280	127,572
Land inventory for resale	218,250	26,897
Deferred financing charges	3,984	4,318
Deposit on equipment	12,816	-
Prepaid expenses	7,009	469
	<u>17,953,566</u>	<u>17,665,244</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 18,532,406</u>	<u>\$ 17,565,203</u>
<b>CONTINGENT LIABILITY (Note 15)</b>		

APPROVED BY:

Mayor

Treasurer



**EASTERN CHARLOTTE**  
**Consolidated Statement of Changes in Net Assets (Debt)**  
**Year Ended December 31, 2023**

	<u>2023</u>
Annual surplus	\$ 967,203
Add (deduct) :	
Acquisition of tangible capital assets	(1,461,211)
Amortization of tangible capital assets	1,211,645
Amortization of deferred financing charges	334
Proceeds on sale of tangible capital assets	233,440
Gain on disposal of tangible capital assets	(71,113)
Consumption of inventory of supplies	9,292
Acquisition of land inventory for resale	(191,353)
Deposit on equipment	(12,816)
Acquisition of prepaid assets	(6,540)
	<u>678,881</u>
<b>INCREASE IN NET ASSETS</b>	<b>678,881</b>
<b>NET ASSETS (DEBT)</b>	
<b>BEGINNING OF YEAR</b>	<u>(100,041)</u>
<b>END OF YEAR</b>	<u><u>\$ 578,840</u></u>

**EASTERN CHARLOTTE**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2023**

**2023**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

**OPERATING TRANSACTIONS**

Annual surplus	\$ 967,203
Gain on disposal of tangible capital assets	(71,113)
Amortization of tangible capital assets	1,211,645
Amortization of deferred financing charges	334
Receivable - General	(78,871)
Receivable - Federal Government and its agencies	353,238
Receivable - Province of New Brunswick	172,792
Payables and accruals	(467,821)
Deferred revenue	9,462
Accrued sick leave	9,132
Post employment benefits payable	5,100
Consumption of inventory of supplies	9,292
Acquisition of land inventory for resale	(191,353)
Acquisition of prepaid assets	(6,540)
	<u>1,922,500</u>

**CAPITAL TRANSACTIONS**

Acquisition of tangible capital assets	(1,461,211)
Proceeds on sale of tangible capital assets	233,440
	<u>(1,227,771)</u>

**FINANCING TRANSACTIONS**

Reduction of bank indebtedness	(23,854)
Reduction of obligation under capital leases	(19,675)
Deposit on equipment	(12,816)
Repayment of long term debt	(251,000)
	<u>(307,345)</u>

**INVESTING TRANSACTIONS**

Proceeds on sale of portfolio investments	1,133,405
Purchase of portfolio investments	(922,877)
	<u>210,528</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

597,912

**CASH AND CASH EQUIVALENTS**

**BEGINNING OF YEAR**

963,225

**END OF YEAR**

\$ 1,561,137



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**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

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**1. Purpose of the Organization**

Effective January 1, 2023, the Town of St. George and the Village of Blacks Harbour were amalgamated to incorporate a rural community called Eastern Charlotte by New Brunswick Regulation 2022-50 section 67(1) under the Local Governance Act. Under section 67(2), certain unincorporated areas contiguous to the former entities are annexed to Eastern Charlotte. Assets acquired and liabilities incurred by the Minister, in connection with the provision of services by the Minister in the annexed areas before the annexation, become assets and liabilities of Eastern Charlotte on annexation.

Effective January 1, 2023, the assets and liabilities of the former municipalities and unincorporated areas were transferred to Eastern Charlotte and recorded at their historical cost basis with one exception. Tangible capital assets of the unincorporated areas were recognized at estimated fair market value since historical cost information was unavailable. In addition, any asset retirement obligation and asset retirement cost of the transferred tangible capital assets were recognized at the date of transfer.

**2. Summary of significant accounting policies**

The consolidated financial statements of the municipality are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Standards Board of Chartered Professional Accountants of Canada.

The focus of Public Sector Accounting Standards ("PSAS") financial statements is on the financial position of the municipality and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the municipality.

No other entities have been included in these consolidated financial statements.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

**Reporting entity**

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

Interdepartmental and organizational transactions and balances are eliminated.

**Budget**

The budget figures contained in these financial statements were approved by the Department of Environment and Local Government on January 11, 2023

**Revenue recognition**

- (a) Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are
- (b) Other revenue is recorded when it is earned.

**Expenditure recognition**

Expenditures are recorded on an accrual basis.

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**EASTERN CHARLOTTE****Notes to the Consolidated Financial Statements**December 31, 2023

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**2. Summary of significant accounting policies (continued)****Government transfers**

The municipality follows the provisions of CPA Canada PS 3410 standards.

- (a) Transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.
- (b) Transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met.
- (c) Transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada PS 3200.

**Use of estimates**

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenditures 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.

Examples of significant estimates include:

- allowance for doubtful accounts
- amortization of tangible capital assets and asset retirement costs
- estimated useful life and residual value of tangible capital assets
- estimated asset retirement cost, year of expenditure, rate of inflation and discount rate
- accrued sick leave liability
- post employment benefit liability

**Financial instruments**

The municipality's financial instruments consist of cash, portfolio investments, accounts receivable, due from the Province of New Brunswick, due from the Federal Government, due from own funds, payables and accruals, holdbacks payable, deferred revenue, and long-term debt. Unless otherwise noted, it is management's opinion that the municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The municipality is subject to credit risk through accounts receivable. The municipality minimizes credit risk through ongoing credit management.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

**Inventory of land for resale**

Inventory is valued at the lower of cost and estimated net realizable value.



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**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

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**2. Summary of significant accounting policies (continued)**

**Inventory of supplies**

Inventory is valued at the lower of cost and net replacement cost with cost being determined on the average cost basis.

**Tangible capital assets**

The municipality follows the provisions of PSA 3150; 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. Donated or contributed tangible capital assets are recorded at their fair market value at the date of construction or contribution. Tangible capital assets below a threshold of \$ 5,000 are expensed in the year of acquisition. Amortization shall begin in July of the year in which the costs were incurred. No amortization is recorded in the year of disposal. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

<b>Asset type</b>	<b><u>Years</u></b>
Land improvements	5-25 years
Buildings	40 years
Vehicles	3-5 years
Machinery and equipment	5-15 years
Heavy equipment	10-15 years
Computer hardware & software & communication equipment	3-5 years
Furniture & fixtures	3-5 years
Road surface	5-15 years
Road grade	10-30 years
Water and wastewater networks	15-100 years
Dams and water structures	25-50 years
Leasehold improvements	Over the term of the lease

Assets under construction are not amortized until the asset is available for productive use.

**Contributed goods and services**

With the exception of tangible capital assets which are recognized at their fair market value, the value of contributed goods and services are not recognized in the financial statements.

**Asset Retirement Obligations**

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations. As at December 31, 2023, no asset retirement obligations have been identified by management.

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**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

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**2. Summary of significant accounting policies (continued)**

**Segmented information**

The municipality is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the municipality'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, by-law enforcement, building inspection, 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 solid waste collection and disposal.

Public Health and Welfare Services

This department is responsible for the operation of a medical clinic and cemetery preservation.

Environmental Development Services

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

Recreation and Cultural Services

This department is responsible for the maintenance and operation of recreational and cultural facilities, including the arena, ballfields, parks and playgrounds and other recreational and cultural facilities.

Water and Wastewater Systems

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.

The municipality has presented a schedule of segmented disclosure in Note 22 to the consolidated financial statements.

**Post-employment benefits**

The municipality recognizes its obligations under post-employment benefit plans and the related costs, net of plan assets. The municipality has a sick leave benefit as documented in Note 13 and a pension plan as documented in Note 14.



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**EASTERN CHARLOTTE**
**Notes to the Consolidated Financial Statements**
**December 31, 2023**


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**3. Cash**

	<b>2023</b>	<b>Opening Balance January 1 2023</b>
Restricted - Canada Community-Building Fund	\$ 280,430	\$ 271,931
Restricted - Reserve Funds (Note 24)	963,821	298,267
Unrestricted	316,886	393,027
	<u>\$ 1,561,137</u>	<u>\$ 963,225</u>

**4. Receivables - General**

	<b>2023</b>	<b>Opening Balance January 1 2023</b>
Trade	\$ 456,620	\$ 376,000
Accrued investment income - Reserve Funds (Note 24)	4,984	6,740
Accrued investment income - Other	22	15
	<u>\$ 461,626</u>	<u>\$ 382,755</u>

**5. Receivable from federal government and its agencies**

	<b>2023</b>	<b>Opening Balance January 1 2023</b>
Canada Revenue Agency - Harmonized Sales Tax	\$ 28,973	\$ 150,062
Public Works and Government Services	1,688	14
Canada Community Building Fund - Unincorporated Areas Funding	200,065	463,507
Integrated Bilateral Agreement for Investing in Canadian Infrastructure Program	33,676	11,923
Integrated Bilateral Agreement for Investing in Rural and Northern Communities	56,430	1,064
Federation of Canadian Municipalities	-	47,500
	<u>\$ 320,832</u>	<u>\$ 674,070</u>

**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**6. Receivable from Province of New Brunswick**

	<b>2023</b>	<b>Opening Balance January 1 2023</b>
Department of Environment and Local Government		
Trade receivables	\$ -	\$ 4,883
Local Government Reform	104,798	-
Surplus of annexed Local Service Districts	23,014	-
Department of Transportation and Infrastructure	7,742	353,019
Department of Education	768	6,212
Environmental Trust Fund	9,600	9,600
Department of Natural Resources	13,264	-
Regional Development Corporation	-	11,774
Other	54,045	535
	<u>\$ 213,231</u>	<u>\$ 386,023</u>

**7. Portfolio investments**

	<b>2023</b>	<b>Opening Balance January 1 2023</b>
Restricted - Reserve Funds (Note 23)	\$ 922,877	\$ 1,089,607
Unrestricted	-	43,798
	<u>\$ 922,877</u>	<u>\$ 1,133,405</u>

The investments consist of guaranteed investment certificates with maturity dates in 2024 and interest rates ranging from 3.250% to 5.500%

**8. Bank Indebtedness**

	<b>2023</b>	<b>Opening Balance January 1 2023</b>
Visa Business Card, \$ 80,000 credit limit, unsecured	\$ 26,553	\$ 48,659
Visa Business Card, cancelled during the year	-	1,748
	<u>\$ 26,553</u>	<u>\$ 50,407</u>

Authorized bank indebtedness for operating purposes totals \$ 159,568 in the General Fund and \$ 629,165 in the Water and Sewer Fund. These operating loan balances were not utilized at December 31, 2023

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**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
December 31, 2023

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9. Deferred revenue

	2023	Opening Balance January 1 2023
	<u>2023</u>	<u>2023</u>
<b>Sale of water and sewer services</b>		
Water and sewer services billed based on school year from September 1st to August 31st. Revenue is recognized in the financial statements on a monthly basis.		
Balance, beginning of year	\$ 38,841	\$ 39,502
Billing for September 1st to August 31st	66,340	64,735
Transfer to revenue	(65,377)	(65,396)
Balance, end of year	<u>39,804</u>	<u>38,841</u>

Canada Community-Building Fund

Transfer from the Canada-New Brunswick Agreement on the Transfer of Federal Gas Tax Revenues and the Provincial Gas Tax Top-up Fund to be applied to the cost of specific capital projects. The unspent balance is invested in an interest bearing bank account and investment income accumulates in the fund.

Balance, beginning of year	271,931	445,245
Contributions for the year	-	173,694
Interest earned	8,499	4,393
Transfer to revenue	-	(351,401)
Balance, end of year	<u>280,430</u>	<u>271,931</u>
	<u>\$ 320,234</u>	<u>\$ 310,772</u>

**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**10. Obligation under capital leases**

	<b>2023</b>	<b>Opening Balance January 1 2023</b>
The municipality has the following obligation under capital leases:		
GWB National Leasing commercial lease agreement with imputed interest of 5.66% with a purchase option of \$ 10, paid off during the year	\$ -	\$ 16,029
Blue Chip Leasing commercial lease agreement with imputed interest of 14.59%, blended monthly payments of \$ 283 plus taxes until July 2025 with a purchase option of \$ 1,376, secured by equipment with a net book value of \$ 4,305.	5,954	8,425
Blue Chip Leasing commercial lease agreement with imputed interest of 17.26%, blended monthly payments of \$ 130 plus taxes until January 2025 with a purchase option of \$ 512, secured by equipment with a net book value of \$ 1,600.	1,944	3,119
	<u>7,898</u>	<u>27,573</u>
Obligations maturing during the subsequent period	4,801	19,675
	<u>\$ 3,097</u>	<u>\$ 7,898</u>

Approval of the Municipal Capital Borrowing Board has been obtained for obligations under capital leases.

Future minimum lease payments under capital leases are as follows:

2024	6,281
2025	3,534
	<u>9,815</u>
Less: Refundable portion of HST	914
Less: Interest included in minimum payments	1,003
	<u>\$ 7,898</u>



**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

11. Long-term debt

	2023	Opening Balance January 1 2023
<u>New Brunswick Municipal Finance Corporation Debentures:</u>		
General Capital Fund		
BJ-28, 1.25% - 3.70%, due Nov 20, 2023, M.O.#13-0021	\$ -	\$ 17,000
BL-31, 1.20% - 3.10%, due Dec 8, 2024, M.O.#14-0027	22,000	44,000
BM-24, .95% - 2.80%, due July 6, 2025, M.O.#14-0027	10,000	15,000
BO-27, 1.45% - 3.50%, due June 6, 2031, M.O.#15-0081	166,000	186,000
BP-23, 1.20% - 2.95%, due Dec 7, 2026, M.O.#16-0013	49,000	64,000
BQ-25, 1.20% - 2.70%, due June 1, 2027, M.O.#16-0013	84,000	104,000
BT23, 2.1% - 3.00%, due May 29, 2023, OIC #06-0065 & 07-0042	-	19,000
BV28, 2.05% - 3.15%, due May 14, 2034, OIC #18-0010	269,000	290,000
BX-24, .90% - 1.500%, due May 25, 2025, M.O.#19-0016	38,000	57,000
Water Capital Fund		
BJ-29, 1.25% - 3.70%, due Nov 20, 2023, M.O.#13-0021	-	17,000
BL-32, 1.20% - 3.10%, due Dec 8, 2024, M.O.#14-0027	11,000	22,000
BM-25, .95% - 2.80%, due July 6, 2025, M.O.#13-0021	6,000	9,000
BO-28, 1.45% - 3.75%, due June 6, 2036, M.O.#15-0081	833,000	858,000
BV29, 2.05% - 3.35%, due May 14, 2039, OIC #07-0042 & 07-0089	168,000	176,000
BX-25, .90% - 1.500%, due May 25, 2025, M.O.#19-0016	60,000	89,000
	<u>\$ 1,716,000</u>	<u>\$ 1,967,000</u>

Approval of the Municipal Capital Borrowing Board has been obtained for long-term debt.

Principal payments required during the next five years are as follows:

2024	\$	202,000
2025	\$	172,000
2026	\$	118,000
2027	\$	101,000
2028	\$	82,000

Refinancing options for future maturing debentures:

<u>Debenture</u>	<u>Maturity date</u>	<u>Maximum refinancing term</u>	<u>Maximum amount eligible</u>
BO-28	June 6, 2036	Not exceeding 10 years	\$ 427,000

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**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

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**12. Accrued sick leave**

The municipality provides one and a half sick leave days per month for full-time employees that accumulate to a maximum of 240 days. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. Upon retirement, employees receive a payout of their unused accumulated sick time to a maximum of two weeks. The municipality has a group insurance plan which provides long term disability benefits after 90 days off work if the employee qualifies.

No actuarial valuation was performed at December 31, 2023 and the liability is based on management's best estimates. An actuarial valuation was last performed on the 19 employee plan (2022 - 16) in accordance with PSA 3255 at December 31, 2016. The actuarial method used was the Projected Unit Credit pro-rated on service to expected usage. The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions used reflect the Municipality's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increase is 2%;
- the discount rate used to determine the accrued benefit obligation is 3.50%
- retirement age is 65; and employees aged 65 or over as of the valuation date are assumed to retire one year from the valuation date
- no deaths, disabilities or terminations are assumed to occur prior to retirement
- estimated net excess utilization rate of sick leave varies with age.

The sick leave is an unfunded benefit. As such, there are no applicable assets. Benefits are paid out of general revenue as they come due.

The unfunded liability was \$ 37,797 on December 31, 2023 and \$ 28,665 on December 31, 2022

**13. Post employment benefits payable**

(a) 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, 2021 and resulted in an overall NB MEPP accrued benefit obligation of \$ 140,299,800 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, 2022.



**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
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**13. Post employment benefits payable (continued)**

- the expected Inflation rate is 2.10%
- the discount rate used to determine the accrued benefit obligation is 6.15% per annum
- the expected rate of return on assets is 6.15% per annum
- retirement age varies by age and employment category
- estimated average remaining service life is (EARSL) is 14.0 years

The actuarial funding valuation prepared as at December 31, 2021 indicated that the market value of net assets available for the accumulated plan benefits were greater 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 surplus of \$ 1,294,100, a change of \$ 2,127,600 from the December 31, 2020 deficit of \$ 833,500. Based on the assumptions as at December 31, 2021, 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, 2021, the NB MEPP provides benefits for 310 retirees. Total benefit payments to retirees and terminating employees during 2023 are estimated to be approximately \$ 5,210,400 (actual 2022, \$ 6,836,300) 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 7.95%. Each participating body contributes an amount that equals their employees' contribution amounts. Pension Fund Assets are invested in short term securities, bonds, canadian equities and foreign equities. Combined employees' and participating bodies' contributions for 2023 are estimated to be approximately \$ 8,060,400 (actual 2022 was \$ 7,988,500) in totality for the NB MEPP.

The following summarizes the NB MEPP data as it relates to the Rural Community of Eastern Charlotte.

- The average age of the 18 active employees covered by the NB MEPP is 51.4 (as at Dec 31, 2021)
- Benefit payments were \$ 132,000 in 2022 and were estimated to be \$ 132,000 in 2023
- Combined contributions were \$ 64,600 in 2022 and were estimated to be \$ 149,000 in 2023

In addition to determining the position of the NB MEPP as it relates to the Rural Community of Eastern Charlotte as at December 31, 2021 and December 31, 2022, NB MEPP's actuary performed an extrapolation of the December 31, 2022 accounting valuation to determine the estimated position as at December 31, 2023. The extrapolation assumes assumptions used as at December 31, 2023 remain unchanged from December 31, 2022. In addition, the extrapolation assumes assets return 6.15% net of all fees and expenses. If experience is different than assumed, amounts will be adjusted to reflect actual experience. Results of the extrapolation are as follows:

	<b>Estimated</b>	
	<b>1-Jan-2023</b>	<b>1-Jan-2022</b>
	<b>to</b>	<b>to</b>
	<b>31-Dec-2023</b>	<b>31-Dec-2022</b>
<b>Accrued Benefit Liability</b>		
Accrued benefit liability at beginning of period	\$ 169,300	\$ 183,100
Pension expense for the year	82,600	18,500
Less: Employer contributions	(74,500)	(32,300)
Accrued benefit liability at end of period	<u>\$ 177,400</u>	<u>\$ 169,300</u>

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**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

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**13. Post employment benefits payable (continued)**

In summary, the Accrued Benefit Liability as it relates to the Rural Community of Eastern Charlotte is estimated to be \$ 177,400 as at December 31, 2023. This compares to \$ 183,100 as at January 1, 2022 and \$ 169,300 as at December 31, 2022. 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:

	<b>Estimated</b>		<b>Estimated</b>
	<b>31-Dec-2023</b>		<b>31-Dec-2022</b>
<b>Reconciliation of Funded Status at End of Period</b>			
Accrued benefit obligation	\$ 2,284,300	\$	2,161,100
Plan assets	1,932,700		1,804,200
Plan deficit	351,600		356,900
Unamortized experience losses	174,200		187,600
Accrued benefit liability at end of period	<u>\$ 177,400</u>	\$	<u>169,300</u>

The following illustrates the reconciliation of Accrued Benefit Obligation from the beginning of period to the end of period:

	<b>Estimated</b>		<b>Estimated</b>
	<b>1-Jan-2023</b>		<b>1-Jan-2022</b>
	<b>to</b>		<b>to</b>
	<b>31-Dec-2023</b>		<b>31-Dec-2022</b>
<b>Reconciliation of Accrued Benefit Obligation</b>			
Accrued benefit obligation at beginning of period	\$ 2,161,100	\$	2,177,100
Current service cost	122,600		49,400
Benefit payments	(132,000)		(132,000)
Interest for period	132,600		121,700
Experience gain during period	-		(55,100)
Accrued benefit obligation at end of period	<u>\$ 2,284,300</u>	\$	<u>2,161,100</u>



**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**13. Post employment benefits payable (continued)**

The following illustrates the reconciliation of Plan assets from the beginning of period to the end of period:

	<b>Estimated</b> <b>1-Jan-2023</b> <b>to</b> <b>31-Dec-2023</b>	<b>1-Jan-2022</b> <b>to</b> <b>31-Dec-2022</b>
<b>Reconciliation of Plan Assets</b>		
Plan assets at beginning of period	\$ 1,804,200	\$ 2,060,700
Employer contributions	74,500	32,300
Employee contributions	74,500	32,300
Benefit payments	(132,000)	(132,000)
Return on plan assets during period	111,500	(189,100)
Plan assets at end of year	<u>\$ 1,932,700</u>	<u>\$ 1,804,200</u>

Total expenses related to pensions include the following components:

	<b>Estimated</b> <b>1-Jan-2023</b> <b>to</b> <b>31-Dec-2023</b>	<b>1-Jan-2022</b> <b>to</b> <b>31-Dec-2022</b>
<b>Pension Expense</b>		
Employer current service cost	\$ 48,100	\$ 17,100
Interest on accrued benefit obligation	132,600	121,700
Expected return on assets	(111,500)	(115,500)
Amortization of unrecognized balances		
Experience loss (gain)	13,400	(4,800)
Pension expense	<u>\$ 82,600</u>	<u>\$ 18,500</u>

The Pension Expense is included in the statement of operations.

**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**14. Surplus/Deficit reconciliation**

The Local Governance Act requires Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of four Operating Budgets commencing with the second following year. In addition, the General Operating Fund is not permitted to accumulate any surplus or deficit except for the current and immediately preceding year. The reconciliation of the surplus/deficit at the end of the year consists of:

	2023	Opening Balance January 1 2023
Net financial assets	\$ 578,840	\$ (100,041)
Adjustments:		
Obligations under capital leases	7,898	27,573
Long term debt	1,716,000	1,967,000
Payables and accruals	65,334	
Accrued sick leave: Non-vesting / unfunded portion	37,797	28,665
NB MEPP unfunded liability	177,400	172,300
Inventory of supplies	118,280	127,572
Less: Inventory transferred from Utility Capital Fund	(20,338)	(20,338)
Land inventory for resale	218,250	26,897
Less: Inventory transferred from General Capital Fund	(7,424)	(8,240)
Deposit on equipment	12,816	-
Prepaid expenses	7,009	469
Current net assets	<u>\$ 2,911,862</u>	<u>\$ 2,221,857</u>
Composition of current net assets		
General Fund Surplus for 2021 PNB purposes	\$ -	\$ 186,160
Utility Fund Surplus for 2021 PNB purposes	-	74,200
General Fund Surplus for 2022 PNB purposes	286,306	263,292
Utility Fund Deficit for 2022 PNB purposes	(149,093)	(149,093)
General Fund Surplus for 2023 PNB purposes	365,864	-
Utility Fund Surplus for 2023 PNB purposes	261,603	-
Reserve Fund balances	2,147,182	1,847,298
	<u>\$ 2,911,862</u>	<u>\$ 2,221,857</u>

**15. Contingent liability**

In the normal course of operations, the municipality becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 2023 cannot be predicted with certainty, it is the opinion of management and council that resolution of these matters will not have a material adverse effect as the municipality maintains insurance coverage in amounts considered appropriate.

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**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

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**16. Short-term borrowings compliance**

**Interim capital borrowing**

The municipality has ministerial authority for short-term borrowings as follows:

<u>Ministerial Order</u>	<u>Amount</u>	<u>Purpose and term</u>
23-0070	\$ 178,000	Protective Services for a term not to exceed 5 years
23-0070	\$ 58,000	Recreation & Cultural Services for a term not to exceed 5 years
23-0070	\$ 165,000	Transportation Services for a term not to exceed 10 years
23-0070	\$ 101,000	Environmental Health Services (Utility) for a term not to exceed 10 years

**Operating borrowing**

As prescribed in the Local Governance Act, borrowing to finance General Fund operations is limited to 4% of the Municipality's operating budget or \$ 15,000, whichever is greater. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. The municipality has complied with these restrictions.

**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 municipality transacts all its operating transactions through one bank account which creates a balance payable from the Water and Sewer Operating Fund to the General Operating Fund. This balance is not in compliance with the requirements but interest is recorded at a rate of 4.0% on the average monthly balance to ensure that no benefit or cost is attributed to either fund.

**17. Water Cost Transfer**

The Blacks Harbour network's water cost transfer for fire protection is within the maximum allowable by Regulation 2020-52 under the Local Governance Act based upon the applicable percentage of water system expenditures for the population.

The St. George network's water cost transfer for fire protection is within the maximum allowable by Regulation 2020-52 under the Local Governance Act based upon the applicable percentage of water system expenditures for the population.

**18. Non-monetary transactions**

Connors Bros. supplies potable water at no charge to the Village of Blacks Harbour from its source of supply in Pennfield, New Brunswick. The Village does not charge the company for water distributed through waterlines within the Village limits. No revenues or expenses are recorded in the financial statements for these transactions because the fair values are not reliably measurable.

**19. Economic dependence**

The taxing authority of Blacks Harbour derives a significant portion of its property tax revenues from its major industry and its employees who reside within the taxing authority.

The Blacks Harbour Utility network is supplied potable water by Connor Bros. at no charge. Exploration for alternative well sites has been completed but no viable sources have been identified.

The St. George Utility network revenue from the fish processing industry accounted for 36.0% (2022 - 32.1%) of their network water and sewer user fees



**EASTERN CHARLOTTE**  
Notes to the Consolidated Financial Statements  
December 31, 2023

**20. Schedule of Tangible Capital Assets**

COST	Land		Land Improvements		Buildings & Leasehold Improvements		Vehicles		Assets Under Capital Lease		Machinery and Equipment		Roads and Street		Infrastructure Treatment Facilities		Water and Sewer		Communication & Computer Equipment		Assets Under Construction		2023 Total
Balance, beginning of year	\$ 666,871	\$ 1,464,420	\$ 7,254,102	\$ 260,981	\$ 141,721	\$ 2,691,014	\$ 1,770,271	\$ 7,389,015	\$ 3,248,543	\$ 15,528,956	\$ 205,184	\$ 499,996	\$ 41,121,076										
Add: Net additions during the year	171,746	136,531	1,292,281	93,094	(122,033)	292,063	54,311	-	-	-	-	-	-	-	-	-	-	-	-	-	(458,812)	1,461,211	
Less: Disposals during the year	5,470	15,062	290,522	-	-	-	12,072	-	-	-	-	-	-	-	-	-	-	-	-	61,056	-	388,182	
Balance, end of year	833,147	1,583,889	8,255,861	354,075	19,688	2,983,107	1,812,510	7,389,015	3,248,543	15,528,956	144,128	41,184	42,194,105										
<b>ACCUMULATED AMORTIZATION</b>																							
Balance, beginning of year	-	1,016,593	3,949,209	230,887	78,488	1,774,012	1,346,506	5,390,394	2,601,524	7,047,252	160,223	-	23,615,088										
Add: Amortization during the year	-	50,857	219,057	21,449	3,938	174,669	84,260	188,311	72,955	390,572	5,547	-	1,211,645										
Less: Accumulated amortization on disposal	-	17,631	138,009	-	68,643	(68,643)	9,159	-	-	-	61,056	-	225,855										
Balance, end of year	-	1,048,819	4,030,257	252,336	13,783	2,017,3E4	1,421,607	5,578,705	2,674,479	7,437,824	124,714	-	24,600,878										
<b>NET BOOK VALUE OF TANGIBLE CAPITAL</b>																							
	\$ 833,147	\$ 534,070	\$ 4,225,604	\$ 101,739	\$ 5,905	\$ 965,7E3	\$ 390,903	\$ 1,810,310	\$ 574,064	\$ 8,091,134	\$ 19,414	\$ 41,184	\$ 17,593,227										
Consists of:																							
General Fund Assets	\$ 647,736	\$ 534,070	\$ 2,878,992	\$ 101,739	\$ 5,905	\$ 864,966	\$ 86,331	\$ 1,810,310	\$ -	\$ -	\$ 19,414	\$ 36,065	\$ 6,985,558										
Water & Sewer Fund Assets	185,411	-	1,346,612	-	-	100,7E7	304,572	-	574,064	8,091,134	-	5,119	10,607,669										
	\$ 833,147	\$ 534,070	\$ 4,225,604	\$ 101,739	\$ 5,905	\$ 965,7E3	\$ 390,903	\$ 1,810,310	\$ 574,064	\$ 8,091,134	\$ 19,414	\$ 41,184	\$ 17,593,227										



**EASTERN CHARLOTTE**  
Notes to the Consolidated Financial Statements  
December 31, 2023

**21. Schedule of Segment Disclosure**

REVENUE	Public										2023 Consolidated
	General	Protective	Transportation	Environmental Health	Health and Welfare	Environmental Development	Recreation & Culture	Water & Sewer			
Property tax warrant	993,661	\$ 1,425,710	\$ 954,687	\$ 621,496	\$ 20,643	\$ 295,375	\$ 267,213	\$ -	\$ -	\$ -	\$ 4,578,785
Community funding and equalization grant	104,204	157,111	99,492	63,496	2,109	31,710	55,018	-	-	-	513,140
Tourism accommodation levy	-	-	-	-	-	55,009	-	-	-	-	55,009
Services provided to other governments	-	87,896	16,328	-	-	-	186,655	-	-	-	290,879
Sale of service and other fees	-	-	-	-	-	-	70,608	-	-	-	70,608
Other revenue from own sources	8,825	72,266	4,179	-	-	-	40,534	-	-	-	125,804
Unconditional transfers from other governments	128,304	906,332	-	-	-	-	-	-	-	-	1,034,636
Conditional transfers from other governments	134,969	65,678	7,116	-	5,000	4,919	243,024	-	-	-	537,826
Other transfers	2,783	-	-	-	-	-	-	-	-	-	2,783
Water and sewer fees	-	-	-	-	-	-	-	-	-	-	1,289,191
Gain on disposal of tangible capital assets	74,026	-	-	-	-	-	-	-	-	(2,913)	71,113
Interest	52,983	-	-	-	-	-	-	-	-	-	74,863
	<b>1,499,755</b>	<b>2,714,993</b>	<b>1,091,802</b>	<b>684,992</b>	<b>27,752</b>	<b>387,013</b>	<b>863,052</b>	<b>1,385,278</b>	<b>863,052</b>	<b>1,385,278</b>	<b>8,644,637</b>
<b>EXPENDITURE</b>											
Salaries and benefits	230,403	205,039	518,999	52,552	-	4,332	214,778	420,975	-	-	1,647,078
Goods and services	666,272	1,442,028	511,446	668,177	29,125	232,883	644,200	565,244	-	-	4,759,375
Amortization	779	117,445	277,301	16,357	-	61,479	139,934	598,350	-	-	1,211,645
Interest	-	13,382	8,456	-	-	-	112	37,386	-	-	59,336
	<b>897,454</b>	<b>1,777,894</b>	<b>1,316,202</b>	<b>737,086</b>	<b>29,125</b>	<b>298,694</b>	<b>999,024</b>	<b>1,621,955</b>	<b>999,024</b>	<b>1,621,955</b>	<b>7,677,434</b>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>\$ 602,301</b>	<b>\$ 937,099</b>	<b>\$ (234,400)</b>	<b>\$ (52,094)</b>	<b>\$ (1,373)</b>	<b>\$ 88,319</b>	<b>\$ (135,972)</b>	<b>\$ (236,677)</b>	<b>\$ 88,319</b>	<b>\$ (135,972)</b>	<b>\$ 967,203</b>

**EASTERN CHARLOTTE**  
Notes to the Consolidated Financial Statements  
December 31, 2023

**22. Reconciliation of Annual Surplus**

	General Operating Fund	General Capital Fund	Water & Sewer Operating Fund	Water & Sewer Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water & Sewer Operating Reserve Fund	Water & Sewer Capital Reserve Fund	Total
<b>2023 Annual Surplus (Deficit)</b>	\$ 527,986	\$ 650,906	\$ 344,972	\$ (601,045)	\$ 4,346	\$ 20,642	\$ 473	\$ 18,923	\$ 967,203
<b>Adjustments to annual surplus (deficit) for funding requirements</b>									
Second previous year's surplus	186,160	-	74,230	-	-	-	-	-	260,360
Transfer of 2022 second previous year surplus from unincorporated areas	(23,014)	-	-	-	-	-	-	-	(23,014)
Transfers between funds									
Transfer from general capital fund to the general operating fund	816	(816)	-	-	-	-	-	-	-
Transfer from general operating fund to the general operating reserve fund	(250,000)	-	-	-	250,000	-	-	-	-
Transfer from general operating fund to the general capital fund	(142,270)	142,270	-	-	-	-	-	-	-
Transfer from water & sewer operating fund to the water & sewer capital fund	-	-	(63,214)	63,214	-	-	-	-	-
Transfer from water & sewer operating fund to the water & sewer operating reserve fund	-	-	(5,500)	-	-	-	5,500	-	-
Long-term debt principal repayment	(158,000)	158,000	-	-	-	-	-	-	-
Long-term debt principal repayment	-	-	(93,000)	93,000	-	-	-	-	-
Obligation under capital leases reduction	(19,675)	19,675	-	-	-	-	-	-	-
Proceeds from disposal of tangible capital assets	233,440	-	-	-	-	-	-	-	233,440
Loss (gain) on disposal of tangible capital assets	-	(74,026)	-	2,913	-	-	-	-	(71,113)
Tangible capital asset amortization expense	-	613,512	-	598,133	-	-	-	-	1,211,645
Deferred financing charges	230	-	104	-	-	-	-	-	334
Provision for sick leave accrual	6,703	-	2,429	-	-	-	-	-	9,132
Change in amount recorded under PSA for defined benefit liability	3,488	-	1,612	-	-	-	-	-	5,100
<b>Total adjustments to 2023 annual surplus (deficit)</b>	<b>(162,122)</b>	<b>858,615</b>	<b>(83,369)</b>	<b>757,260</b>	<b>250,000</b>	<b>-</b>	<b>5,500</b>	<b>-</b>	<b>1,625,884</b>
<b>2023 annual fund surplus for PNB budgeting purposes</b>	<b>\$ 365,864</b>	<b>\$ 1,509,521</b>	<b>\$ 261,603</b>	<b>\$ 156,215</b>	<b>\$ 254,346</b>	<b>\$ 20,642</b>	<b>\$ 5,373</b>	<b>\$ 18,923</b>	<b>\$ 2,593,087</b>

## EASTERN CHARLOTTE

## Notes to the Consolidated Financial Statements

December 31, 2023

## 23. Statement of Reserves

	General Operating Reserve	General Capital Reserve	Water & Sewer Utility Operating Reserve	Water & Sewer Utility Capital Reserve	2023 Total	Opening Balance January 1 2023 Total
<b>Assets</b>						
Cash	\$ 60,043	\$ 377,535	\$ 13,053	\$ 513,190	\$ 963,821	\$ 298,267
Receivable from Utility Fund	-	-	5,500	-	5,500	197,684
Receivable from General Fund	250,000	-	-	-	250,000	255,000
Portfolio investments	58,011	361,274	12,502	491,090	922,877	1,089,607
Accrued interest receivable	856	1,719	72	2,337	4,984	6,740
	<u>\$ 368,910</u>	<u>\$ 740,528</u>	<u>\$ 31,127</u>	<u>\$ 1,006,617</u>	<u>\$ 2,147,182</u>	<u>\$ 1,847,298</u>
<b>Accumulated Surplus</b>	<u>\$ 368,910</u>	<u>\$ 740,528</u>	<u>\$ 31,127</u>	<u>\$ 1,006,617</u>	<u>\$ 2,147,182</u>	<u>\$ 1,847,298</u>
<b>Consists of:</b>						
Town of St. George	\$ 118,498	\$ 396,492	\$ 1,214	\$ 61,611	\$ 577,815	\$ 556,470
Village of Blacks Harbour	250,412	344,036	29,913	945,006	1,569,367	1,290,828
	<u>\$ 368,910</u>	<u>\$ 740,528</u>	<u>\$ 31,127</u>	<u>\$ 1,006,617</u>	<u>\$ 2,147,182</u>	<u>\$ 1,847,298</u>
<b>Revenue</b>						
Transfers from Utility Operating Fund	\$ -	\$ -	\$ 5,500	\$ -	\$ 5,500	
Transfers from General Operating Fund	250,000	-	-	-	250,000	
Interest	4,346	20,642	473	18,923	44,384	
	<u>254,346</u>	<u>20,642</u>	<u>5,973</u>	<u>18,923</u>	<u>299,884</u>	
<b>Expenditures</b>	-	-	-	-	-	
<b>Annual Surplus</b>	254,346	20,642	5,973	18,923	299,884	
<b>Accumulated Surplus</b>						
Beginning of year	114,564	719,886	25,154	987,694	1,847,298	
End of year	<u>\$ 368,910</u>	<u>\$ 740,528</u>	<u>\$ 31,127</u>	<u>\$ 1,006,617</u>	<u>\$ 2,147,182</u>	

Cash balances are held in interest bearing bank accounts

The General Capital Reserve Fund includes replacement reserves totalling \$ 28,649 (2022 - \$ 27,510) and the Water and Sewer Utility Capital Reserve Fund includes replacement reserves totalling \$ 130,717 (2022 - \$ 127,740). The Town has complied with the Canada/New Brunswick Infrastructure Program agreement and Canada/New Brunswick Municipal Rural Infrastructure Program agreement and all required annual transfers have been recorded.

Under Regulation 97-145 to the Municipalities Act, money held in capital reserve funds shall be used for no purpose other than the payment of capital expenses. Money held in operating reserve funds shall be used for no purpose other than the payment of operating expenses.

The Local Governance Act stipulates the funds held in the Operating Reserve are not to exceed 5% of the total budgeted expenditures for the General Operating Fund of the previous fiscal year. At December 31, 2023 this reserve is not within the limit. Subsequent to year end a motion was made to transfer the excess to the General Capital Reserve Fund.



**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**23. Statement of Reserves ( continued )**

Portfolio investments	Maturity Date	Interest Rate	2023	Opening Balance January 1 2023
Cashable GIC	October 29, 2023	3.25%		\$ 102,347
Cashable GIC	October 29, 2023	3.25%		106,278
Cashable GIC	November 14, 2023	2.00%		231,195
Cashable GIC	November 14, 2023	2.00%		231,195
Cashable GIC	November 14, 2023	2.00%		231,195
Cashable GIC	November 14, 2023	2.00%		231,195
Cashable GIC	October 29, 2024	5.50%	\$ 105,680	
Cashable GIC	October 29, 2024	5.50%	\$ 109,740	
Cashable GIC	November 14, 2024	3.25%	235,819	
Cashable GIC	November 14, 2024	3.25%	235,819	
Cashable GIC	November 14, 2024	3.25%	235,819	
			922,877	1,133,405
Less: Allocation to Operating Funds			-	43,798
			<u>\$ 922,877</u>	<u>\$ 1,089,607</u>

**Council resolutions regarding transfers to and from reserves:**

**Special Meeting December 28, 2023 resolution 11242022-02**

**10. NEW BUSINESS**

**a. Resolution of Council to transfer from the General Operating Fund to the General Operating Reserve Fund**

Motion: THAT Council transfer \$250,000.00 from the General Operating Fund to the General Operating Reserve Fund

Moved by: Councillor Lee  
 Seconded by: Councillor McKay  
 Motion carried unanimously.

**b. Resolution of Council to transfer from the Utility Operating Fund to the Utility Operating Reserve Fund**

Motion: THAT Council transfer \$5,500.00 from the Utility Operating Fund to the Utility Operating Reserve Fund

Moved by: Councillor Tidd  
 Seconded by: Councillor Lee  
 Motion carried unanimously.

\_\_\_\_\_  
 Jason N. Gaudet  
 Clerk  
 Municipality of Eastern Charlotte

Dec. 19 2024  
 \_\_\_\_\_  
 Date



**EASTERN CHARLOTTE**  
Notes to the Consolidated Financial Statements  
December 31, 2023

**24. Operating Budget to PSA Budget**

	Operating Budget General	Operating Budget Water & Sewer	Amortization TCA	Controlled Entities	Transfers	Total
<b>Revenue</b>						
Property tax warrant	\$ 4,578,785	\$ -	\$ -	\$ -	\$ -	\$ 4,578,785
Community funding and equalization grant	513,140	-	-	-	-	513,140
Tourism accommodation levy	15,000	-	-	-	-	15,000
Services provided to other governments	260,905	-	-	-	-	260,905
Sales of services	56,000	-	-	-	-	56,000
Other revenue from own sources	73,487	3,012	-	-	-	76,499
Conditional transfers from other governments	26,650	1,271,682	-	-	-	26,650
Water and sewer fees	-	2,000	-	-	-	1,271,682
Interest	3,000	-	-	-	-	5,000
Other transfers	2,783	-	-	-	-	2,783
Adjustment for payment in lieu of taxes	291,450	74,200	-	-	(365,650)	-
Surplus of second previous year	6,000	-	-	-	(6,000)	-
Transfer from Operating Reserve Fund	5,827,200	1,350,894	-	-	(371,650)	6,806,444
<b>Expenditure</b>						
General government services	932,926	-	779	-	7,900	941,605
Protective services	1,641,028	-	117,445	-	45,743	1,804,216
Transportation services	863,224	-	277,301	-	10,085	1,150,610
Environmental health services	721,056	-	16,357	-	-	737,413
Public health and welfare services	23,950	-	-	-	-	23,950
Environmental development services	360,095	-	61,479	-	-	421,574
Recreational and cultural services	617,252	-	139,934	-	113	757,299
Fiscal services	158,000	93,000	-	-	(251,000)	-
Long-term debt repayments	24,528	55,620	-	-	(80,148)	-
Interest	91,034	-	-	-	(91,034)	-
Capital leasing arrangements	1,700	-	-	-	(1,700)	-
Debtenture issue costs	3,900	-	-	-	(3,900)	-
Bank service charge	-	15,000	-	-	(15,000)	-
Discounts	358,507	-	-	-	(358,507)	-
Transfer from the General Operating Fund to the General Capital Fund	30,000	-	-	-	(30,000)	-
Transfer from the General Operating Fund to the General Capital Reserve Fund	-	82,833	-	-	(82,833)	-
Transfer from the Water & Sewer Operating Fund to the Water & Sewer Capital Fund	-	11,815	-	-	(11,815)	-
Transfer from the Water & Sewer Operating Fund to the Water & Sewer Capital Reserve Fund	-	1,092,626	598,350	-	70,620	1,761,596
Water and sewer	5,827,200	1,350,894	1,211,645	-	(791,476)	7,598,263
<b>Surplus (Deficit)</b>	\$ -	\$ -	\$ (1,211,645)	\$ -	\$ 419,826	\$ (791,819)



**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**25. Revenue and Expense Support**

	<b>2023</b>	
	( Unaudited ) Budget	Actual
<b>Revenue</b>		
Services provided to other governments		
Local Governments		
Fire Protection	\$ 45,372	\$ 45,372
Recreation and Culture	186,655	186,655
Province of New Brunswick		
Fire Protection - Rural District	12,478	12,248
Fire Protection - DNR forest fires	3,000	30,276
Transportation - Roads and streets	8,700	8,586
Traffic Services - Lane marking	4,700	7,742
	<u>\$ 260,905</u>	<u>\$ 290,879</u>
 Sales of services		
Transportation - material sales	1,000	-
Recreational and cultural services	55,000	70,608
	<u>\$ 56,000</u>	<u>\$ 70,608</u>
 Other revenue from own sources		
Licenses and permits	\$ 46,742	\$ 62,470
Rentals	22,257	33,388
Contributions	3,000	20,323
Miscellaneous	4,500	9,623
	<u>\$ 76,499</u>	<u>\$ 125,804</u>
 Unconditional transfers from other governments		
Provincial Government		
Assets and liabilities of annexed unincorporated areas	\$ -	\$ 1,034,636
	<u>\$ -</u>	<u>\$ 1,034,636</u>

**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**25. Revenue and Expense Support (continued)**

	<b>2023</b>	
	( Unaudited ) Budget	Actual
<b>Revenue</b>		
Conditional transfers from other governments		
Federal/Provincial Government agreements		
Canada Community-Building Fund	\$ 10,000	\$ 233,569
Integrated Bilateral Agreement - Rural and Northern Communities	-	55,366
Integrated Bilateral Agreement for Investing in Canadian Infrastructure Program	-	21,753
Federal Government		
Celebrate Canada	1,650	-
Transcanada Trail	-	3,000
Employment programs	-	2,120
Federal Government Agencies		
Federation of Canadian Municipalities	-	2,500
Provincial of New Brunswick		
Employment programs	13,000	14,456
Environment and Local Government	-	200,062
Regional Development Corporation	2,000	5,000
	<u>\$ 26,650</u>	<u>\$ 537,826</u>
Other transfers		
Provincial Government		
Adjustment for payment in lieu of taxes	2,783	2,783
	<u>\$ 2,783</u>	<u>\$ 2,783</u>
Water and sewer fees		
Water and sewer user fees		
Residential and commercial	\$ 583,650	\$ 600,591
Industrial	499,376	506,048
Institutional	88,356	81,901
Connection and service charges	300	651
Water supply for fire protection	100,000	100,000
	<u>\$ 1,271,682</u>	<u>\$ 1,289,191</u>

**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**25. Revenue and Expense Support (continued)**

	<b>2023</b>	
	( Unaudited )	
	Budget	Actual
<b>Expenditures</b>		
General government services		
Legislative		
Mayor: personnel	\$ 38,963	\$ 36,681
Councillors: personnel	136,200	131,176
Development Seminars	9,000	7,970
Other Legislative Costs	9,000	10,233
	<u>193,163</u>	<u>186,060</u>
General administration		
Administrative		
Personnel	144,874	137,510
Office building	32,000	44,850
Legal services	12,000	7,589
Other administrative services	25,000	81,639
	<u>213,874</u>	<u>271,588</u>
Financial management		
Personnel	91,571	92,893
External audit	27,000	23,833
External accounting	15,000	28,061
Purchasing	200	301
Asset management plan	-	3,285
	<u>133,771</u>	<u>148,373</u>
Common services		
Civic relations	1,000	-
Training and development	3,500	518
Cost of assessment	131,605	131,605
Regional and cooperative services (RSC)	8,375	8,375
	<u>144,480</u>	<u>140,498</u>

**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**25. Revenue and Expense Support (continued)**

	<b>2023</b>	
	( Unaudited ) Budget	Actual
<b>Expenditures</b>		
Other general government services		
Conventions and delegations	3,000	480
Liability insurance	127,888	88,069
Municipal Association membership	15,000	8,122
Grants for social or environmental purposes	101,750	44,901
Provision for bad debts	-	5,225
Bank service charges	3,900	3,359
Amortization of tangible capital assets	779	779
Interest	4,000	-
	<u>256,317</u>	<u>150,935</u>
Total general government services	<u>\$ 941,605</u>	<u>\$ 897,454</u>
Protective services		
Police Protection		
R.C.M.P. contract	<u>\$ 724,484</u>	<u>\$ 724,484</u>
Fire Protection		
Administration		
Personnel	42,287	104,364
Other	37,920	38,592
Firefighting force: personnel	87,206	100,675
Firefighting force: other	45,727	42,738
Alarm systems	62,123	75,227
Investigation and prevention	3,200	2,016
Water cost	100,000	100,000
Training and development: other	14,500	6,165
Station and building	84,239	101,194
Fighting equipment	230,757	194,635
Contractual agreement with Province of NB	16,288	31,004
Debenture issue costs	1,700	230
Amortization of tangible capital assets	117,445	117,445
Interest	44,043	13,382
	<u>887,435</u>	<u>927,667</u>



**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**25. Revenue and Expense Support (continued)**

	<b>2023</b>	
	( Unaudited )	
	Budget	Actual
<b>Expenditures</b>		
Emergency measures		
Training and development	1,000	272
Other	5,000	10,039
	<u>6,000</u>	<u>10,311</u>
Other protection		
By-law enforcement		
Personnel	55,000	-
Building inspection services (RSC)	94,252	94,252
Animal and pest control	24,437	18,572
Regional Public Safety Committee	2,608	2,608
Other	10,000	-
	<u>186,297</u>	<u>115,432</u>
Total protective services	<u>\$ 1,804,216</u>	<u>\$ 1,777,894</u>
Transportation services		
Common services		
Administration		
Personnel	\$ 54,535	\$ 98,684
Other	32,853	32,056
Training and development	5,500	5,152
Engineering services	8,000	19,573
General equipment	110,437	132,678
Workshops, yards and other buildings	32,760	16,997
	<u>244,085</u>	<u>305,140</u>
Road transport		
Roads and streets		
Personnel	261,001	368,315
Summer maintenance: other	61,150	62,818
Summer maintenance: DTI	1,850	1,706
Culverts and drainage ditches	9,500	6,745
Street cleaning and flushing	8,400	6,914
Snow and ice removal: Personnel	55,862	52,000
Snow and ice removal: Other	66,500	70,874
Snow and ice removal: Private contracts	3,500	1,251
Snow and ice removal: DTI	12,700	12,162
	<u>480,463</u>	<u>582,785</u>

**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**25. Revenue and Expense Support (continued)**

	<b>2023</b>	
	( Unaudited ) Budget	Actual
<b>Expenditures</b>		
Street lights	102,200	104,169
Traffic services	34,000	35,875
Public transit		
Contribution to Regional Service Commission	2,476	2,476
Amortization of tangible capital assets	277,301	277,301
Interest	10,085	8,456
	<u>426,062</u>	<u>428,277</u>
Total transportation services	<u>\$ 1,150,610</u>	<u>\$ 1,316,202</u>
Environmental health services		
Solid waste collection		
Personnel / contract	\$ 466,056	\$ 488,839
Other	25,000	27,869
Solid waste disposal	230,000	204,021
Amortization of tangible capital assets	16,357	16,357
Total environmental health services	<u>\$ 737,413</u>	<u>\$ 737,086</u>
Public health and welfare services		
Cemeteries	\$ 1,000	\$ 5,984
Medical clinics	22,950	23,141
	<u>\$ 23,950</u>	<u>\$ 29,125</u>
Environmental development services		
Environmental planning and zoning		
Contracted planning services (RSC)	\$ 195,084	\$ 100,832
Research and planning	18,000	-
Community development		
Beautification and land rehabilitation	10,000	11,294
Other	2,200	682
Contribution to Regional Service Commission	9,104	9,104
Housing	17,000	-
Regional Development		
Industrial park	1,000	1,005

**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**25. Revenue and Expense Support (continued)**

	<b>2023</b>	
	( Unaudited ) Budget	Actual
<b>Expenditures</b>		
Economic development		
Contribution to Regional Service Commission	34,220	34,220
Grants	-	19,010
Other development services		
Tourism		
Tourist bureau	15,000	5,654
Promotion of tourist attractions	4,600	4,653
Other tourism	12,100	11,631
Contribution to Regional Service Commission	33,717	33,717
Other	8,070	5,413
Amortization of tangible capital assets	61,479	61,479
Total environmental development services	<u>\$ 421,574</u>	<u>\$ 298,694</u>
Recreation and cultural services		
Recreation		
Administration		
Personnel	\$ 66,000	\$ 34,352
Community centre and halls	44,800	33,776
Swimming pools, beaches and marinas	4,500	17,199
Rink and arena		
Personnel	82,400	100,140
Other	110,704	309,888
Parks and playgrounds		
Personnel	46,540	76,645
Other	10,094	4,394
Other recreation facilities		
Personnel	7,000	-
Other	12,650	51,073
Cultural		
Museums and libraries		
Personnel	5,000	3,641
Other	7,214	17,525
Other recreation and cultural services		
Festivals and events	61,100	51,095
Contribution to Regional Service Commission	159,250	159,250
Amortization of tangible capital assets	139,934	139,934
Interest	113	112
Total recreation and cultural services	<u>\$ 757,299</u>	<u>\$ 999,024</u>

**EASTERN CHARLOTTE**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**25. Revenue and Expense Support (continued)**

	<b>2023</b>	
	( Unaudited )	
	Budget	Actual
<b>Expenditures</b>		
Water and Sewer		
Water supply		
Administration and general		
Personnel	\$ 86,424	\$ 100,601
Other	62,512	18,716
Purification and treatment	25,500	27,943
Transmission and distribution		
Personnel	117,578	100,120
Other	90,325	93,162
Power and pumping	78,000	50,274
Source of supply		
Other	-	84,461
Billing and collection		
Personnel	9,011	8,942
Other	500	68
Workshop and buildings	4,480	3,872
Bank service charges	500	984
Discounts for early payment	7,500	8,106
Amortization of deferred financing charges	600	32
Amortization of tangible capital assets	361,341	361,341
Interest	43,708	32,607
	<u>887,979</u>	<u>891,229</u>
Wastewater Disposal		
Administration and general		
Personnel	86,378	102,779
Other	57,044	24,050
Wastewater collection system		
Personnel	109,078	99,591
Other	50,825	46,181
Wastewater lift stations	85,200	67,528
Wastewater treatment and disposal	213,380	126,826
Billing and collection		
Personnel	9,211	8,942
Other	500	216
Workshop and buildings	4,480	3,663
Bank service charges and debenture costs	500	984
Discounts for early payment	7,500	8,106
Amortization of deferred financing charges	600	72
Amortization of tangible capital assets	237,009	237,009
Interest	11,912	4,779
	<u>873,617</u>	<u>730,726</u>
Total water and sewer	<u>\$ 1,761,596</u>	<u>\$ 1,621,955</u>