

EASTERN CHARLOTTE
Consolidated Financial Statements
Year Ended December 31, 2025

EASTERN CHARLOTTE
Index to the Consolidated Financial Statements
Year Ended December 31, 2025

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INDEPENDENT AUDITORS' REPORT

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, 2025, and the consolidated statements of operations, changes in net assets 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, 2025, and the results of its operations and changes in net assets 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
May 5, 2026



CHARTERED PROFESSIONAL ACCOUNTANTS

EASTERN CHARLOTTE
Consolidated Statement of Operations
Year Ended December 31, 2025

	2025		2024	
	(Unaudited)			
	Budget	Actual	Actual	
	(Note 26)			
REVENUE				
Property tax warrant	\$ 5,644,700	\$ 5,644,700	\$	5,356,645
Community funding and equalization grant	445,302	445,302		465,104
Tourism accomodation levy	25,000	30,644		30,856
Services provided to other governments	293,114	406,612		266,349
Sales of services	65,000	91,152		78,095
Other revenue from own sources	83,500	226,640		170,022
Conditional transfers from other governments	-	1,243,753		1,538,084
Water and sewer fees	1,325,165	1,515,761		1,314,941
Interest	23,000	74,906		106,687
	7,904,781	9,679,470		9,326,783
EXPENDITURE				
General government services	985,791	974,366		909,134
Protective services	2,051,430	1,984,856		1,855,218
Transportation services	1,334,989	1,679,852		2,160,625
Environmental health services	862,544	736,569		800,508
Public health and welfare services	25,358	24,737		25,525
Environmental development services	723,777	713,531		482,292
Recreational and cultural services	1,045,194	1,124,176		924,866
Water and sewer	1,731,858	1,853,097		1,524,784
Loss on disposal of tangible capital assets	-	-		58,509
	8,760,941	9,091,184		8,741,461
ANNUAL SURPLUS (DEFICIT)	\$ (856,160)	588,286		585,322
ACCUMULATED SURPLUS				
BEGINNING OF YEAR		19,117,728		18,532,406
END OF YEAR		\$ 19,706,014	\$	19,117,728

EASTERN CHARLOTTE
Consolidated Statement of Financial Position
As at December 31, 2025

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash (Note 3)	\$ 3,049,201	\$ 2,811,980
Receivables		
General (Note 4)	587,505	458,464
Federal government and its agencies (Note 5)	814,005	319,679
Province of New Brunswick (Note 6)	136,577	899,829
Portfolio investments (Note 7)	-	957,717
	<u>4,587,288</u>	<u>5,447,669</u>
LIABILITIES		
Bank indebtedness (Note 8)	266,283	270,029
Payables and accruals	1,346,924	1,845,199
Holdbacks payable	-	68,046
Deferred revenue (Note 9)	84,650	257,627
Obligation under capital leases (Note 10)	415,253	436,856
Long term debt (Note 11)	1,628,000	1,851,000
Accrued sick leave (Note 12)	50,125	46,627
Post employment benefits payable (Note 13)	113,200	98,700
	<u>3,904,435</u>	<u>4,874,084</u>
NET ASSETS	<u>682,853</u>	<u>573,585</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 22)	45,364,188	43,709,223
Less: Accumulated amortization (Note 22)	(26,646,525)	(25,513,241)
	<u>18,717,663</u>	<u>18,195,982</u>
Inventory of supplies	109,863	109,227
Land inventory for resale	190,867	232,702
Deferred financing charges	4,768	5,416
Prepaid expenses	-	816
	<u>19,023,161</u>	<u>18,544,143</u>
ACCUMULATED SURPLUS	<u>\$ 19,706,014</u>	<u>\$ 19,117,728</u>
CONTINGENT LIABILITY (Note 15)		
COMMITMENTS (Note 16)		

APPROVED BY:

Mayor

Treasurer

EASTERN CHARLOTTE
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2025

	2025		2024	
	(Unaudited)			
	Budget	Actual	Actual	
	(Note 25)			
Annual surplus (deficit)	\$ (856,160)	\$ 588,286	\$	585,322
Acquisition of tangible capital assets	(713,496)	(1,909,694)	(1,982,347)	
Amortization of tangible capital assets	1,388,013	1,388,013	1,308,134	
Amortization of deferred financing charges	-	648	502	
Proceeds on sale of tangible capital assets	-	-	12,950	
Loss on disposal of tangible capital assets	-	-	58,509	
	(181,643)	67,253	(16,930)	
Consumption (acquisition) of inventory of supplies	-	(636)	9,053	
Consumption (acquisition) of land inventory for resale	-	41,835	(14,452)	
Acquisition of deferred financing charges	-	-	(1,935)	
Deposit on equipment purchase	-	-	12,816	
Consumption of prepaid assets	-	816	6,193	
	(181,643)	109,268	(5,255)	
INCREASE (DECREASE) IN NET ASSETS				
NET ASSETS				
BEGINNING OF YEAR	573,585	573,585	578,840	
END OF YEAR	\$ 391,942	\$ 682,853	\$ 573,585	

EASTERN CHARLOTTE
Consolidated Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING TRANSACTIONS		
Annual surplus	\$ 588,286	\$ 585,322
Items not affecting cash		
Loss on disposal of tangible capital assets	-	58,509
Contributed tangible capital assets	-	(15,000)
Amortization of tangible capital assets	1,388,013	1,308,134
Amortization of deferred financing charges	648	502
	<u>1,976,947</u>	<u>1,937,467</u>
Changes in:		
Receivable - General	(129,041)	3,162
Receivable - Federal Government and its agencies	(494,326)	1,153
Receivable - Province of New Brunswick	763,252	(686,598)
Payables and accruals	(498,275)	1,230,218
Holdbacks payable	(68,046)	68,046
Deferred revenue	(172,977)	(62,607)
Accrued sick leave	3,498	8,830
Post employment benefits payable	14,500	(78,700)
Consumption (acquisition) of inventory of supplies	(636)	9,053
Consumption (acquisition) of land inventory for resale	41,835	(14,452)
Consumption of prepaid assets	816	6,193
	<u>1,437,547</u>	<u>2,421,765</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(1,909,694)	(1,483,140)
Proceeds on sale of tangible capital assets	-	12,950
	<u>(1,909,694)</u>	<u>(1,470,190)</u>
FINANCING TRANSACTIONS		
Issue (reduction) of bank indebtedness	(3,746)	243,476
Reduction of obligation under capital leases	(21,603)	(55,249)
Deposit on equipment purchase	-	12,816
Issue of long term debt	-	337,000
Debenture issue costs	-	(1,935)
Repayment of long term debt	(223,000)	(202,000)
	<u>(248,349)</u>	<u>334,108</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	957,717	922,877
Purchase of portfolio investments	-	(957,717)
	<u>957,717</u>	<u>(34,840)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	237,221	1,250,843
CASH AND CASH EQUIVALENTS		
BEGINNING OF YEAR	<u>2,811,980</u>	<u>1,561,137</u>
END OF YEAR	<u>\$ 3,049,201</u>	<u>\$ 2,811,980</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

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.

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 Council on January 15, 2025 and the Department of Environment and Local Government on January 20, 2025.

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 incurred.
- (b) Other revenue is recorded when it is earned.

Expenditure recognition

Expenditures are recorded on an accrual basis.

EASTERN CHARLOTTE**Notes to the Consolidated Financial Statements**December 31, 2025

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.

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

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. Assets under construction are not amortized until the asset is available for productive use. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

Asset type	<u>Years</u>
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	5-20 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

During the year, land improvements with a net book value of \$ Nil and roads and streets with a net book value of \$ Nil were written off.

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, 2025, no asset retirement obligations have been identified by management.

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

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 23 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 12 and a registered pension plan as documented in Note 13.

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

3. Cash

	<u>2025</u>	<u>2024</u>
Restricted - Canada Community-Building Fund	\$ -	\$ 215,694
Restricted - Reserve Funds (Note 25)	1,939,332	1,565,344
Restricted - Utility Capital Reserve Fund withdrawal in excess of capital project expenditures	40,724	-
Unrestricted	1,069,145	1,030,942
	<u>\$ 3,049,201</u>	<u>\$ 2,811,980</u>

4. Receivables - General

	<u>2025</u>	<u>2024</u>
Trade	\$ 587,505	\$ 454,148
Accrued investment income - Reserve Funds (Note 25)	-	4,297
Accrued investment income - Other	-	19
	<u>\$ 587,505</u>	<u>\$ 458,464</u>

5. Receivable from federal government and its agencies

	<u>2025</u>	<u>2024</u>
Canada Revenue Agency - Harmonized Sales Tax	\$ 214,736	\$ 190,690
Public Works and Government Services	175	103
Canada Community Building Fund - Unincorporated Areas Funding	214,792	80,045
Canada Community-Building Fund	198,154	
Integrated Bilateral Agreement for Investing in Canadian Infrastructure Program	138,120	18,979
Integrated Bilateral Agreement for Investing in Rural and Northern Communities	48,028	29,862
	<u>\$ 814,005</u>	<u>\$ 319,679</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

6. Receivable from Province of New Brunswick

	<u>2025</u>	<u>2024</u>
Environment and Local Government	\$ 15,412	\$ 3,599
Finance	13,165	31,946
Transportation and Infrastructure	17,053	771,004
Education	90,669	76,396
Regional Development Corporation	-	15,900
Other	278	984
	<u>\$ 136,577</u>	<u>\$ 899,829</u>

7. Portfolio investments

	<u>2025</u>	<u>2024</u>
Restricted - Reserve Funds (Note 25)	\$ -	\$ 957,717

8. Bank Indebtedness

	<u>2025</u>	<u>2024</u>
Visa Business Card, \$ 80,000 credit limit, unsecured	\$ 36,283	\$ 40,029
Demand loan, prime rate of interest	230,000	230,000
	<u>\$ 266,283</u>	<u>\$ 270,029</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, 2025. In addition, non-revolving loans for a capital projects totalling \$ 165,000 have not been utilized.

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

9. Deferred revenue

	<u>2025</u>	<u>2024</u>
Sale of water and sewer services		
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	\$ 41,933	\$ 39,804
Billing for September 1st to August 31st	75,060	69,888
Transfer to revenue	(71,957)	(67,759)
Balance, end of year	<u>45,036</u>	<u>41,933</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	215,694	280,430
Contributions for the year	586,534	433,923
Interest earned	4,093	14,830
Transfer to revenue	(766,707)	(513,489)
Balance, end of year	<u>39,614</u>	<u>215,694</u>
	<u>\$ 84,650</u>	<u>\$ 257,627</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

10. Obligation under capital leases

The municipality has the following obligation under capital leases:

	<u>2025</u>	<u>2024</u>
Royal Bank of Canada commercial lease agreement with imputed interest of 7.00%, blended annual payments of \$ 49,685 plus taxes until May 2038 with a purchase option of \$ 1, secured by heavy equipment with a net book value of \$ 435,787.	\$ 415,253	\$ 434,522
Blue Chip Leasing commercial lease agreement with imputed interest of 14.59%, paid off during the year.	-	1,800
Blue Chip Leasing commercial lease agreement with imputed interest of 17.26%, paid off during the year.	-	534
	<u>415,253</u>	<u>436,856</u>
Obligations maturing during the subsequent period	20,618	21,603
	<u>\$ 394,635</u>	<u>\$ 415,253</u>

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

Future minimum lease payments required under capital leases are as follows:

2026	\$ 49,685
2027	49,685
2028	49,685
2029	49,685
2030	49,685
Thereafter	<u>397,485</u>
	645,910
Less: Interest included in minimum payments	<u>230,657</u>
	<u>\$ 415,253</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

11. Long-term debt

	2025	2024
<u>New Brunswick Municipal Finance Corporation Debentures:</u>		
General Capital Fund		
BM-24, .95% - 2.80%, due July 6, 2025, M.O.#14-0027	\$ -	\$ 5,000
BO-27, 1.45% - 3.50%, due June 6, 2031, M.O.#15-0081	124,000	145,000
BP-23, 1.20% - 2.95%, due Dec 7, 2026, M.O.#16-0013	17,000	33,000
BQ-25, 1.20% - 2.70%, due June 1, 2027, M.O.#16-0013	43,000	64,000
BV-28, 2.05% - 3.15%, due May 14, 2034, M.O.#18-0010	226,000	248,000
BX-24, .90% - 1.500%, due May 25, 2025, M.O.#19-0016	-	19,000
CF-20, 4.835% - 4.151%, due June 6, 2029, M.O.#23-0070	193,000	236,000
Water Capital Fund		
BM-25, .95% - 2.80%, due July 6, 2025, M.O.#13-0021	-	3,000
BO-28, 1.45% - 3.75%, due June 6, 2036, M.O.#15-0081	781,000	807,000
BV-29, 2.05% - 3.35%, due May 14, 2039, M.O.#07-0042 & 07-0089	151,000	160,000
BX-25, .90% - 1.500%, due May 25, 2025, M.O.#19-0016	-	30,000
CF-21, 4.835% - 4.506%, due June 6, 2034, M.O.#23-0070	93,000	101,000
	<u>\$ 1,628,000</u>	<u>\$ 1,851,000</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:

2026	\$	172,000
2027	\$	157,000
2028	\$	140,000
2029	\$	146,000
2030	\$	97,000

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

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

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. Sick time entitlement is prorated for part-time unionized employees. 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, 2025 and the liability is based on management's best estimates. An actuarial valuation was last performed on the 19 employee plan (2023 - 19) 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 \$ 50,125 on December 31, 2025 and \$ 46,627 on December 31, 2024.

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, 2023 and resulted in an overall NB MEPP accrued benefit obligation of \$ 158,648,800 on the accounting basis.

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

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

13. Post employment benefits payable (continued)

- the expected inflation rate is 2.10%
- the discount rate used to determine the accrued benefit obligation is 6.05% per annum
- the expected rate of return on assets is 6.05% per annum
- retirement age varies by age and employment category
- estimated average remaining service life is (EARS�) is 14.0 years

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

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

Employees make contributions using rates that vary by earnings level and employment category, with an overall average contribution rate of approximately 7.93%. Each participating body contributes an amount that equals their employees' contribution amounts. Pension Fund Assets are invested in short term securities, bonds, canadian equities, real estate, infrastructure and foreign equities. Combined employees' and participating bodies' contributions for 2025 are estimated to be approximately \$ 10,714,400 (actual 2024, \$ 10,407,800) in totality for the NB MEPP.

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

- The average age of the 19 active employees covered by the NB MEPP is 47.8 (as at Dec 31, 2023)
- Benefit payments were \$ 130,300 in 2024 and were estimated to be \$ 130,300 in 2025
- Combined contributions were \$ 164,600 in 2024 and were estimated to be \$ 169,600 in 2025

In addition to determining the position of the NB MEPP as it relates to Eastern Charlotte as at December 31, 2023 and December 31, 2024, NB MEPP's actuary performed an extrapolation of the December 31, 2024 accounting valuation to determine the estimated position as at December 31, 2025. The extrapolation assumes that assumptions used as at December 31, 2025 remain unchanged from December 31, 2024. In addition, the extrapolation assumes assets return 6.05% 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:

	Estimated	
	1-Jan-2025	1-Jan-2024
	to	to
	31-Dec-2025	31-Dec-2024
Accrued Benefit Liability		
Accrued benefit liability at beginning of period	\$ 87,100	\$ 177,400
Pension expense for the year	110,900	(8,000)
Less: Employer contributions	(84,800)	(82,300)
Accrued benefit liability at end of period	<u>\$ 113,200</u>	<u>\$ 87,100</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

13. Post employment benefits payable (continued)

In summary, the Accrued Benefit Liability as it relates to Eastern Charlotte is estimated to be \$ 113,200 as at December 31, 2025. This compares to \$ 177,400 as at January 1, 2024 and \$ 87,100 as at December 31, 2024. This amount is included in the Post employment benefits payable on the Consolidated Statement of Financial Position.

The financial position as it relates to the Accrued Benefit Liability is shown as follows and illustrates the unamortized amounts being recognized in Pension Expense over time:

	Estimated		Estimated
	31-Dec-2025		31-Dec-2024
Reconciliation of Funded Status at End of Period			
Accrued benefit obligation	\$ 2,823,900	\$	2,645,800
Plan assets	2,405,900		2,230,500
Plan deficit	418,000		415,300
Unamortized experience losses	304,800		328,200
Accrued benefit liability at end of period	<u>\$ 113,200</u>	\$	<u>87,100</u>

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

	Estimated		Estimated
	1-Jan-2025		1-Jan-2024
	to		to
	31-Dec-2025		31-Dec-2024
Reconciliation of Accrued Benefit Obligation			
Accrued benefit obligation at beginning of period	\$ 2,645,800	\$	2,226,000
Current service cost	147,800		58,800
Benefit payments	(130,300)		(130,300)
Interest for period	160,600		132,500
Experience loss during period	-		358,800
Accrued benefit obligation at end of period	<u>\$ 2,823,900</u>	\$	<u>2,645,800</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

13. Post employment benefits payable (continued)

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

	Estimated		1-Jan-2024
	1-Jan-2025		to
	to		31-Dec-2024
	31-Dec-2025		31-Dec-2024
Reconciliation of Plan Assets			
Plan assets at beginning of period	\$ 2,230,500	\$	1,988,300
Employer contributions	84,800		82,300
Employee contributions	84,800		82,300
Benefit payments	(130,300)		(130,300)
Return on plan assets during period	136,100		207,900
Plan assets at end of year	<u>\$ 2,405,900</u>	<u>\$</u>	<u>2,230,500</u>

Total expenses related to pensions include the following components:

	Estimated		1-Jan-2024
	1-Jan-2025		to
	to		31-Dec-2024
	31-Dec-2025		31-Dec-2024
Pension Expense			
Employer current service cost (benefit)	\$ 63,000	\$	(23,500)
Interest on accrued benefit obligation	160,600		132,500
Expected return on assets	(136,100)		(121,300)
Amortization of unrecognized balances			
Experience loss	23,400		4,300
Pension expense	<u>\$ 110,900</u>	<u>\$</u>	<u>(8,000)</u>

The Pension Expense is included in the statement of operations.

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

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:

	2025	2024
Net financial assets	\$ 682,853	\$ 573,585
Adjustments:		
Obligations under capital leases	415,253	436,856
Long term debt	1,628,000	1,851,000
Bank indebtedness for capital purposes	230,000	230,000
Less: Temporary borrowing in excess of capital expenditures	-	(67,624)
Utility Capital Reserve Fund withdrawal in excess of capital project expendi	(40,724)	-
Accrued sick leave: Non-vesting / unfunded portion	50,125	46,627
NB MEPP unfunded liability	113,200	98,700
Inventory of supplies	109,863	109,227
Less: Inventory transferred from Utility Capital Fund	(20,338)	(20,338)
Land inventory for resale	190,867	232,702
Less: Inventory transferred from General Capital Fund	(7,424)	(7,424)
Prepaid expenses	-	816
Current net assets	<u>\$ 3,351,675</u>	<u>\$ 3,484,127</u>
Composition of current net assets		
Utility Fund Deficit for 2022 PNB purposes	\$ -	\$ (108,525)
General Fund Surplus for 2023 PNB purposes	-	365,864
Utility Fund Surplus for 2023 PNB purposes	-	261,603
General Fund Surplus for 2024 PNB purposes	167,360	167,360
Utility Fund Surplus for 2024 PNB purposes	270,467	270,467
General Fund Deficit for 2025 PNB purposes	(26,243)	-
Utility Fund Surplus for 2025 PNB purposes	300,759	-
Reserve Fund balances	2,639,332	2,527,358
	<u>\$ 3,351,675</u>	<u>\$ 3,484,127</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, 2025 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.

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

16. Commitments

Economic Development

The municipality is a party to agreements for residential unit development over the years 2026 to 2031. Future payments to developers are expected to total \$ 360,000. Developers must meet specific conditions in the agreements to qualify for progress incentive payments.

Medical clinics

The municipality leases office space for a medical clinic until December 2027. The total commitments remaining under this agreement are \$ 43,383.

17. 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	\$	165,000	Transportation Services for a term not to exceed 10 years
24-0021	\$	20,000	Transportation Services for a term not to exceed 5 years
24-0021	\$	210,000	Transportation Services for a term not to exceed 20 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 an interfund balance 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.

18. 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.

19. 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.

EASTERN CHARLOTTE**Notes to the Consolidated Financial Statements**December 31, 2025

20. 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 47.9% (2024 - 35.8%) of their network water and sewer user fees. The Blacks Harbour Utility network revenue from the fish processing industry accounted for 51.8% (2024 - 51.6%) of their network water and sewer user fees

21. Comparative figures

Certain of the 2024 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

EASTERN CHARLOTTE
 Notes to the Consolidated Financial Statements
 December 31, 2025

22 Schedule of Tangible Capital Assets

	Land	Land Improvements	Buildings & Leasehold Improvements	Vehicles	Equipment Under Capital Lease	Heavy Equipment Under Capital Lease	Heavy Equipment	Machinery and Equipment	Roads and Streets	Infrastructure Treatment Facilities	Water and Sewer	Communication & Computer Equipment	Assets Under Construction	2025 Total	2024 Total
COST															
Balance, beginning of year	\$ 853,147	\$ 1,589,681	\$ 8,347,114	\$ 350,016	\$ 19,688	\$ 484,207	\$ 2,983,107	\$ 2,153,282	\$ 7,864,022	\$ 3,248,543	\$ 15,634,515	\$ 144,128	\$ 47,773	\$ 43,709,223	\$ 42,194,105
Add:															
Net additions during the year	-	106,402	234,518	8,343	(19,688)	-	135,633	92,348	766,707	573,092	-	-	12,339	1,909,694	1,982,347
Less:															
Disposals during the year	-	4,000	-	-	-	-	-	-	250,729	-	-	-	-	254,729	467,229
Balance, end of year	853,147	1,692,083	8,581,632	358,359	-	484,207	3,118,740	2,245,630	8,370,000	3,821,635	15,634,515	144,128	60,112	45,364,188	43,709,223
ACCUMULATED AMORTIZATION															
Balance, beginning of year	-	1,088,200	4,165,501	273,920	17,721	16,140	2,208,107	1,445,194	5,605,555	2,747,434	7,825,208	130,261	-	25,513,241	24,600,878
Add:															
Amortization during the year	-	59,747	275,960	25,822	-	32,280	182,140	111,032	219,687	84,417	391,381	5,547	-	1,388,013	1,308,134
Less:															
Accumulated amortization on disposals	-	4,000	-	-	17,721	-	-	(17,721)	250,729	-	-	-	-	254,729	395,771
Balance, end of year	-	1,143,947	4,431,461	299,742	-	48,420	2,390,247	1,573,947	5,574,513	2,831,851	8,216,589	135,808	-	26,646,525	25,513,241
NET BOOK VALUE OF TANGIBLE CAPITAL	\$ 853,147	\$ 548,136	\$ 4,150,171	\$ 58,617	\$ -	\$ 435,787	\$ 728,493	\$ 671,683	\$ 2,795,487	\$ 989,784	\$ 7,417,926	\$ 8,320	\$ 60,112	\$ 18,717,663	\$ 18,195,982
Consists of:															
General Fund Assets	\$ 667,736	\$ 548,136	\$ 2,831,174	\$ 58,617	\$ -	\$ 435,787	\$ 670,656	\$ 407,359	\$ 2,795,487	\$ -	\$ -	\$ 8,320	\$ 6,000	\$ 8,528,272	\$ 7,983,261
Water & Sewer Fund Assets	185,411	-	1,218,997	-	-	-	57,837	264,324	-	989,784	7,417,926	-	54,112	10,186,391	10,212,721
	\$ 853,147	\$ 548,136	\$ 4,150,171	\$ 58,617	\$ -	\$ 435,787	\$ 728,493	\$ 671,683	\$ 2,795,487	\$ 989,784	\$ 7,417,926	\$ 8,320	\$ 60,112	\$ 18,717,663	\$ 18,195,982

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

23. Schedule of Segment Disclosure

	General	Protective	Transportation	Environmental Health	Public Health and Welfare	Environmental Development	Recreation & Culture	Water & Sewer	2025 Consolidated	2024 Consolidated
REVENUE										
Property tax warrant	\$ 1,119,011	\$ 1,616,532	\$ 1,104,985	\$ 754,540	\$ 22,395	\$ 542,517	\$ 484,720	\$ -	\$ 5,644,700	\$ 5,356,645
Community funding and equalization grant	83,087	126,471	81,371	54,800	1,627	41,653	56,293	-	445,302	465,104
Tourism accomodation levy	-	-	-	-	-	30,644	-	-	30,644	30,856
Services provided to other governments	-	119,030	17,053	61,649	-	-	208,880	-	406,612	266,349
Sale of service and other fees	-	-	-	-	-	-	91,152	-	91,152	78,095
Other revenue from own sources	14,723	22,456	-	-	-	156,041	31,465	1,955	226,640	170,022
Conditional transfers from other governments	-	-	879,331	-	-	25,765	114,659	223,998	1,243,753	1,538,084
Water and sewer fees	-	-	-	-	-	-	-	1,515,761	1,515,761	1,314,941
Interest	50,624	-	-	-	-	-	-	24,282	74,906	106,687
	<u>1,267,445</u>	<u>1,884,489</u>	<u>2,082,740</u>	<u>870,989</u>	<u>24,022</u>	<u>796,620</u>	<u>987,169</u>	<u>1,765,996</u>	<u>9,679,470</u>	<u>9,326,783</u>
EXPENDITURE										
Salaries and benefits	314,200	314,913	612,396	56,340	-	10,168	308,981	351,083	1,968,081	1,710,236
Goods and services	656,242	1,423,367	747,574	672,049	24,737	628,979	634,363	853,381	5,640,692	5,576,396
Amortization	3,924	201,123	310,937	8,180	-	74,384	178,502	610,963	1,388,013	1,308,134
Interest	-	45,453	8,945	-	-	-	2,330	37,670	94,398	88,186
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	58,509
	<u>974,366</u>	<u>1,984,856</u>	<u>1,679,852</u>	<u>736,569</u>	<u>24,737</u>	<u>713,531</u>	<u>1,124,176</u>	<u>1,853,097</u>	<u>9,091,184</u>	<u>8,741,461</u>
SURPLUS (DEFICIT) FOR THE YEAR	<u>\$ 293,079</u>	<u>\$ (100,367)</u>	<u>\$ 402,888</u>	<u>\$ 134,420</u>	<u>\$ (715)</u>	<u>\$ 83,089</u>	<u>\$ (137,007)</u>	<u>\$ (87,101)</u>	<u>\$ 588,286</u>	<u>\$ 585,322</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

24. 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
2025 Annual Surplus (Deficit)	\$ 442,292	198,942	\$ 494,505	\$ (598,243)	\$ 6,293	\$ 25,618	\$ 604	\$ 18,275	\$ 588,286
Adjustments to annual surplus (deficit) for funding requirements									
Previous years' surplus (deficit) transfer	365,864	-	153,078	-	-	-	-	-	518,942
Transfers between funds									
Transfer from general operating fund to the general capital reserve fund	(400,000)	-	-	-	-	400,000	-	-	-
Transfer from general operating fund to the general capital fund	(279,443)	279,443	-	-	-	-	-	-	-
Transfer from water & sewer operating fund to the water & sewer capital fund	-	-	(823)	823	-	-	-	-	-
Transfer from water & sewer operating fund to the water & sewer capital reserve fund	-	-	(300,000)	-	-	-	-	300,000	-
Transfer from water & sewer capital reserve fund to the water & sewer capital fund	-	-	-	613,816	-	-	-	(613,816)	-
Transfer from water & sewer operating reserve fund to the water & sewer operating fund	-	-	25,000	-	-	-	(25,000)	-	-
Long-term debt principal repayment	(147,000)	147,000	-	-	-	-	-	-	-
Long-term debt principal repayment	-	-	(76,000)	76,000	-	-	-	-	-
Obligation under capital leases reduction	(21,603)	21,603	-	-	-	-	-	-	-
Tangible capital asset amortization expense	-	778,254	-	609,759	-	-	-	-	1,388,013
Deferred financing charges amortization	471	-	177	-	-	-	-	-	648
Provision for sick leave accrual	2,727	-	771	-	-	-	-	-	3,498
Change in amount recorded under PSA for defined benefit liability	10,449	-	4,051	-	-	-	-	-	14,500
Total adjustments to 2025 annual surplus (deficit)	(468,535)	1,226,300	(193,746)	1,300,398	-	400,000	(25,000)	(313,816)	1,925,601
2025 annual fund surplus (deficit) for PNB budgeting purposes	\$ (26,243)	\$ 1,425,242	\$ 300,759	\$ 702,155	\$ 6,293	\$ 425,618	\$ (24,396)	\$ (295,541)	\$ 2,513,887

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

25. Statement of Reserves

	General Operating Reserve	General Capital Reserve	Water & Sewer Utility Operating Reserve	Water & Sewer Utility Capital Reserve	2025 Total	2024 Total
Assets						
Cash	\$ 286,013	\$ 1,236,980	\$ 7,556	\$ 408,783	\$ 1,939,332	\$ 1,565,344
Receivable from Utility Fund	-	-	-	300,000	300,000	-
Receivable from General Fund	-	400,000	-	-	400,000	-
Portfolio investments	-	-	-	-	-	957,717
Accrued interest receivable	-	-	-	-	-	4,297
	<u>\$ 286,013</u>	<u>\$ 1,636,980</u>	<u>\$ 7,556</u>	<u>\$ 708,783</u>	<u>\$ 2,639,332</u>	<u>\$ 2,527,358</u>
Accumulated Surplus	<u>\$ 286,013</u>	<u>\$ 1,636,980</u>	<u>\$ 7,556</u>	<u>\$ 708,783</u>	<u>\$ 2,639,332</u>	<u>\$ 2,527,358</u>
Consists of:						
St. George	\$ 285,583	\$ 1,277,756	\$ 7,066	\$ 365,204	\$ 1,935,609	\$ 1,208,478
Blacks Harbour	430	359,224	490	343,579	703,723	1,318,880
	<u>\$ 286,013</u>	<u>\$ 1,636,980</u>	<u>\$ 7,556</u>	<u>\$ 708,783</u>	<u>\$ 2,639,332</u>	<u>\$ 2,527,358</u>
Revenue						
Transfers from Utility Operating Fund	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ -
Transfers from General Operating Fund	-	400,000	-	-	400,000	450,000
Interest	6,293	25,618	604	18,275	50,790	58,991
	<u>6,293</u>	<u>425,618</u>	<u>604</u>	<u>318,275</u>	<u>750,790</u>	<u>508,991</u>
Expenditures						
Transfers to Capital Funds	-	-	-	613,816	613,816	28,815
Transfers to Operating Funds	-	-	25,000	-	25,000	100,000
	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>613,816</u>	<u>638,816</u>	<u>128,815</u>
Annual Surplus (Deficit)	6,293	425,618	(24,396)	(295,541)	111,974	380,176
Accumulated Surplus						
Beginning of year	279,720	1,211,362	31,952	1,004,324	2,527,358	2,147,182
End of year	<u>\$ 286,013</u>	<u>\$ 1,636,980</u>	<u>\$ 7,556</u>	<u>\$ 708,783</u>	<u>\$ 2,639,332</u>	<u>\$ 2,527,358</u>

Cash balances are held in interest bearing bank accounts

The General Capital Reserve Fund includes replacement reserves totalling \$ 30,487 (2024 - \$ 29,845) and the Water and Sewer Utility Capital Reserve Fund includes replacement reserves totalling \$ 137,104 (2024 - \$ 134,576). 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.

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

25. Statement of Reserves (continued)

Portfolio investments	Maturity Date	Interest Rate	2025	2024
Cashable GIC	October 29, 2025	4.00%		\$ 115,775
Cashable GIC	October 29, 2025	4.00%		111,493
Cashable GIC	November 14, 2025	2.75%		243,483
Cashable GIC	November 14, 2025	2.75%		243,483
Cashable GIC	November 14, 2025	2.75%		243,483
			\$ -	\$ 957,717

Council resolutions regarding transfers to and from reserves:

Regular meeting July 16, 2025 resolution

10. NEW BUSINESS

c. Allocation of Funds from the Blacks Harbour Utility Operation Reserve Fund

CAO advised this would be a request to move funds from the utility operating reserve and would go towards Phase 2 of the water project in Blacks Harbour, and acts as the municipal portion towards the total project. Still conversing with the province regarding full funding, but did not want to wait another 30 days to begin Phase 2.

Motion: BE IT RESOLVED that Council authorize the transfer of \$25,000 from the Blacks Harbour Utility Operation Reserve Fund to the Blacks Harbour Utility Operation Fund, to be used towards Phase 2 of the water project.

Moved by: Councillor Detorakis

Seconded by: Councillor Tidd

Motion carried unanimously.

Regular Meeting August 20, 2025 resolution

10. NEW BUSINESS

b. Results, Tender 2025-04, BH Sewage Lagoon Dredging

1. Results, Tender 2025-04, BH Sewage Lagoon Dredging

CAO advised there is a healthy utility capital reserve in Blacks Harbour. Most industry has been paying a supplement with their wastewater. Applauds previous councils and staff to have the agreement with industry to be able to pay for

Motion: BE IT RESOLVED that Council authorize the transfer of \$613,816.06 from the Blacks Harbour Utility Capital Reserve Fund to the Blacks Harbour Utility Capital Fund, to be used for the Blacks Harbour Sewage Lagoon Dredging project.

Moved by: Councillor McKay

Seconded by: Councillor Thompson

Motion carried

Regular Meeting December 17, 2025 resolution

10. NEW BUSINESS

e. Year end Transfers .

• CAO advised that \$150,000 of the \$400,00 is earmarked for trucks that were unable to be paid this year due to invoicing issues.

Motion: MOVE THAT Council authorize the transfer of \$300,000 from the Utility (St. George) Operating Reserve Fund to the Utility (St. George) Capital Reserve Fund and transfer \$400,000 from the General Operating Fund to the General Capital Reserve Fund.

Moved by: Councillor Tidd

Seconded by: Deputy Mayor Hatt

Motion carried unanimously.

Special Meeting May 5, 2026 resolution to amend December 17, 2025 resolution

Motion: MOVE THAT Council authorize the transfer of \$300,000 from the Utility (St. George) Operating Fund to the Utility (St. George) Capital Reserve Fund and transfer \$400,000 from the General Operating Fund to the General Capital Reserve Fund.

Moved by: Councillor Tidd

Seconded by: Deputy Mayor Hatt

Motion carried unanimously.

Jason Gaudin
 Clerk
 Municipality of Eastern Charlotte

May 11 2026
 Date

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

26. Operating Budget to PSA Budget

	Operating Budget		Amortization		Total
	General	Water & Sewer	TCA	Transfers	
Revenue					
Property tax warrant	\$ 5,644,700	\$ -	\$ -	\$ -	\$ 5,644,700
Community funding and equalization grant	445,302	-	-	-	445,302
Tourism accomodation levy	25,000	-	-	-	25,000
Services provided to other governments	293,114	-	-	-	293,114
Sales of services	65,000	-	-	-	65,000
Other revenue from own sources	83,500	-	-	-	83,500
Water and sewer fees	-	1,325,165	-	-	1,325,165
Interest	20,000	3,000	-	-	23,000
Other transfers					
Surplus of second previous year	365,864	261,603	-	(627,467)	-
	<u>6,942,480</u>	<u>1,589,768</u>	<u>-</u>	<u>(627,467)</u>	<u>7,904,781</u>
Expenditure					
General government services	975,567	-	3,924	6,300	985,791
Protective services	1,809,267	-	201,123	41,040	2,051,430
Transportation services	1,012,180	-	310,937	11,872	1,334,989
Environmental health services	854,364	-	8,180	-	862,544
Public health and welfare services	25,358	-	-	-	25,358
Environmental development services	649,393	-	74,384	-	723,777
Recreational and cultural services	864,267	-	178,502	2,425	1,045,194
Fiscal services					
Long-term debt repayments	147,000	76,000	-	(223,000)	-
Interest	31,013	42,636	-	(73,649)	-
Capital leasing arrangements	52,895	-	-	(52,895)	-
Debenture issue costs	1,380	690	-	(2,070)	-
Bank service charge	6,300	2,000	-	(8,300)	-
Discounts	-	15,000	-	(15,000)	-
Deficit of second previous year	-	108,525	-	(108,525)	-
Transfer to the General Capital Fund	513,496	-	-	(513,496)	-
Transfer to the Water & Sewer Capital Fund	-	200,000	-	(200,000)	-
Transfer to the Water & Sewer Capital Reserve Fund	-	84,003	-	(84,003)	-
Water and sewer	-	1,060,914	610,963	59,981	1,731,858
	<u>6,942,480</u>	<u>1,589,768</u>	<u>1,388,013</u>	<u>(1,159,320)</u>	<u>8,760,941</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,388,013)</u>	<u>\$ 531,853</u>	<u>\$ (856,160)</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

27. Revenue and Expense Support

	2025		2024
	(Unaudited) Budget	Actual	Actual
Revenue			
Services provided to other governments			
Local Governments			
Fire Protection	\$ 50,752	\$ 50,752	\$ 29,316
Recreation and Culture	208,880	208,880	194,112
Province of New Brunswick			
Fire Protection - Rural District	15,082	14,562	8,276
Fire Protection - DNR forest fires	3,000	53,716	18,912
Transportation - Roads and streets	8,700	9,156	9,156
Traffic Services - Lane marking	6,700	7,897	6,577
Solid waste collection and disposal	-	61,649	-
	<u>\$ 293,114</u>	<u>\$ 406,612</u>	<u>\$ 266,349</u>
Sales of services			
Transportation - material sales	\$ -	\$ -	\$ 174
Recreational and cultural services	65,000	91,152	77,921
	<u>\$ 65,000</u>	<u>\$ 91,152</u>	<u>\$ 78,095</u>
Other revenue from own sources			
Licenses and permits	\$ 50,000	\$ 60,798	\$ 60,541
Rentals	22,000	20,766	27,601
Contributions	6,000	126,837	72,848
Miscellaneous	5,500	18,239	9,032
	<u>\$ 83,500</u>	<u>\$ 226,640</u>	<u>\$ 170,022</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

27. Revenue and Expense Support (continued)

	2025		2024
	(Unaudited) Budget	Actual	Actual
Revenue			
Conditional transfers from other governments			
Federal/Provincial Government agreements			
Canada Community-Building Fund	\$ -	\$ 981,500	\$ 632,372
Integrated Bilateral Agreement - Rural and Northern Communities	-	41,130	\$ 62,088
Integrated Bilateral Agreement for Investing in Canadian Infrastructure Program	-	182,868	27,155
Federal Government			
Transcanada Trail	-	1,250	-
Employment programs	-	6,578	6,426
Provincial of New Brunswick			
Designated Highway Program	-	-	760,863
Employment programs	-	4,662	4,593
Environment and Local Government	-	-	28,687
Regional Development Corporation	-	13,765	15,900
Local Governments			
Southwest New Brunswick Service Commission	-	12,000	-
	<u>\$ -</u>	<u>\$ 1,243,753</u>	<u>\$ 1,538,084</u>
Water and sewer fees			
Water and sewer user fees			
Residential and commercial	\$ 621,171	\$ 625,890	\$ 617,780
Industrial	517,462	700,187	511,332
Institutional	85,932	89,155	85,284
Connection and service charges	600	529	545
Water supply for fire protection	100,000	100,000	100,000
	<u>\$ 1,325,165</u>	<u>\$ 1,515,761</u>	<u>\$ 1,314,941</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

27. Revenue and Expense Support (continued)

	2025		2024
	(Unaudited) Budget	Actual	Actual
Expenditures			
General government services			
Legislative			
Mayor: personnel	\$ 37,800	\$ 35,540	\$ 35,409
Councillors: personnel	129,600	121,106	120,741
Other Legislative Costs	9,000	6,686	7,722
	<u>176,400</u>	<u>163,332</u>	<u>163,872</u>
General administration			
Administrative			
Personnel	155,706	189,133	177,692
Human resources	48,000	50,862	8,343
Office building	36,125	48,817	26,282
Legal services	12,000	2,115	666
Other administrative services	60,718	52,458	57,039
	<u>312,549</u>	<u>343,385</u>	<u>270,022</u>
Financial management			
Personnel	99,510	125,067	108,966
External audit	20,000	16,907	10,229
External accounting	20,000	16,139	29,925
Purchasing	500	139	213
	<u>140,010</u>	<u>158,252</u>	<u>149,333</u>
Common services			
Civic relations	1,000	893	38
Training and development	3,500	521	813
Cost of assessment	155,550	155,550	143,563
Regional and cooperative services (RSC)	4,018	4,018	897
	<u>164,068</u>	<u>160,982</u>	<u>145,311</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

27. Revenue and Expense Support (continued)

	2025		2024
	Budget	Actual	Actual
	Amortization of deferred financing charges		
Expenditures			
Other general government services			
Conventions and delegations	10,000	7,028	6,582
Liability insurance	60,966	35,169	88,834
Municipal Association membership	9,324	9,151	9,095
Grants for social or environmental purposes	102,250	83,466	65,380
Provision for bad debts	-	4,649	1,200
Bank service charges	6,300	5,028	5,828
Amortization of tangible capital assets	3,924	3,924	3,677
	192,764	148,415	180,596
Total general government services	\$ 985,791	\$ 974,366	\$ 909,134
Protective services			
Police Protection			
R.C.M.P. contract	\$ 772,337	\$ 772,337	\$ 746,219
Fire Protection			
Administration			
Personnel	146,816	157,896	149,144
Other	28,600	18,458	24,467
Firefighting force: personnel	89,300	157,017	95,622
Firefighting force: other	28,000	35,298	31,195
Alarm systems	65,700	60,105	80,019
Water cost	100,000	101,251	100,000
Station and building	102,818	143,134	99,852
Fighting equipment	294,618	176,764	197,603
Investigation and prevention	4,000	5,545	3,637
Training and development: other	24,000	29,815	38,414
Contractual agreement with Province of NB	36,046	36,046	31,435
Amortization of deferred financing charges	411	411	333
Amortization of tangible capital assets	201,123	201,123	167,754
Interest	40,629	45,453	35,180
	1,162,061	1,168,316	1,054,655

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025
27. Revenue and Expense Support (continued)

	2025		2024
	(Unaudited)		
	Budget	Actual	Actual
Expenditures			
Emergency measures			
Training and development	1,000	-	-
Other	23,000	15,131	25,749
	<u>24,000</u>	<u>15,131</u>	<u>25,749</u>
Other protection			
By-law enforcement			
Other	55,000	-	8,001
Animal and pest control	21,060	20,209	18,562
Regional Public Safety Committee (RSC)	1,972	1,972	2,032
Other	15,000	6,891	-
	<u>93,032</u>	<u>29,072</u>	<u>28,595</u>
Total protective services	<u>\$ 2,051,430</u>	<u>\$ 1,984,856</u>	<u>\$ 1,855,218</u>
Transportation services			
Common services			
Administration			
Personnel	\$ 105,791	\$ 145,508	\$ 128,484
Other	36,368	39,441	31,981
Engineering services	8,000	1,428	10,425
Training and development	5,600	8,308	2,673
General equipment	119,313	183,621	166,916
Workshops, yards and other buildings	22,374	27,025	17,392
	<u>297,446</u>	<u>405,331</u>	<u>357,871</u>
Road transport			
Roads and streets			
Personnel	370,434	466,888	463,688
Summer maintenance: other	65,850	128,892	826,454
Summer maintenance: DTI	1,782	1,781	1,781
Culverts and drainage ditches	9,500	22,260	3,145
Street cleaning and flushing	14,500	20,112	13,201
Snow and ice removal: Other	62,500	101,104	55,081
Snow and ice removal: Private contracts	5,500	5,924	261
Snow and ice removal: DTI	13,153	13,154	13,154
	<u>543,219</u>	<u>760,115</u>	<u>1,376,765</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

27. Revenue and Expense Support (continued)

	2025		2024
	(Unaudited) Budget	Actual	Actual
Expenditures			
Street lights	119,837	142,395	105,492
Traffic services			
Street signs	13,300	13,478	11,717
Traffic lane marking	19,000	19,273	17,635
Public transit			
Contribution to Regional Service Commission	19,378	19,378	708
Amortization of deferred financing charges	1,380	-	-
Amortization of tangible capital assets	310,937	310,937	276,693
Interest	10,492	8,945	13,744
	<u>494,324</u>	<u>514,406</u>	<u>425,989</u>
Total transportation services	<u>\$ 1,334,989</u>	<u>\$ 1,679,852</u>	<u>\$ 2,160,625</u>
Environmental health services			
Solid waste collection			
Personnel / contract	\$ 624,363	\$ 526,730	\$ 553,459
Other	-	10,545	16,299
Solid waste disposal: tipping fees	230,001	191,114	214,393
Amortization of tangible capital assets	8,180	8,180	16,357
Total environmental health services	<u>\$ 862,544</u>	<u>\$ 736,569</u>	<u>\$ 800,508</u>
Public health and welfare services			
Cemeteries	\$ 1,500	\$ 1,483	\$ 356
Medical clinics	23,858	23,254	25,169
	<u>\$ 25,358</u>	<u>\$ 24,737</u>	<u>\$ 25,525</u>
Environmental development services			
Planning and zoning			
Contracted planning services (RSC)	\$ 97,365	\$ 97,365	\$ 95,339
Building inspection services (RSC)	116,772	116,772	114,067
Research and planning	-	939	2,542
Administration: Other	11,000	1,480	481
Land development			
Beautification and land rehabilitation	18,500	25,259	9,185
Other	800	962	704
Industrial park	1,000	713	680
Community and social development			
Contribution to Regional Service Commission	14,153	14,153	6,582
Economic development			
Administration			
Personnel	-	24,708	-
Other	75,000	1,787	-
Contribution to Regional Service Commission	11,463	11,463	21,441
Grants and studies	200,000	253,286	60,000

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

27. Revenue and Expense Support (continued)

	2025		2024
	(Unaudited) Budget	Actual	Actual
Expenditures			
Other development services			
Tourism			
Tourist bureau	6,800	16,259	10,140
Promotion of tourist attractions	7,600	13,420	36,908
Other tourism	4,000	-	-
Contribution to Regional Service Commission	40,240	40,240	27,417
Other development	44,700	20,341	37,788
Amortization of tangible capital assets	74,384	74,384	59,018
Total environmental development services	<u>\$ 723,777</u>	<u>\$ 713,531</u>	<u>\$ 482,292</u>
Recreation and cultural services			
Recreation			
Administration			
Personnel	\$ 34,458	\$ 31,573	\$ 25,418
Community centre and halls	77,976	71,762	48,009
Swimming pools, beaches and marinas	5,500	7,246	15,018
Rink and arena			
Personnel	140,013	156,194	101,605
Other	130,714	230,436	166,665
Parks and playgrounds			
Personnel	161,483	121,214	96,857
Other	11,265	19,506	12,533
Other recreation facilities			
Other	39,554	41,976	26,727
Cultural			
Museums and libraries			
Personnel	6,000	-	5,794
Other	12,250	10,990	10,471
Other recreation and cultural services			
Festivals and events	63,000	70,334	52,357
Contribution to Regional Service Commission	182,054	182,054	177,474
Amortization of deferred financing charges	59	59	34
Amortization of tangible capital assets	178,502	178,502	184,364
Interest	2,366	2,330	1,540
Total recreation and cultural services	<u>\$ 1,045,194</u>	<u>\$ 1,124,176</u>	<u>\$ 924,866</u>

EASTERN CHARLOTTE
Notes to the Consolidated Financial Statements
December 31, 2025

27. Revenue and Expense Support (continued)

	2025		2024
	(Unaudited) Budget	Actual	Actual
Expenditures			
Water and Sewer			
Water supply			
Administration and general			
Personnel	\$ 118,522	\$ 91,872	\$ 78,827
Other	24,555	32,078	27,782
Purification and treatment	34,500	46,673	37,960
Transmission and distribution			
Personnel	121,641	85,267	74,171
Other	92,500	152,121	86,741
Power and pumping	80,600	64,433	61,100
Source of supply			
Other	-	231,116	65,381
Billing and collection			
Other	400	74	394
Workshop and buildings	7,667	6,469	7,619
Bank service charges	1,000	1,339	985
Discounts for early payment	7,500	6,716	7,030
Provision for loss on accounts receivable	-	1,222	1,425
Amortization of deferred financing charges	-	105	63
Amortization of tangible capital assets	364,722	364,722	363,350
Interest	36,860	34,329	33,941
	<u>890,467</u>	<u>1,118,536</u>	<u>846,769</u>
Wastewater Disposal			
Administration and general			
Personnel	118,522	91,680	76,703
Other	25,443	21,975	29,040
Wastewater collection system			
Personnel	121,641	82,264	72,607
Other	58,400	81,699	56,021
Wastewater lift stations	88,056	71,645	56,091
Wastewater treatment and disposal	160,150	119,816	129,656
Billing and collection			
Other	500	-	25
Workshop and buildings	7,817	6,552	7,660
Bank service charges and debenture costs	1,345	1,339	984
Discounts for early payment	7,500	6,715	7,029
Provision for loss on accounts receivable	-	1,222	1,425
Amortization of deferred financing charges	-	72	72
Amortization of tangible capital assets	246,241	246,241	236,921
Interest	5,776	3,341	3,781
	<u>841,391</u>	<u>734,561</u>	<u>678,015</u>
Total water and sewer	\$ 1,731,858	\$ 1,853,097	\$ 1,524,784