

RURAL COMMUNITY OF FUNDY SHORES

FINANCIAL STATEMENTS

DECEMBER 31, 2025

RURAL COMMUNITY OF FUNDY SHORES

DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

To His Worship The Mayor and Members of Council
Rural Community of Fundy Shores, New Brunswick

Qualified Opinion

We have audited the financial statements of the Rural Community of Fundy Shores (the "Rural Community"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets (debt) and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Qualified Opinion

Canadian public sector accounting standards require that a liability be recorded for the post employment benefits offered to employees. This liability is based on a number of estimates and assumptions using an actuarial valuation prepared by an external party.

The pension obligation has been recorded as at December 31, 2025 and expensed in the current fiscal year as the actuarial information for the 2024 year was not available and no liability was recorded. As such, we were not able to determine the extent of the adjustments required to pension obligation and expenditures for the 2024 fiscal year and no comparative disclosures are provided in Note 8.

The Rural Community also provides accumulating sick leave benefits to eligible employees. The actuarial information for the 2025 year was not available and no liability was recorded. As such, we were not able to determine the extent of the adjustments required to sick leave obligation and expenditures for the 2025 fiscal year.

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 Rural Community in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

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

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

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

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.

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 Rural Community'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 Rural Community'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 Rural Community 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 communicated 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, NB
September 2, 2026


CHARTERED PROFESSIONAL ACCOUNTANTS

RURAL COMMUNITY OF FUNDY SHORES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Under (Over)	2025 Budget (Note 16)	2025 Actual	2024 Actual
REVENUE				
Property tax warrant	\$ -	\$ 2,153,942	\$ 2,153,942	\$ 2,098,407
Other government transfers	(46,084)	-	46,084	226,838
Services provided to other governments (Note 16)	-	76,530	76,530	72,792
Sale of services, fines and other fees (Note 16)	(52,891)	16,500	69,391	37,158
Unconditional grant	-	41,421	41,421	34,868
Interest	<u>(20,189)</u>	<u>-</u>	<u>20,189</u>	<u>5,034</u>
	<u>(119,164)</u>	<u>2,288,393</u>	<u>2,407,557</u>	<u>2,475,097</u>
EXPENDITURE (Note 16)				
General government services	77,937	524,578	446,641	491,701
Protective services	116,964	575,941	458,977	355,969
Transportation services	2,154	13,531	11,377	413
Environmental health services	68,102	360,000	291,898	324,503
Environmental development services	(10,124)	358,663	368,787	344,840
Recreation and cultural services	<u>29,336</u>	<u>255,135</u>	<u>225,799</u>	<u>227,566</u>
	<u>284,369</u>	<u>2,087,848</u>	<u>1,803,479</u>	<u>1,744,992</u>
ANNUAL SURPLUS FOR THE YEAR (Note 13)	\$ <u>(403,533)</u>	200,545	604,078	730,105
ACCUMULATED SURPLUS - BEGINNING OF YEAR		<u>-</u>	<u>1,072,332</u>	<u>342,227</u>
ACCUMULATED SURPLUS - END OF YEAR		\$ <u>200,545</u>	\$ <u>1,676,410</u>	\$ <u>1,072,332</u>

RURAL COMMUNITY OF FUNDY SHORES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash (Note 4)	\$ 1,266,098	\$ 698,357
Accounts receivable		
General	-	27,317
Federal Government and its agencies (Note 5)	28,227	17,565
Post employment benefits asset (Note 8)	<u>22,500</u>	<u>-</u>
	<u>\$ 1,316,825</u>	<u>\$ 743,239</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 96,521	\$ 145,954
Deferred revenue (Note 6)	131,359	43,187
Long term debt (Note 7)	<u>567,735</u>	<u>638,702</u>
	<u>795,615</u>	<u>827,843</u>
NET ASSETS (DEBT)	<u>521,210</u>	<u>(84,604)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	1,299,076	1,216,577
Accumulated amortization (Note 11)	<u>(146,602)</u>	<u>(59,641)</u>
	<u>1,152,474</u>	<u>1,156,936</u>
Prepaid expenses	<u>2,726</u>	<u>-</u>
ACCUMULATED SURPLUS	<u>\$ 1,676,410</u>	<u>\$ 1,072,332</u>
CONTINGENT LIABILITY (Note 9)		

APPROVED BY:

Henry Cogswell Mayor

Linda Sullivan Brown Treasurer



RURAL COMMUNITY OF FUNDY SHORES

STATEMENT OF CHANGES IN NET ASSETS (DEBT)

AS AT DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Annual surplus	\$ 604,078	\$ 730,105
Acquisition of tangible capital assets	(82,499)	(1,002,835)
Amortization of tangible capital assets	86,961	50,093
Acquisition of prepaid expenses	<u>(2,726)</u>	<u>-</u>
Increase (decrease) in net assets (debt)	605,814	(222,637)
Net assets - beginning of year	<u>(84,604)</u>	<u>138,033</u>
Net assets (debt) - end of year	\$ <u><u>521,210</u></u>	\$ <u><u>(84,604)</u></u>

APPROVED BY:

Henry Coglin

Mayor

Linda Llewellyn Brown

Treasurer



RURAL COMMUNITY OF FUNDY SHORES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
INCREASE (DECREASE) IN CASH		
OPERATING TRANSACTIONS		
Annual surplus	\$ 604,078	\$ 730,105
Amortization of tangible capital assets	86,961	50,093
Receivable - General	27,317	(14,165)
Receivable - Federal Government and its agencies	(10,662)	(13,996)
Receivable - Province of New Brunswick	-	7,275
Post employment benefits asset	(22,500)	-
Accounts payable and accrued liabilities	(49,433)	(64,360)
Deferred revenue	88,172	43,187
Change in prepaid expenses	<u>(2,726)</u>	<u>-</u>
	<u>721,207</u>	<u>738,139</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(82,499)</u>	<u>(1,002,835)</u>
FINANCING TRANSACTIONS		
Acquisition of long term debt	-	709,669
Repayment of long term debt	<u>(70,967)</u>	<u>(70,967)</u>
	<u>(70,967)</u>	<u>638,702</u>
NET INCREASE IN CASH	567,741	374,006
CASH - BEGINNING OF YEAR	<u>698,357</u>	<u>324,351</u>
CASH - END OF YEAR	<u>\$ 1,266,098</u>	<u>\$ 698,357</u>

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. PURPOSE OF THE ORGANIZATION

The Rural Community of Fundy Shores (the "Rural Community") was incorporated as a rural community on January 1, 2023 under the Province of New Brunswick Local Governance Act by New Brunswick Regulation 2022-50 on August 30, 2022. As a municipality, the Rural Community is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rural Community are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local government, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

The focus of Public Sector Accounting Standards ("PSAS") financial statements is on the financial position of the Rural Community and the changes thereto. The statement of financial position includes all of the assets and liabilities of the Rural Community.

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

Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenditures and changes in net assets 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 Rural Community and which are owned or controlled by the Rural Community. The Rural Community does not have any organizations and enterprises that requires consolidation.

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budget figures contained in these financial statements were approved by Council on December 4, 2024 and the Director of Community Finances on December 16, 2025.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments with actively traded markets are reported at fair value, with any unrealized gains losses reported in annual surplus. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition

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 expenditures are incurred. Conditional government transfers related to capital assets are recognized as revenue in the year the transfer is received.

Other revenue is recorded when it is earned.

Expenditure Recognition

Expenditures are recorded on an accrual basis.

Measurement Uncertainty

The preparation of the 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 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:

- the allowance for doubtful accounts;
- providing for amortization of tangible capital assets;
- the estimated useful lives of tangible capital assets;
- the recoverability of tangible capital assets; and
- post employment benefits asset.

Capital Reserves

The use of the Capital Reserve Funds is restricted to capital expenditures. The intention is to use these funds for future expenditures and reduce future borrowing requirements.

Operating Reserves

The use of these funds is restricted to payment of operating expenses.

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. The cost of the tangible capital asset, less any residual value when applicable, is amortized on a straight-line basis over the estimated useful lives as follows:

<u>Asset Type</u>	<u>Estimated Useful Life</u>
Buildings	10-40 years
Vehicles	10-20 years
Firefighting equipment	5-8 years
Computer hardware and software	3 years
Furniture and equipment	5 years

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets under construction are not amortized until the asset is available for productive use. Assets acquired in the current year are amortized at one half of the annual rate.

Segmented Information

The Rural Community is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Rural Community'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 Rural Community. 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, 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 waste collection and disposal.

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.

The Rural Community has documented a schedule of segmented disclosure in Note 12.

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 Statement of Operations. As at December 31, 2025, no material asset retirement obligations have been identified by management.

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

3. FINANCIAL INSTRUMENTS

The Rural Community is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Rural Community's risk exposure and concentration as of December 31, 2025:

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Rural Community is exposed to credit risk from its accounts receivable. The Rural Community minimizes credit risk through ongoing credit management.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Rural Community is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, accounts payable and accrued liabilities and other obligations.

Currency Risk

Currency risk is the risk to the Rural Community's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Rural Community is not exposed to foreign currency risk as it does not hold foreign currencies.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Rural Community manages exposure through its normal operating and financing activities. The Rural Community is not exposed to interest rate risk as it does not have any variable interest rate debt.

4. CASH

	<u>2025</u>	<u>2024</u>
Unrestricted	\$ 655,080	\$ 360,415
Restricted - reserve funds (Note 14)	<u>611,018</u>	<u>337,942</u>
	<u>\$ 1,266,098</u>	<u>\$ 698,357</u>

5. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	<u>2025</u>	<u>2024</u>
Canada Revenue Agency HST refund	<u>\$ 28,227</u>	<u>\$ 17,565</u>

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

6. DEFERRED REVENUE

Deferred revenue consists of funds received from Canada Community Building Fund (CCBF) to be used for future capital projects.

7. LONG TERM DEBT

	Balance January 1, <u>2025</u>	Issued during <u>year</u>	Repaid during <u>year</u>	Balance December 31, <u>2025</u>
Province of New Brunswick: sublease of RBC Lease #201000078454, non-interest bearing, repayments of \$70,967 per year with final payment due on January 18, 2034. The sublease is secured by a vehicle with a net book value of \$656,444.	\$ <u>638,702</u>	\$ <u>-</u>	\$ <u>70,967</u>	\$ <u>567,735</u>

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

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

2026	\$ 70,967
2027	70,967
2028	70,967
2029	70,967
2030	70,967

8. POST EMPLOYMENT BENEFITS PAYABLE

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, 2024 and resulted in an overall NB MEPP accrued benefit obligation of \$173,387,500 based 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.

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

8. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

The following summarizes the major assumptions in the valuation as at December 31, 2025:

- 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; and
- estimated average remaining service life (EARS�) is 15.0 years.

The actuarial funding valuation prepared as at December 31, 2024 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 \$5,596,700, a change of \$3,899,300 from the December 31, 2023 deficit of \$9,496,000. Based on the assumptions as at December 31, 2024, 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, 2024, the NB MEPP provides benefits for 344 retirees. Total benefits payments to retirees and terminating employees during 2025 were \$8,836,900 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 7.88%. Each participating body contributes an amount that equals their employees contributions 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 were \$11,874,400 in totality for the NB MEPP.

The following summarizes the NB MEPP data as it relates to Fundy Shores:

- The average age of the active employees covered by the NB MEPP is 38.9 (as at Dec 31, 2024);
- Benefit payments were \$3,800 in 2025; and
- Combined contributions were \$24,200 in 2025.

NB MEPP's actuary determined the position of the NB MEPP as it relates to Fundy Shores as at December 31, 2025. Results are as follows:

	Jan 1, 2025 to Dec 31, 2025
Accrued Benefit Asset	
Accrued benefit asset at beginning of period	\$ 13,900
Pension expense for the year	(3,500)
Less: Employer contributions	<u>12,100</u>
Accrued benefit asset at end of period	<u>\$ 22,500</u>

In summary, the Accrued Benefit Asset as it related to Fundy Shores was \$22,500 as at December 31, 2025. This compares to \$13,900 as at January 1, 2025. This amount is included in the post employment benefits asset on the statement of financial position.

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

8. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

The financial position as it relates to the Accrued Benefit Asset is shown as follows and illustrates the unamortized amounts being recognized in pension expense over time:

	<u>Dec 31, 2025</u>
Reconciliation of Funded Status at End of Period	
Accrued benefit obligation	\$ 170,200
Plan assets	<u>(56,500)</u>
Plan deficit	113,700
Unamortized experience losses	<u>(136,200)</u>
Accrued benefit asset at end of period	<u>\$ (22,500)</u>

The following illustrates the reconciliation of accrued benefit obligation from the beginning of period to the end of period:

	<u>Jan 1, 2025</u> to <u>Dec 31, 2025</u>
Reconciliation of Accrued Benefit Obligation	
Accrued benefit obligation at beginning of period	\$ 102,200
Current service cost	6,000
Benefits payments	(3,800)
Interest for period	6,200
Experience loss during period	<u>59,600</u>
Accrued benefit obligation at end of period	<u>\$ 170,200</u>

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

	<u>Jan 1, 2025</u> to <u>Dec 31, 2025</u>
Reconciliation of Plan Assets	
Plan assets at beginning of period	\$ 32,100
Employer contributions	12,100
Employee contributions	12,100
Benefit payments	(3,800)
Return on plan assets during period	<u>4,000</u>
Plan assets at end of period	<u>\$ 56,500</u>

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

8. POST EMPLOYMENT BENEFITS PAYABLE (cont'd)

Total expense related to pensions include the following components:

	Jan 1, 2025 to Dec 31, 2025
Pension Expense	
Employer current service cost	\$ (6,100)
Interest on accrued benefit obligation	6,200
Expected return on assets	(2,600)
Amortization of unrecognized balances - experience loss	<u>6,000</u>
Total amortization	<u>6,000</u>
Pension expense	<u>\$ 3,500</u>

The pension expense is included in the statement of operations.

9. CONTINGENT LIABILITY

In the normal course of operations, the Rural Community 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 Rural Community maintains insurance coverage in amounts considered appropriate.

10. SHORT TERM BORROWING

Operating Borrowing

As prescribed in the Local Governance Act, borrowing to finance General Operating Fund operations is limited to 5% of the Municipality's budget. In 2025, the Rural Community has complied with these restrictions.

Inter-fund Borrowing

The Local Governance Act requires that short term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. The amounts payable between Funds are in compliance with the requirements.

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

11. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Firefighting Equipment</u>	<u>Computer Hardware and Software</u>	<u>Furniture and Equipment</u>	<u>2025 Total</u>	<u>2024 Total</u>
COST								
Balance - beginning of year	\$ 56,174	\$ 174,654	\$ 881,669	\$ 46,252	\$ 27,232	\$ 30,596	\$ 1,216,577	\$ 213,742
Add: Net additions during the year	-	19,777	-	62,722	-	-	82,499	1,002,835
Less: Disposals during the year	-	-	-	-	-	-	-	-
Balance - end of year	<u>56,174</u>	<u>194,431</u>	<u>881,669</u>	<u>108,974</u>	<u>27,232</u>	<u>30,596</u>	<u>1,299,076</u>	<u>1,216,577</u>
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	6,783	26,342	3,721	13,616	9,179	59,641	9,548
Add: Amortization during the year	-	6,020	52,683	13,061	9,077	6,119	86,961	50,093
Less: Accumulated amortization on disposals	-	-	-	-	-	-	-	-
Balance - end of year	<u>-</u>	<u>12,803</u>	<u>79,025</u>	<u>16,782</u>	<u>22,693</u>	<u>15,298</u>	<u>146,602</u>	<u>59,641</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 56,174</u>	<u>\$ 181,628</u>	<u>\$ 802,644</u>	<u>\$ 92,192</u>	<u>\$ 4,539</u>	<u>\$ 15,298</u>	<u>\$ 1,152,474</u>	<u>\$ 1,156,936</u>

The Municipality has tangible capital assets under capital leases as follows, included in the amounts listed above:

	<u>Historical Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Vehicles	\$ <u>709,669</u>	\$ <u>53,225</u>	\$ <u>656,444</u>

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

12. SCHEDULE OF SEGMENT DISCLOSURE

	<u>General</u>	<u>Protective</u>	<u>Transportation</u>	<u>Environmental Health</u>	<u>Environmental Development</u>	<u>Recreation and Culture</u>	<u>2025</u>	<u>2024</u>
REVENUE								
Property tax warrant	\$ 763,068	\$ 498,731	\$ 13,276	\$ 353,208	\$ 351,896	\$ 173,763	\$ 2,153,942	\$ 2,098,407
Other government transfers	46,084	-	-	-	-	-	46,084	226,838
Services provided to other governments	-	-	-	-	-	76,530	76,530	72,792
Sale of services, fines and other fees	54,391	15,000	-	-	-	-	69,391	37,158
Unconditional grant	14,674	9,591	255	6,792	6,767	3,342	41,421	34,868
Interest	<u>20,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,189</u>	<u>5,034</u>
	<u>898,406</u>	<u>523,322</u>	<u>13,531</u>	<u>360,000</u>	<u>358,663</u>	<u>253,635</u>	<u>2,407,557</u>	<u>2,475,097</u>
EXPENDITURE								
Salaries and benefits	142,280	40,222	-	-	-	68,161	250,663	226,591
Goods and services	320,261	351,136	11,377	291,898	368,787	157,638	1,501,097	1,418,955
Interest	4,252	-	-	-	-	-	4,252	1,279
Second previous year surplus and deficit	(39,494)	-	-	-	-	-	(39,494)	48,074
Amortization	<u>19,342</u>	<u>67,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,961</u>	<u>50,093</u>
	<u>446,641</u>	<u>458,977</u>	<u>11,377</u>	<u>291,898</u>	<u>368,787</u>	<u>225,799</u>	<u>1,803,479</u>	<u>1,744,992</u>
SURPLUS (DEFICIT)	<u>\$ 451,765</u>	<u>\$ 64,345</u>	<u>\$ 2,154</u>	<u>\$ 68,102</u>	<u>\$ (10,124)</u>	<u>\$ 27,836</u>	<u>\$ 604,078</u>	<u>\$ 730,105</u>

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

13. RECONCILIATION OF ANNUAL SURPLUS

	General Operating Fund	General Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Total
2025 annual surplus (deficit)	\$ 668,963	\$ (71,961)	\$ 1,718	\$ 5,358	\$ 604,078
Adjustments to annual surplus for funding requirements					
Second previous year's surplus	39,494	-	-	-	39,494
Transfers between funds					
Transfer from general operating fund to general capital fund	(82,499)	82,499	-	-	-
Transfer from general operating fund to general operating reserve fund	(20,000)	-	20,000	-	-
Transfer from general operating fund to general capital reserve fund	(246,000)	-	-	246,000	-
Long term debt principal repayment	(70,997)	70,997	-	-	-
Deferred CCBF revenue	(131,359)	-	-	-	(131,359)
Amortization expense	-	86,961	-	-	86,961
Total adjustments to 2025 annual surplus	(511,361)	240,457	20,000	246,000	(4,904)
2025 annual surplus for funding requirements	\$ 157,602	\$ 168,496	\$ 21,718	\$ 251,358	\$ 599,174

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

14. STATEMENT OF RESERVES

	<u>General Operating Reserve</u>	<u>General Capital Reserve</u>	<u>2025 Total</u>	<u>2024 Total</u>
ASSETS				
Cash	\$ <u>107,019</u>	\$ <u>503,999</u>	\$ <u>611,018</u>	\$ <u>337,942</u>
ACCUMULATED SURPLUS	\$ <u>107,019</u>	\$ <u>503,999</u>	\$ <u>611,018</u>	\$ <u>337,942</u>
REVENUE				
Transfer to Operating Reserve	\$ 20,000	\$ -	\$ 20,000	\$ 34,000
Transfer to Capital Reserve	-	246,000	246,000	227,000
Interest	<u>1,718</u>	<u>5,358</u>	<u>7,076</u>	<u>1,942</u>
ANNUAL SURPLUS	\$ <u>21,718</u>	\$ <u>251,358</u>	\$ <u>273,076</u>	\$ <u>262,942</u>

Council Resolutions regarding transfers to and from reserves:

Moved by Councillor Bent, seconded by Deputy Mayor Saulnier to resolve to transfer \$20,000 from the General Operating Fund to the General Operating Reserve Fund.

MOTION UNANIMOUSLY CARRIED

Moved by Councillor Dealy, seconded by Councillor Bent to resolve to transfer \$100,000 from the General Operating Fund to the Capital Reserve Fund.

MOTION UNANIMOUSLY CARRIED

CAO Brown presented to Council an overview of the year-end financial surplus, noting that \$146,000 in savings will be transferred to the capital reserve. Moved by Councillor Dealy, seconded by Councillor Bent to approve the transfer.

MOTION UNANIMOUSLY CARRIED

Certified true copy of three motions made at the Regular Council Meetings of December 3, 2025.

Linda Lunn Braun
Clerk,
Rural Community of Fundy Shores



Sept 2/2026
Date

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

15. OPERATING BUDGET TO PSAS BUDGET

	<u>Budget General</u>	<u>Amortization TCA</u>	<u>Transfers</u>	<u>Total</u>
REVENUE				
Property tax warrant	\$ 2,153,942	\$ -	\$ -	\$ 2,153,942
Services provided to other governments	76,530	-	-	76,530
Unconditional grant	41,421	-	-	41,421
Sales of services, fines and other fees	16,500	-	-	16,500
Surplus of second previous year	<u>61,455</u>	<u>-</u>	<u>(61,455)</u>	<u>-</u>
	<u>2,349,848</u>	<u>-</u>	<u>(61,455)</u>	<u>2,288,393</u>
EXPENDITURES				
General government services	503,236	19,342	2,000	524,578
Protective services	508,322	67,619	-	575,941
Transportation services	13,531	-	-	13,531
Environmental health services	360,000	-	-	360,000
Environmental development services	358,663	-	-	358,663
Recreation and cultural services	255,135	-	-	255,135
Fiscal services				
Interest	4,000	-	(4,000)	-
Transfer from General Operating Fund to General Operating Reserve Fund	20,000	-	(20,000)	-
Transfer from General Operating Fund to General Capital Reserve Fund	100,000	-	(100,000)	-
Deficit of second previous year	21,961	-	(21,961)	-
Capital expenditures	<u>205,000</u>	<u>-</u>	<u>(205,000)</u>	<u>-</u>
	<u>2,349,848</u>	<u>86,961</u>	<u>(348,961)</u>	<u>2,087,848</u>
SURPLUS (DEFICIT)	<u>\$ -</u>	<u>\$ (86,961)</u>	<u>\$ 287,506</u>	<u>\$ 200,545</u>

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

16. REVENUE AND EXPENDITURES SUPPORT

	<u>2025</u> Under (Over)	<u>2025</u> Budget	<u>2025</u> Actual	<u>2024</u> Actual
REVENUE				
Services provided to other governments				
Recreation	\$ <u>-</u>	\$ <u>76,530</u>	\$ <u>76,530</u>	\$ <u>72,792</u>
Sale of services, fines and other fees				
Miscellaneous	\$ (32,666)	\$ 1,500	\$ 34,166	\$ 21,492
Permits and fines	(20,225)	15,000	35,225	15,576
Building rentals	<u>-</u>	<u>-</u>	<u>-</u>	<u>90</u>
	\$ <u>(52,891)</u>	\$ <u>16,500</u>	\$ <u>69,391</u>	\$ <u>37,158</u>
EXPENDITURE				
<u>General government services</u>				
Legislative				
Councillors	\$ 5,806	\$ 37,840	\$ 32,034	\$ 36,313
Mayor	240	12,223	11,983	11,636
Training and development	<u>1,334</u>	<u>7,500</u>	<u>6,166</u>	<u>6,840</u>
	<u>7,380</u>	<u>57,563</u>	<u>50,183</u>	<u>54,789</u>
Administrative				
Clerk	169	61,650	61,481	57,671
Manager	169	61,650	61,481	57,671
Other	14,342	59,003	44,661	35,135
Legal services	(455)	10,000	10,455	11,853
Office building	5,062	18,500	13,438	8,546
Training and development	<u>838</u>	<u>6,000</u>	<u>5,162</u>	<u>5,975</u>
	<u>20,125</u>	<u>216,803</u>	<u>196,678</u>	<u>176,851</u>
Financial management				
Audit	6,486	19,000	12,514	17,207
Accounting services	<u>8,153</u>	<u>14,000</u>	<u>5,847</u>	<u>6,508</u>
	<u>14,639</u>	<u>33,000</u>	<u>18,361</u>	<u>23,715</u>

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

16. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2025</u> Under (Over)	<u>2025</u> Budget	<u>2025</u> Actual	<u>2024</u> Actual
Other				
Cost of assessment	-	134,583	134,583	130,728
Lepreau and Musquash net deficit	-	-	-	48,074
Liability insurance	6,588	30,000	23,412	24,100
Municipal association memberships	2,287	11,500	9,213	9,071
Civic relations	(1,181)	7,500	8,681	2,226
Interest	(2,252)	2,000	4,252	1,279
Donations	7,850	10,000	2,150	1,250
Collaborative services	1	2,287	2,286	524
Post employment benefits	22,500	-	(22,500)	-
Amortization	-	19,342	19,342	19,094
	<u>35,793</u>	<u>217,212</u>	<u>181,419</u>	<u>236,346</u>
	<u>\$ 77,937</u>	<u>\$ 524,578</u>	<u>\$ 446,641</u>	<u>\$ 491,701</u>
<u>Protective services</u>				
Emergency measures				
Animal and pest control	\$ 7,923	\$ 21,000	\$ 13,077	\$ 18,033
Other	(62)	4,000	4,062	3,129
Regional collaboration	-	1,122	1,122	1,187
Training and development	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>71</u>
	<u>10,361</u>	<u>28,622</u>	<u>18,261</u>	<u>22,420</u>
Fire protection				
Firefighting equipment	126,997	202,000	75,003	81,378
Firefighting force other	(9,337)	57,000	66,337	53,892
Station and building	(11,171)	57,500	68,671	42,172
Dispatch services	637	43,000	42,363	41,618
Contract services from other districts	(15,752)	35,000	50,752	29,994
Firefighting force personnel	(222)	40,000	40,222	19,352
Training and development	10,166	25,500	15,334	19,041
Administration	3,796	17,200	13,404	14,102
Fire alarm systems	489	1,500	1,011	1,001
Amortization	-	67,619	67,619	30,999
	<u>105,603</u>	<u>546,319</u>	<u>440,716</u>	<u>333,549</u>
Other protective services	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 116,964</u>	<u>\$ 575,941</u>	<u>\$ 458,977</u>	<u>\$ 355,969</u>

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

16. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2025</u> Under (Over)	<u>2025</u> Budget	<u>2025</u> Actual	<u>2024</u> Actual
<u>Transportation services</u>				
Road transport				
Street signs	\$ 2,154	\$ 2,500	\$ 346	\$ -
Public transportation				
Transit	-	11,031	11,031	413
	<u>\$ 2,154</u>	<u>\$ 13,531</u>	<u>\$ 11,377</u>	<u>\$ 413</u>
<u>Environmental health services</u>				
Solid waste collection and disposal				
Solid waste collection	\$ 37,031	\$ 275,000	\$ 237,969	\$ 261,250
Solid waste disposal	26,071	80,000	53,929	63,253
Other	5,000	5,000	-	-
	<u>\$ 68,102</u>	<u>\$ 360,000</u>	<u>\$ 291,898</u>	<u>\$ 324,503</u>
<u>Environmental development services</u>				
Planning and zoning				
Local planning	\$ 8,505	\$ 210,061	\$ 201,556	\$ 205,178
Regional planning	(28,223)	5,000	33,223	10,238
	<u>(19,718)</u>	<u>215,061</u>	<u>234,779</u>	<u>215,416</u>
Community and social development				
Community development	4,000	12,057	8,057	3,844
Economic development				
Administration	1,000	87,763	86,763	97,008
Other development services				
Tourism	4,644	43,782	39,138	28,572
Other	(50)	-	50	-
	<u>4,594</u>	<u>43,782</u>	<u>39,188</u>	<u>28,572</u>
	<u>\$ (10,124)</u>	<u>\$ 358,663</u>	<u>\$ 368,787</u>	<u>\$ 344,840</u>

RURAL COMMUNITY OF FUNDY SHORES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

16. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	<u>2025</u> Under (Over)	<u>2025</u> Budget	<u>2025</u> Actual	<u>2024</u> Actual
<u>Recreation and cultural services</u>				
Recreation services				
Administration personnel	\$ 899	\$ 60,000	\$ 59,101	\$ 41,235
Community centres and halls	6,126	26,000	19,874	13,233
Community event	8,602	20,000	11,398	12,421
Libraries	6,781	8,500	1,719	4,943
Administration other	(3,060)	6,000	9,060	4,735
Training and development	<u>2,110</u>	<u>4,000</u>	<u>1,890</u>	<u>1,795</u>
	21,458	124,500	103,042	78,362
Other recreation and cultural services				
Contributions	(1)	103,635	103,636	103,655
Other	<u>7,879</u>	<u>27,000</u>	<u>19,121</u>	<u>45,549</u>
	<u>\$ 29,336</u>	<u>\$ 255,135</u>	<u>\$ 225,799</u>	<u>\$ 227,566</u>