

DISTRICT OF TOBIQUE VALLEY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

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DISTRICT OF TOBIQUE VALLEY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

DECEMBER 31, 2024

The accompanying consolidated financial statements of District of Tobique Valley are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors annually, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Lenehan McCain & Associates, CPA's, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of District of Tobique Valley and meet when required.

On behalf of District of Tobique Valley:

Mayor

Date

Deputy Mayor

Date

Independent Auditor's Report

To His Worship the Mayor and Members of Council, of
District of Tobique Valley

Opinion

We have audited the consolidated financial statements of District of Tobique Valley, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2024, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. Notes 14-18 on pages 22-30 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

Independent Auditor's Report, continued

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Leah M. Cain + Associates

Chartered Professional Accountants

**Perth-Andover, New Brunswick
July 21, 2025**

DISTRICT OF TOBIQUE VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 1,283,025	\$ 889,558
Accounts receivable (Note 4)	88,331	102,345
	1,371,356	991,903
Liabilities		
Accounts payable and accruals (Note 5)	402,320	434,991
Deferred revenue (Note 6)	268,124	86,878
Pension obligation (Note 8)	104,300	88,800
Long-term debt (Note 7)	1,214,000	1,329,000
	1,988,744	1,939,669
Net debt	(617,388)	(947,766)
Non-financial Assets		
Tangible capital assets (Note 13)	4,523,180	4,699,365
Prepaid expenses and supplies inventory	35,843	36,662
	4,559,023	4,736,027
Accumulated Surplus	\$ 3,941,635	\$ 3,788,261

Approved on behalf of the Council

_____, Mayor
_____, Deputy Mayor

The accompanying notes are an integral part of the financial statements

DISTRICT OF TOBIQUE VALLEY
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 Budget (unaudited)	2024 Actual	2023 Actual
Surplus (deficit)	\$ (171,871)	\$ 153,374	\$ 312,170
Amortization of tangible capital assets	270,084	270,084	250,371
Acquisition of tangible capital assets	-	(93,899)	(276,750)
Net disposal of tangible capital assets	-	-	1,300
	270,084	176,185	(25,079)
Change in prepaid asset and supplies inventory	819	819	377
Increase in net financial assets	99,032	330,378	287,468
Net debt at beginning of year	-	(947,766)	(1,235,234)
Net debt at end of year	\$ -	\$ (617,388)	\$ (947,766)

The accompanying notes are an integral part of the financial statements

DISTRICT OF TOBIQUE VALLEY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 Budget	2024 Actual	2023 Actual
Revenue			
Warrant of assessment	\$ 2,290,830	\$ 2,290,830	\$ 2,070,885
Unconditional grant	415,656	415,656	430,782
Services provided to other governments	36,040	37,397	41,139
Water and sewer user fees	410,533	409,451	384,347
Sales of service	69,524	85,098	60,183
Other government transfers	23,489	63,759	213,526
Other revenue from own source	46,000	153,495	292,920
Gain on disposal of tangible capital assets	-	-	(100)
	3,292,072	3,455,686	3,493,682
Expenditures			
General government services	443,821	438,170	394,775
Protective services	842,336	801,568	799,290
Transportation services	467,415	366,647	387,473
Environmental health services	316,812	330,585	298,993
Environmental development services	188,179	165,387	184,346
Recreational and cultural services	776,004	803,638	752,002
Water and sewer	429,376	396,317	364,633
	3,463,943	3,302,312	3,181,512
Surplus (deficit)	(171,871)	153,374	312,170
Accumulated surplus at beginning of year		3,788,261	3,476,091
Accumulated surplus at end of year	\$ -	\$ 3,941,635	\$ 3,788,261

The accompanying notes are an integral part of the financial statements

DISTRICT OF TOBIQUE VALLEY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Cash flows from		
Operating activities		
Surplus	\$ 153,374	\$ 312,170
Items not affecting cash		
Amortization of tangible capital assets	270,084	250,371
(Gain) loss on proceeds of tangible capital assets	-	100
	<u>423,458</u>	<u>562,641</u>
Change in non-cash operating working capital		
Accounts receivable	14,014	(41,294)
Accounts payable and accruals	(32,671)	149,550
Post employment benefits	15,500	(13,100)
Prepaid expenses and supplies inventory	819	377
Deferred revenue	181,246	(10,476)
	<u>602,366</u>	<u>647,698</u>
Capital activities		
Proceeds on disposal of tangible capital assets	-	1,200
Acquisition of tangible capital assets	(93,899)	(276,750)
	<u>(93,899)</u>	<u>(275,550)</u>
Financing activities		
Long-term debt repayment	(115,000)	(114,920)
Increase (decrease) in cash and cash equivalents	393,467	257,228
Cash and cash equivalents, beginning of year	889,558	632,330
Cash and cash equivalents, end of year	\$ 1,283,025	\$ 889,558

The accompanying notes are an integral part of the financial statements

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Description of entity

The District of Tobique Valley was incorporated and operates under the provisions of the Province of New Brunswick Local Government Act. As a municipality, the District is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act.

The District provides municipal services such as police, fire, public works, engineering, parks and recreation, community development and general government operations.

New Brunswick Regulation 2022-50 under the Local Governance Act filed on August 30, 2022, stated "For the purpose of the elections held under An Act Respecting Local Governance Reform, former "Village of Plaster Rock", is renamed "District of Tobique Valley" and will continue with certain unincorporated areas contiguous to the District of Tobique Valley and are annexed to the District of Tobique Valley". The effective date of the annexation was January 1, 2023.

2. Basis of Presentation and Significant Accounting Policies

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

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The focus of Public Sector Accounting (PSA) 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.

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

(a) Cash

Cash and cash equivalents include cash on hand, demand deposits and short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Budget

The budget figures contained in these financial statements were approved by Council on December 7, 2023 and were approved by the Minister of Local Government on January 8, 2024. The budget figures are unaudited.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

2. Basis of Presentation and Significant Accounting Policies, continued

(c) Reporting entity

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

There are no other organizations or entities included in these consolidated financial statements.

Inter-departmental and organizational transactions and balances are eliminated.

(d) Use of estimates

The preparation of the consolidated financial statements in conformity with public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates reported in these financial statements include amortization of tangible capital assets, the pension asset/obligation, and the accrued sick leave obligation. Actual results may differ from those estimates.

(e) Revenue recognition

Taxation revenue represents annual levy administered and collected by the Province of New Brunswick on behalf of all New Brunswick Municipalities for municipal services. They are recorded as warrant of assessment as the funds are received by the District.

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the District, and a reasonable estimate of the amount to be received can be made.

Fee and charge revenue for building permits, water and sewer, and transportation are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

Other revenue is recorded when it is earned, and collection is reasonably assured.

(f) Supplies inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

2. Basis of Presentation and Significant Accounting Policies, continued

(g) Expenditure recognition

Expenditures are recorded on the accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the statement of financial position date.

(h) Financial instruments

Financial instruments are financial assets or liabilities of the District where the District has the right to receive cash or another financial asset from another party or has the obligation to pay cash or other financial assets to another party or equity instruments of another entity.

The District's financial instruments consist of cash, accounts receivable, and accounts payable. Unless otherwise noted, it is council's opinion that the District is not exposed to any significant interest or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development and betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	10-25 years
Buildings	40 years
Equipment	5-20 years
Infrastructure	10-60 years
Motor vehicles	10 years

Amortization is not recognized in the year assets are acquired.

Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(j) Reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are recorded as an adjustment within accumulated surplus. "Statement of Reserve Funds Balances" to the consolidated financial statements is included to show the reserve fund balances as supplementary information.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

2. Basis of Presentation and Significant Accounting Policies, continued

(k) 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, and other protective measures.
- Transportation services
This department is responsible for common services, road and street maintenance, street lighting 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, parks and playgrounds, 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 swimming pool, arena, and other recreational and cultural facilities.
- Water and sewer
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.

Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis. Taxation, unconditional grant, fees and user charges are allocated to those segments that are funded by these amounts based on percent of budgeted expense.

DISTRICT OF TOBIQUE VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

2. Basis of Presentation and Significant Accounting Policies, continued

(l) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, and prepaid expenses and supplies inventory.

(m) Government transfers

Government transfers are transfers of monetary or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

(n) Deferred revenue

Funding is recorded as deferred revenue if it has been restricted by the government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

(o) Net debt or net financial assets

The consolidated financial statements are presented so as to highlight net financial assets (debts) as the measurement of financial position. The net financial assets (debts) of the District is determined by its financial assets less its liabilities. Net financial assets (debts) is comprised of two components, non-financial assets and accumulated surplus.

(p) Employee future benefits

The Municipality and its employees contribute to the New Brunswick Municipal Employees Pension Plan, a jointly trusted pension plan which provides for service pensions based on length of service and best average earnings (a defined benefit plan). The accrued benefit obligations are determined using the most recent actuarial valuation report prepared for funding purposes.

The Municipality also provides continuation of unused sick days which do not vest to be used during the employees' period of employment.

DISTRICT OF TOBIOQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

2. Basis of Presentation and Significant Accounting Policies, continued

(q) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Municipality is directly responsible, or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

3. Cash and cash equivalents

	2024	2023
Externally restricted		
Gas Tax	\$ 228,434	\$ 81,599
Internally restricted		
Cemetery Fund	5,089	5,869
Reserve Fund GIC's (note 17)	83,162	84,248
Fire Dept	23,965	23,936
	<u>112,216</u>	<u>114,053</u>
Unrestricted		
Cash	942,375	693,906
	<u>\$ 1,283,025</u>	<u>\$ 889,558</u>

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

4. Accounts receivable

	2024	2023
Trade receivables	\$ 30,334	\$ 14,122
Province of New Brunswick - Dept of Environment and Local Government	-	21,176
Federal government and its agencies - HST rebate	45,037	61,810
Utilities customer accounts	12,960	5,237
	<u>\$ 88,331</u>	<u>\$ 102,345</u>

5. Accounts payable and accruals

	2024	2023
Trade payables	\$ 160,663	\$ 134,363
Source deductions payable	17,918	13,429
Sick liability	55,105	45,103
Vacation accrual	10,982	19,141
Minister of finance	157,652	207,830
Wage accrual	-	15,125
	<u>\$ 402,320</u>	<u>\$ 434,991</u>

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

6. Deferred revenue

	December 31, 2023	Funding received, 2024	Revenue recognized, 2024	December 31, 2024
Federal government				
Gas Tax Funding	\$ 80,909	\$ 146,835	\$ -	\$ 227,744
Other				
Cemetery fund	5,869	18,778	(19,557)	5,090
Donation	100	-	(100)	-
Local reform - tourism study	-	35,745	(4,728)	31,017
New Horizons for Seniors Program	-	5,550	(1,277)	4,273
	5,969	60,073	(25,662)	40,380
	\$ 86,878	\$ 206,908	\$ (25,662)	\$ 268,124

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

7. Long-term debt

	2024	2023
NB Municipal Finance Corporation Debenture BR37, interest at 1.65% to 3.3% per annum, matures in 2037, authorized under OIC #06-0012, 16-0017, and 16-0030. Principal repayment required in 2025 is \$60,000.	\$ 493,000	\$ 552,000
NB Municipal Finance Corporation Debenture CE28, interest at 4.511% to 5.245% per annum, matures in 2038, authorized under OIC #07-0053. Principal repayment required in 2025 is \$32,000.	618,000	649,000
NB Municipal Finance Corporation Debenture BZ35, interest at 0.3% to 2.95% per annum, matures in 2026, authorized under OIC #20-0038. Principal repayment required in 2025 is \$9,000.	18,000	27,000
NB Municipal Finance Corporation Debenture BV37, interest at 2.0% to 3.35% per annum, matures in 2029, authorized under OIC #18-0069. Principal repayment required in 2025 is \$16,000.	85,000	101,000
	<u>\$ 1,214,000</u>	<u>\$ 1,329,000</u>

Principal portion of long-term debt due within the next five years:

2025	\$ 117,000
2026	121,000
2027	115,000
2028	81,000
2029 and thereafter	780,000
	<u>\$ 1,214,000</u>

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. 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, 2022 and resulted in an overall NB MEPP accrued benefit obligation of \$148,620,600 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. The following summarizes the major assumptions in the valuation as at December 31, 2023:

- the expected inflation rate is 2.10% per annum
- 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 (EARSLS) is 14.0 years.

The actuarial valuation prepared as at December 31, 2022 indicated that the market value of net assets available for the accumulated plan benefits were greater than the present value of these benefits. The pension plan has been granted a solvency deficiency exemption by the Province of New Brunswick. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of \$12,228,600, a change of \$13,522,700 from the December 31, 2021 surplus of \$1,294,100. Based on the assumptions as at December 31, 2022, 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, 2022, the NB MEPP provides benefits for 315 retirees. Total benefit payments to retirees and terminating employees during 2024 are estimated to be approximately \$5,440,900 (actual 2023, \$7,516,800) in totality for the NB MEPP.

Employees make contributions using rates that vary by earnings level and employment category, with an overall average contribution rate of approximately 7.95%. Each participating body contributes an amount that equals their employees contribution amounts. Pension Fund Assets are invested in Short Term Securities, Bonds, Canadian Equities, Real Estate, Infrastructure, and Foreign Equities. Combined employees and participating bodies' contributions for 2024 are estimated to be approximately \$9,335,000 (actual 2023 \$9,159,600 in totality for the NB MEPP).

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

The following summarizes the NB MEPP data as it relates to the District of Tobique Valley:

- The average age of the 8 active employees covered by the NB MEPP is 53.4 (as at Dec. 31, 2022)
- Benefit payments were \$63,700 in 2023 and were estimated to be \$57,300 in 2024
- Combined contributions were \$50,800 in 2023 and were estimated to be \$52,400 in 2024

In addition to determining the position of the NB MEPP as it relates to the District of Tobique Valley as at December 31, 2022 and December 31, 2023, the NB MEPP's actuary performed an extrapolation of the December 31, 2023 accounting valuation to determine the estimated position as at December 31, 2024. The extrapolation assumes assumptions used as at December 31, 2024 remain unchanged from December 31, 2023. The extrapolation also 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:

	1-Jan-2023 to 31-Dec-2023	Estimated 1-Jan-2024 to 31-Dec-2024
Accrued benefit liability (asset)		
Accrued benefit liability (asset) at beginning of period	\$ 88,800	\$ 104,300
Pension expense for the year	40,900	49,200
Less employer contributions	(25,400)	(26,200)
Accrued benefit liability (asset) at end of period	\$ 104,300	\$ 127,300

In summary, the Accrued Benefit Liability as it relates to the District of Tobique Valley is estimated to be \$127,300 as at December 31, 2024. This compares to \$88,800 as at January 1, 2023 and \$104,300 as at December 31, 2023. 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:

	31-Dec-2023	Estimated 31-Dec-2024
Reconciliation of Funded Status at End of Period		
Accrued benefit obligation	\$ 1,335,900	\$ 1,408,400
Plan assets	(1,080,000)	(1,140,300)
Unamortized experience (losses)/gains	(151,600)	(140,800)
Accrued benefit liability/(asset) at end of period	\$ 104,300	\$ 127,300

DISTRICT OF TOBIQUE VALLEY

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

	1-Jan-2023 to 31-Dec-2023	Estimated 1-Jan-2024 to 31-Dec-2024
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation at beginning of period	\$ 1,213,300	\$ 1,335,900
Current service cost	44,700	49,200
Benefit payments	(63,700)	(57,300)
Interest for period	74,000	80,600
Experience loss/(gain) during period	67,600	-
Accrued benefit obligation at end of period	\$ 1,335,900	\$ 1,408,400

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

	1-Jan-2023 to 31-Dec-2023	Estimated 1-Jan-2024 to 31-Dec-2024
Reconciliation of Plan Assets		
Plan assets at beginning of period	\$ 1,001,300	\$ 1,080,000
Employer contributions	25,400	26,200
Employee contributions	25,400	26,200
Benefit payments	(63,700)	(57,300)
Return on Plan Assets during period	91,600	65,200
Plan Assets at end of period	\$ 1,080,000	\$ 1,140,300

Total expenses related to pension include the following components:

	1-Jan-2023 to 31-Dec-2023	Estimated 1-Jan-2024 to 31-Dec-2024
Pension Expense		
Employer current service cost	\$ 19,300	\$ 23,000
Interest on accrued benefit obligation	74,000	80,600
Expected return on assets	(61,200)	(65,200)
Experience loss/(gain)	8,800	10,800
Pension Expense	\$ 40,900	\$ 49,200

The Pension Expense is included in the statement of operations.

DISTRICT OF TOBIQUE VALLEY

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9. Accrued sick leave obligation

The Municipality provides every employee a sick leave entitlement that accumulates at a rate of 1 day for each calendar month. Full time employees can accumulate a maximum of 66 days, while part time employees can accumulate up to 33 days. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. The estimated obligation at the end of the year has been accrued. The sick leave is a non-vesting benefit and is unfunded.

10. Short-term borrowings compliance

Operating borrowing

As prescribed in the Local Government Act of New Brunswick, borrowing to finance General Fund operations is limited to 4% of the Municipality's operating budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2024, 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 year unless the borrowing is for a capital project. The amounts payable between funds are in compliance with the requirements.

11. Water and Sewer Fund Surplus/Deficit

The Local Government Act requires Water and Sewer Fund surplus/deficit amounts to be absorbed into one of the Operating Budgets commencing with the second next ensuing year. The balance of the surplus/deficit at the end of the year consists of:

	2024	2023
2024 Surplus	\$ 101,288	\$ -
2023 Surplus	77,340	77,340
2022 Surplus	-	31,798
	<u>\$ 178,628</u>	<u>\$ 109,138</u>

12. Water cost transfer

The municipality's water cost transfer is within the maximum allowable by Regulation based on the applicable percentage of system expenditures for the population.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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13. Schedule of Tangible Capital Assets

	Land	Land Improvements	Buildings	Equipment	Infrastructure	Motor Vehicles	Assets under construction	2024 Total	2023 Total
COST									
Balance, beginning of year	\$ 41,729	\$ 303,881	\$ 5,195,158	\$ 1,724,927	\$ 1,531,015	\$ 78,168	\$ 142,952	\$ 9,017,830	\$ 8,742,380
Add:	-	-	-	50,749	-	-	43,150	93,899	315,341
Net additions during the year	-	-	-	-	-	-	-	-	-
Less:	-	-	-	-	-	-	-	-	(39,891)
Disposals during the year	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	41,729	303,881	5,195,158	1,775,676	1,531,015	78,168	186,102	9,111,729	9,017,830
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	150,166	2,202,862	1,231,970	667,475	65,992	-	\$ 4,318,465	4,068,094
Add:	-	14,058	129,859	68,240	56,427	1,500	-	270,084	250,371
Amortization during the year	-	-	-	-	-	-	-	-	-
Less:	-	-	-	-	-	-	-	-	-
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	164,224	2,332,721	1,300,210	723,902	67,492	-	4,588,549	4,318,465
NET BOOK VALUE OF TANGIBLE CAPITAL	\$ 41,729	\$ 139,657	\$ 2,862,437	\$ 475,466	\$ 807,113	\$ 10,676	\$ 186,102	\$ 4,523,180	\$ 4,699,365
Consists of									
General Fund Assets	\$ 41,729	\$ 139,657	\$ 2,808,660	\$ 311,171	\$ 739,658	\$ 10,676	\$ -	4,051,551	\$ 4,238,595
Water and Sewer Fund Assets	-	-	53,777	164,295	67,455	-	186,102	471,629	460,770
	\$ 41,729	\$ 139,657	\$ 2,862,437	\$ 475,466	\$ 807,113	\$ 10,676	\$ 186,102	\$ 4,523,180	\$ 4,699,365

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

14. Schedule of Segment Disclosure

	General Government services	Protective services	Transportation services	Environmental health services	Environmental development services	Recreation and cultural services	Water and sewer	2024 Consolidated	2023 Consolidated
Revenues									
Warrant of assessment	\$ 350,226	\$ 635,690	\$ 330,340	\$ 250,002	\$ 142,143	\$ 582,429	-	\$ 2,290,830	\$ 2,070,885
Unconditional grant	63,546	115,342	59,938	45,361	25,791	105,678	-	415,656	430,782
Services provided to other governments	-	17,416	19,981	-	-	-	-	37,397	41,139
Water and sewer user fees	-	-	-	-	-	-	409,451	409,451	384,347
Sale of services	-	-	-	-	-	85,098	-	85,098	60,183
Other government transfers	23,489	-	-	-	-	-	40,270	63,759	213,526
Other revenue from own source	34,743	-	-	-	-	104,708	14,044	153,495	292,920
Gain (loss) on disposal of tangible capital as:	-	-	-	-	-	-	-	-	(100)
	\$ 472,004	\$ 768,448	\$ 410,259	\$ 295,363	\$ 167,934	\$ 877,913	\$ 463,765	\$ 3,455,686	\$ 3,493,682
Expenses									
Salaries and benefits	\$ 255,669	\$ 25,679	\$ 111,304	\$ -	\$ 15,785	\$ 268,128	\$ 168,033	\$ 844,598	\$ 820,422
Goods and services	182,501	739,125	206,548	330,585	141,552	359,510	177,043	2,136,864	2,051,858
Amortization	-	36,764	48,795	-	8,050	127,927	48,548	270,084	250,371
Interest	-	-	-	-	-	48,073	2,693	50,766	58,861
	\$ 438,170	\$ 801,568	\$ 366,647	\$ 330,585	\$ 165,387	\$ 803,638	\$ 396,317	\$ 3,302,312	\$ 3,181,512
Annual surplus (deficiency)	\$ 33,834	\$ (33,120)	\$ 43,612	\$ (35,222)	\$ 2,547	\$ 74,275	\$ 67,448	\$ 153,374	\$ 312,170

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

15. Reconciliation of Operating Budget to PSAS Budget

	General Operating Budget	Water and Sewer Operating Budget	Amortization	Transfers	2024	2023
Revenue						
Warrant of assessment	\$ 2,290,830	\$ -	\$ -	\$ -	\$ 2,290,830	\$ 2,070,886
Unconditional grant	415,656	-	-	-	415,656	430,782
Services provided to other governments	36,040	-	-	-	36,040	31,251
Water and sewer user fees	-	415,033	-	(4,500)	410,533	386,645
Sales of services	69,524	-	-	-	69,524	46,940
Other government transfers	-	-	-	23,489	23,489	51,194
Other revenue from own sources	36,300	9,700	-	-	46,000	22,900
Surplus of second previous year	59,681	31,798	-	(91,479)	-	-
	<u>2,908,031</u>	<u>456,531</u>	<u>-</u>	<u>(72,490)</u>	<u>3,292,072</u>	<u>3,040,598</u>
Expenditures						
General government services	438,621	-	-	5,200	443,821	402,372
Protective services	805,572	-	36,764	-	842,336	824,947
Transportation services	418,620	-	48,795	-	467,415	442,343
Environmental health services	316,812	-	-	-	316,812	303,589
Environmental development services	180,129	-	8,050	-	188,179	195,254
Recreation and cultural services	600,004	-	127,927	48,073	776,004	750,326
Water and sewer	-	362,135	48,548	18,693	429,376	410,988
Deficit of second previous year	148,273	94,396	-	(242,669)	-	-
Fiscal services	-	-	-	-	-	-
	<u>2,908,031</u>	<u>456,531</u>	<u>270,084</u>	<u>(170,703)</u>	<u>3,463,943</u>	<u>3,329,819</u>
Surplus (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (270,084)</u>	<u>\$ 98,213</u>	<u>\$ (171,871)</u>	<u>\$ (289,221)</u>

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

16. Reconciliation of Annual Surplus

	General Operating Fund	Water and Sewer Operating Fund	General Capital Fund	Water Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Total
2024 annual surplus (deficit) per PSAS	\$ 287,205	\$ 91,981	\$ (221,536)	\$ (8,278)	4,002	-	\$ 153,374
Adjustments to annual surplus (deficit) for funding requirements							
Amortization of tangible capital assets	-	-	221,536	48,548	-	-	270,084
Long-term debt principal repayment	(90,000)	(25,000)	90,000	25,000	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-	-
Repayment of short-term financing	-	-	-	-	-	-	-
Second previous year's surplus (deficit)	59,681	31,798	-	-	-	-	91,479
Capital expenditures paid out of operating	(50,749)	(2,880)	50,749	2,880	-	-	-
Transfer to General Capital Reserve Fund	-	-	-	-	-	-	-
Net disposal of tangible capital assets	-	-	-	-	-	-	-
Pension adjustment	10,111	5,389	-	-	-	-	15,500
Total adjustments to 2024 annual surplus (deficit)	(70,957)	9,307	362,285	76,428	-	-	377,063
2024 annual fund surplus (deficit)	\$ 216,248	\$ 101,288	\$ 140,749	\$ 68,150	\$ 4,002	\$ -	\$ 530,437

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

17. Statement of Reserve Funds Balances

	General Operating Reserve	General Capital Reserve	2024	2023
Accumulated surplus, beginning of year	\$79,648	\$4,600	\$84,248	\$83,773
Revenues/ Expenditures				
Investment Income	4,002	-	4,002	475
Transfers to operating funds	(5,088)	-	(5,088)	-
Annual surplus	(1,086)	-	(1,086)	475
Accumulated surplus, end of year	<u>\$78,562</u>	<u>\$4,600</u>	<u>\$83,162</u>	<u>\$84,248</u>

Reserve funds are made up of guaranteed investment certificates with maturity dates in 2025 and interest rates of 4.75%-5.00%.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

18. Statement of Detailed Revenue and Expenditures

	2024 Budget (Unaudited)	2024	2023
Revenue			
Services to other governments			
Fire protection	\$ 17,416	\$ 17,416	\$ 14,121
Roads and streets	18,624	19,981	27,018
	<u>36,040</u>	<u>37,397</u>	<u>41,139</u>
Sales of service			
Recreational programs	69,524	85,098	60,183
Other government transfers			
Gas tax funding	-	-	162,332
RDC funding, lagoon project	-	40,270	-
2021 LSD surplus	-	-	51,194
2022 LSD surplus	23,489	23,489	-
	<u>23,489</u>	<u>63,759</u>	<u>213,526</u>
Other revenue from own source			
Licenses and permits			
Construction	15,000	40,450	26,170
Rentals			
Arena	-	7,217	4,923
Park	1,800	20,981	19,042
Other	19,500	36,598	29,765
Swimming pool	-	3,965	5,210
Other			
SEED and wage reimbursement	-	10,959	12,929
Water and sewer	9,700	14,044	27,748
Project funding	-	1,227	141,997
Program grants	-	18,054	25,136
	<u>46,000</u>	<u>153,495</u>	<u>292,920</u>

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DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

18. Statement of Detailed Revenue and Expenditures

	2024 Budget (Unaudited)	2024	2023
Expenses			
General government services			
Legislative			
Mayor's remuneration and expenses	12,000	12,000	12,000
Councilor's' remuneration and expenses	47,838	37,785	37,922
Other legislative costs	12,374	16,681	18,752
Administrative			
Administrative	242,724	213,792	186,609
Office building	31,340	49,410	49,893
Solicitor	4,000	3,608	-
Bad debt	-	1,906	186
Bank charges	5,200	10,780	4,176
Administration fee	-	252	5,249
Financial management			
External audit	14,350	13,036	10,883
Other general government services			
Public liability insurance	25,141	31,124	27,383
Grants to organizations	2,000	950	850
Training and development	4,250	4,242	50
Assessment costs	42,604	42,604	40,822
	443,821	438,170	394,775
Protective services			
Police - R.C.M.P.	630,607	630,782	612,240
Fire			
Administration	7,800	8,671	4,837
Fire department - personnel	27,940	25,679	31,148
Training	12,000	5,315	9,109
Building maintenance	56,815	50,012	37,404
Equipment	41,484	25,562	52,302
Fire alarm system	3,500	2,619	2,594
RSC public safety	2,263	2,210	1,089
Contractual agreement	7,762	7,581	8,089
Emergency measures	8,972	-	76
Other			
Animal and pest control	6,429	6,373	6,333
Amortization	36,764	36,764	34,069
	842,336	801,568	799,290

(continues)

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

18. Statement of Detailed Revenue and Expenditures

	2024 Budget (Unaudited)	2024	2023
Expenses (continued)			
Transportation services			
Common services			
Workshops and other building	131,296	99,807	102,873
RSC	400	391	896
Training	1,765	2,631	529
Roadway transport			
Culverts and drainage ditches	12,613	13,852	9,111
Roadways and sidewalks	105,696	78,960	82,736
Snow and ice removal	117,290	70,722	89,667
Street lighting	30,300	31,815	32,260
Traffic services			
Street signs	4,700	3,885	1,854
Crosswalks	14,560	15,789	14,197
Amortization	48,795	48,795	53,350
	467,415	366,647	387,473
Environmental health services			
Solid waste collection and disposal	316,812	330,585	298,993
Recycling	-	-	-
	316,812	330,585	298,993
Environmental development services			
RSC community planning and development	85,553	84,528	79,784
Industrial park	1,500	-	-
Tourism	85,784	67,009	82,547
Beautification and land rehabilitation	7,292	5,800	2,598
Garden project	-	-	11,367
Amortization	8,050	8,050	8,050
	188,179	165,387	184,346

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DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

18. Statement of Detailed Revenue and Expenditures

	2024 Budget (Unaudited)	2024	2023
Expenses (continued)			
Recreation and cultural services			
Administration	77,272	77,523	57,822
Swimming pools	70,421	52,949	47,686
Rinks and arenas	431,739	482,117	447,436
Parks and playgrounds	8,531	2,561	22,177
Training and development	2,000	1,150	112
Special events	-	1,345	-
Library	8,000	8,000	6,500
RSC	2,041	1,993	659
Interest on long-term debt	48,073	48,073	55,761
Amortization	127,927	127,927	113,849
	776,004	803,638	752,002
Water and sewer supply			
Administration	8,775	5,513	7,170
Transmission and distribution	48,500	59,112	32,631
Power and pumping	177,003	173,788	163,358
Sewer collection and disposal	130,857	106,663	117,321
Cost of issuing and selling new debentures	13,000	-	-
Interest on long term debt	2,693	2,693	3,100
Amortization	48,548	48,548	41,053
	\$ 429,376	\$ 396,317	\$ 364,633