

DISTRICT OF TOBIQUE VALLEY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

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DISTRICT OF TOBIQUE VALLEY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

DECEMBER 31, 2025

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.

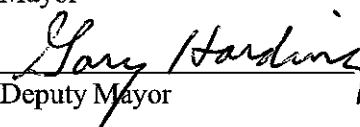
The Council meets periodically with management, as well as the external auditors annually, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review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

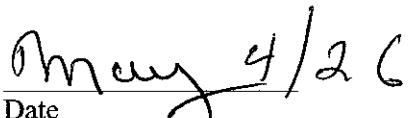
On behalf of District of Tobique Valley:



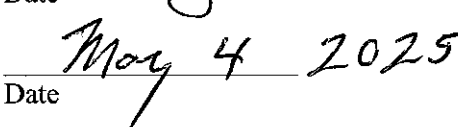
Mayor



Deputy Mayor



Date



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, 2025, 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, 2025, 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 23-30 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.

L. L. L. McCook & Associates

Chartered Professional Accountants

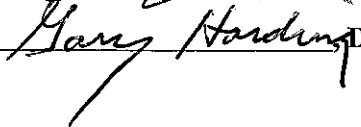
**Perth-Andover, New Brunswick
May 4, 2026**

DISTRICT OF TOBIQUE VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 1,239,255	\$ 1,283,025
Accounts receivable (Note 4)	138,122	88,331
	1,377,377	1,371,356
Liabilities		
Accounts payable and accruals (Note 5)	504,173	402,320
Deferred revenue (Note 6)	83,694	268,124
Pension obligation (Note 8)	113,300	104,300
Long-term debt (Note 7)	1,097,000	1,214,000
	1,798,167	1,988,744
Net debt	(420,790)	(617,388)
Non-financial Assets		
Tangible capital assets (Note 13)	4,831,515	4,523,180
Prepaid expenses and supplies inventory	35,364	35,843
	4,866,879	4,559,023
Accumulated Surplus	\$ 4,446,089	\$ 3,941,635

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, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Surplus (deficit)	\$ (350,984)	\$ 504,454	\$ 153,374
Amortization of tangible capital assets	271,163	271,163	270,084
Acquisition of tangible capital assets	-	(579,498)	(93,899)
	-	(308,335)	176,185
Change in prepaid asset and supplies inventory	479	479	819
(Decrease) increase in net financial assets	(350,505)	196,598	330,378
Net debt at beginning of year	-	(617,388)	(947,766)
Net debt at end of year	\$ -	\$ (420,790)	\$ (617,388)

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, 2025

	2025 Budget	2025 Actual	2024 Actual
Revenue			
Warrant of assessment	\$ 2,441,733	\$ 2,441,733	\$ 2,290,830
Unconditional grant	383,876	383,876	415,656
Services provided to other governments	41,219	43,933	37,397
Water and sewer user fees	412,417	413,118	409,451
Sales of service	66,500	109,696	85,098
Other government transfers	-	412,869	63,759
Other revenue from own source	41,000	162,839	153,495
	3,386,745	3,968,064	3,455,686
Expenditures			
General government services	508,990	475,945	438,170
Protective services	868,237	832,215	801,568
Transportation services	467,280	446,259	366,647
Environmental health services	321,395	330,233	330,585
Environmental development services	208,759	195,329	165,387
Recreational and cultural services	840,063	759,575	803,638
Water and sewer	523,005	424,054	396,317
	3,737,729	3,463,610	3,302,312
Surplus (deficit)	(350,984)	504,454	153,374
Accumulated surplus at beginning of year		3,941,635	3,788,261
Accumulated surplus at end of year	\$ -	\$ 4,446,089	\$ 3,941,635

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, 2025

	2025	2024
Cash flows from		
Operating activities		
Surplus	\$ 504,454	\$ 153,374
Items not affecting cash		
Amortization of tangible capital assets	271,163	270,084
	775,617	423,458
Change in non-cash operating working capital		
Accounts receivable	(49,791)	14,014
Accounts payable and accruals	101,853	(32,671)
Post employment benefits	9,000	15,500
Prepaid expenses and supplies inventory	479	819
Deferred revenue	(184,430)	181,246
	652,728	602,366
Capital activities		
Acquisition of tangible capital assets	(579,498)	(93,899)
Financing activities		
Long-term debt repayment	(117,000)	(115,000)
Increase (decrease) in cash and cash equivalents	(43,770)	393,467
Cash and cash equivalents, beginning of year	1,283,025	889,558
Cash and cash equivalents, end of year	\$ 1,239,255	\$ 1,283,025

The accompanying notes are an integral part of the financial statements

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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 November 21 and December 10, 2024 and were approved by the Minister of Local Government on December 18, 2024. The budget figures are unaudited.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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, 2025

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, 2025

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, 2025

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 TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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

	2025	2024
Externally restricted		
Gas Tax	\$ 37,557	\$ 228,434
Internally restricted		
Cemetery Fund	3,312	5,089
Reserve Fund GIC's (note 17)	91,832	83,162
Fire Dept	26,045	23,965
	121,189	112,216
Unrestricted		
Cash	1,080,509	942,375
	\$ 1,239,255	\$ 1,283,025

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

4. Accounts receivable

	2025	2024
Trade receivables	\$ 12,926	\$ 30,334
Regional Development Corporation (RDC) receivable	55,099	-
Federal government and its agencies - HST rebate	46,558	45,037
Utilities customer accounts	23,539	12,960
	<u>\$ 138,122</u>	<u>\$ 88,331</u>

5. Accounts payable and accruals

	2025	2024
Trade payables	\$ 243,614	\$ 160,663
Source deductions payable	17,819	17,918
Sick liability	61,691	55,105
Vacation accrual	10,355	10,982
Minister of finance	163,170	157,652
Wage accrual	7,524	-
	<u>\$ 504,173</u>	<u>\$ 402,320</u>

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

6. Deferred revenue

	December 31, 2024	Funding received, 2025	Revenue recognized, 2025	December 31, 2025
Federal government				
Gas Tax Funding	\$ 227,744	\$ 154,679	\$ (345,556)	\$ 36,867
Other				
Cemetery fund	5,090	7,800	(9,578)	3,312
Local reform - tourism study	31,017	-	-	31,017
New Horizons for Seniors Program	4,273	-	(975)	3,298
Inclusive Community Recreation Funding (pool renovations)	-	9,200	-	9,200
	40,380	17,000	(10,553)	46,827
	\$ 268,124	\$ 171,679	\$ (356,109)	\$ 83,694

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

7. Long-term debt

	2025	2024
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 2026 is \$61,000.	\$ 433,000	\$ 493,000
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 2026 is \$34,000.	586,000	618,000
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 2026 is \$9,000.	9,000	18,000
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 2026 is \$17,000.	69,000	85,000
	\$ 1,097,000	\$ 1,214,000

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

2026	\$ 121,000
2027	115,000
2028	81,000
2029	85,000
2030 and thereafter	695,000
	\$ 1,097,000

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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, 2023 and resulted in an overall NB MEPP accrued benefit obligation of \$158,648,800 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, 2024:

- 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 (EARSL) is 14.0 years.

The actuarial 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.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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

- The average age of the 4 active employees covered by the NB MEPP is 55.7 (as at Dec. 31, 2023)
- Benefit payments were \$76,700 in 2024 and were estimated to be \$65,900 in 2025
- Combined contributions were \$66,000 in 2024 and were estimated to be \$68,000 in 2025

In addition to determining the position of the NB MEPP as it relates to the District of Tobique Valley 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 assumptions used as at December 31, 2025 remain unchanged from December 31, 2024. 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-2024 to 31-Dec-2024	Estimated 1-Jan-2025 to 31-Dec-2025
Accrued benefit liability (asset)		
Accrued benefit liability (asset) at beginning of period	\$ 104,300	\$ 113,300
Pension expense for the year	42,000	17,400
Less employer contributions	(33,000)	(34,000)
Accrued benefit liability (asset) at end of period	\$ 113,300	\$ 96,700

In summary, the Accrued Benefit Liability as it relates to the District of Tobique Valley is estimated to be \$96,700 as at December 31, 2025. This compares to \$104,300 as at January 1, 2024 and \$113,300 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:

	31-Dec-2024	Estimated 31-Dec-2025
Reconciliation of Funded Status at End of Period		
Accrued benefit obligation	\$ 1,394,800	\$ 1,444,600
Plan assets	(1,180,700)	(1,254,300)
Unamortized experience (losses)/gains	(100,800)	(93,600)
Accrued benefit liability/(asset) at end of period	\$ 113,300	\$ 96,700

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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-2024 to 31-Dec-2024	Estimated 1-Jan-2025 to 31-Dec-2025
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation at beginning of period	\$ 1,335,900	\$ 1,394,800
Current service cost	49,200	32,300
Benefit payments	(76,700)	(65,900)
Interest for period	80,000	83,400
Experience loss/(gain) during period	6,400	-
	\$ 1,394,800	\$ 1,444,600

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

	1-Jan-2024 to 31-Dec-2024	Estimated 1-Jan-2025 to 31-Dec-2025
Reconciliation of Plan Assets		
Plan assets at beginning of period	\$ 1,080,000	\$ 1,180,700
Employer contributions	33,000	34,000
Employee contributions	33,000	34,000
Benefit payments	(76,700)	(65,900)
Return on Plan Assets during period	111,400	71,500
	\$ 1,180,700	\$ 1,254,300

Total expenses related to pensions include the following components:

	1-Jan-2024 to 31-Dec-2024	Estimated 1-Jan-2025 to 31-Dec-2025
Pension Expense		
Employer current service cost	\$ 16,200	\$ (1,700)
Interest on accrued benefit obligation	80,000	83,400
Expected return on assets	(65,000)	(71,500)
Experience loss/(gain)	10,800	7,200
	\$ 42,000	\$ 17,400

The Pension Expense is included in the statement of operations.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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 2025, 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:

	2025	2024
2025 Surplus	\$ 83,459	\$ -
2024 Surplus	101,288	101,288
2023 Surplus	-	77,340
	<u>\$ 184,747</u>	<u>\$ 178,628</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

DECEMBER 31, 2025

13. Schedule of Tangible Capital Assets

	Land	Land Improvements	Buildings	Equipment	Infrastructure	Motor Vehicles	Assets under construction	2025 Total	2024 Total
COST									
Balance, beginning 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
Add:									
Net additions during the year	708	-	5,000	137,722	330,591	33,349	72,128	579,498	93,899
Less:									
Disposals during the year	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	42,437	303,881	5,200,158	1,913,398	1,861,606	111,517	258,230	9,691,227	9,111,729
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	164,224	2,332,721	1,300,210	723,902	67,492	-	\$ 4,588,549	4,318,465
Add:									
Amortization during the year	-	14,058	129,859	73,168	52,578	1,500	-	271,163	270,084
Less:									
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	178,282	2,462,580	1,373,378	776,480	68,992	-	4,859,712	4,588,549
NET BOOK VALUE OF TANGIBLE CAPITAL	\$ 42,437	\$ 125,599	\$ 2,737,578	\$ 540,020	\$ 1,085,126	\$ 42,525	\$ 258,230	\$ 4,831,515	\$ 4,523,180
Consists of:									
General Fund Assets	\$ 42,437	\$ 125,599	\$ 2,688,323	\$ 336,376	\$ 1,025,166	\$ 42,525	\$ -	4,260,426	\$ 4,051,551
Water and Sewer Fund Assets	-	-	49,255	203,644	59,960	-	258,230	571,089	471,629
BALANCE, END OF YEAR	\$ 42,437	\$ 125,599	\$ 2,737,578	\$ 540,020	\$ 1,085,126	\$ 42,525	\$ 258,230	\$ 4,831,515	\$ 4,523,180

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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	2025 Consolidated	2024 Consolidated
Revenues									
Warrant of assessment	\$ 402,975	\$ 655,518	\$ 333,237	\$ 254,453	\$ 158,904	\$ 636,646	-	\$ 2,441,733	\$ 2,290,830
Unconditional grant	63,353	103,057	52,390	40,004	24,982	100,090	-	383,876	415,656
Services provided to other governments	-	22,596	21,337	-	-	-	-	43,933	37,397
Water and sewer user fees	-	-	-	-	-	-	413,118	413,118	409,451
Sale of services	-	-	-	-	-	109,696	-	109,696	85,098
Other government transfers	-	-	316,824	-	28,732	-	67,313	412,869	63,759
Other revenue from own source	23,877	28,415	-	-	-	71,194	39,353	162,839	153,495
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-
	\$ 490,205	\$ 809,586	\$ 723,788	\$ 294,457	\$ 212,618	\$ 917,626	\$ 519,784	\$ 3,968,064	\$ 3,455,686
Expenses									
Salaries and benefits	\$ 278,563	\$ 31,045	\$ 128,126	\$ -	\$ 10,691	\$ 275,768	\$ 176,991	\$ 901,184	\$ 844,598
Goods and services	197,382	760,906	271,759	330,233	176,588	310,967	196,281	2,244,116	2,136,864
Amortization	-	40,264	46,374	-	8,050	127,927	48,548	271,163	270,084
Interest	-	-	-	-	-	44,913	2,234	47,147	50,766
	\$ 475,945	\$ 832,215	\$ 446,259	\$ 330,233	\$ 195,329	\$ 759,575	\$ 424,054	\$ 3,463,610	\$ 3,302,312
Annual surplus (deficiency)	\$ 14,260	\$ (22,629)	\$ 277,529	\$ (35,776)	\$ 17,289	\$ 158,051	\$ 95,730	\$ 504,454	\$ 153,374

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

15. Reconciliation of Operating Budget to PSAS Budget

	General Operating Budget	Water and Sewer Operating Budget	Amortization	Transfers	2025	2024
Revenue						
Warrant of assessment	\$ 2,441,733	\$ -	\$ -	\$ -	\$ 2,441,733	\$ 2,290,830
Unconditional grant	383,876	-	-	-	383,876	415,656
Services provided to other governments	41,219	-	-	-	41,219	36,040
Water and sewer user fees	-	417,517	-	(5,100)	412,417	410,533
Sales of services	66,500	-	-	-	66,500	69,524
Other government transfers	-	-	-	-	-	23,489
Other revenue from own sources	31,300	9,700	-	-	41,000	46,000
Surplus of second previous year	287,957	77,340	-	(365,297)	-	-
	3,252,585	504,557	-	(370,397)	3,386,745	3,292,072
Expenditures						
General government services	503,790	-	-	5,200	508,990	443,821
Protective services	827,973	-	40,264	-	868,237	842,336
Transportation services	420,906	-	46,374	-	467,280	467,415
Environmental health services	321,395	-	-	-	321,395	316,812
Environmental development services	200,709	-	8,050	-	208,759	188,179
Recreation and cultural services	667,223	-	127,927	44,913	840,063	776,004
Water and sewer	-	469,223	48,548	5,234	523,005	429,376
Deficit of second previous year	-	-	-	-	-	-
Fiscal services	310,589	35,334	-	(345,923)	-	-
	3,252,585	504,557	271,163	(290,576)	3,737,729	3,463,943
Surplus (deficit)	\$ -	\$ -	\$ (271,163)	\$ (79,821)	\$ (350,984)	\$ (171,871)

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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
2025 annual surplus (deficit) per PSAS	\$ 252,650	\$ 79,609	\$ 136,236	\$ 32,377	3,582	-	\$ 504,454
Adjustments to annual surplus (deficit) for funding requirements							
Amortization of tangible capital assets	-	-	222,615	48,548	-	-	271,163
Long-term debt principal repayment	(92,000)	(25,000)	92,000	25,000	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-	-
Repayment of short-term financing	-	-	-	-	-	-	-
Second previous year's surplus (deficit)	287,957	77,340	-	-	-	-	365,297
Capital expenditures paid out of operating	(88,895)	(50,827)	88,895	50,827	-	-	-
Transfer to General Capital Reserve Fund	-	-	-	-	-	-	-
Net disposal of tangible capital assets	-	-	-	-	-	-	-
Pension adjustment	6,663	2,337	-	-	-	-	9,000
	113,725	3,850	403,510	124,375	-	-	645,460
Total adjustments to 2025 annual surplus (deficit)							
2025 annual fund surplus (deficit)	\$ 366,375	\$ 83,459	\$ 539,746	\$ 156,752	\$ 3,582	\$ -	\$ 1,149,914

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

17. Statement of Reserve Funds Balances

	General Operating Reserve	General Capital Reserve	2025	2024
Accumulated surplus, beginning of year	\$78,562	\$4,600	\$83,162	\$84,248
Revenues/ Expenditures				
Investment Income	3,582	-	3,582	4,002
Transfers from operating funds	5,088	-	5,088	(5,088)
Annual surplus	8,670	-	8,670	(1,086)
Accumulated surplus, end of year	<u>\$87,232</u>	<u>\$4,600</u>	<u>\$91,832</u>	<u>\$83,162</u>

Reserve funds are made up of guaranteed investment certificates with maturity dates in 2026 and interest rates of 2.55% and variable.

DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

18. Statement of Detailed Revenue and Expenditures

	2025 Budget (Unaudited)	2025	2024
Revenue			
Services to other governments			
Fire protection	\$ 22,596	\$ 22,596	\$ 17,416
Roads and streets	18,623	21,337	19,981
	<u>41,219</u>	<u>43,933</u>	<u>37,397</u>
Sales of service			
Recreational programs	66,500	109,696	85,098
Other government transfers			
Gas tax funding	-	345,556	-
RDC funding, lagoon project	-	67,313	40,270
2022 LSD surplus	-	-	23,489
	<u>-</u>	<u>412,869</u>	<u>63,759</u>
Other revenue from own source			
Licenses and permits			
Construction	6,000	9,930	40,450
Rentals			
Arena	-	6,229	7,217
Park	1,800	14,923	20,981
Other	23,500	25,491	36,598
Swimming pool	-	5,451	3,965
Other			
SEED and wage reimbursement	-	12,140	10,959
Cemetery	-	300	-
Water and sewer	9,700	15,741	14,044
Project funding	-	14,587	1,227
Capital revenue - Fire Lottery	-	28,415	-
Program grants - water and operating	-	29,632	18,054
	<u>41,000</u>	<u>162,839</u>	<u>153,495</u>

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DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

18. Statement of Detailed Revenue and Expenditures

	2025 Budget (Unaudited)	2025	2024
Expenses			
General government services			
Legislative			
Mayor's remuneration and expenses	12,000	12,000	12,000
Councilor's' remuneration and expenses	46,579	37,798	37,785
Other legislative costs	39,844	18,416	16,681
Administrative			
Administrative	263,405	236,863	213,792
Office building	29,500	49,019	49,410
Solicitor	4,000	21,724	3,608
Bad debt	-	1,057	1,906
Bank charges	5,200	4,222	10,780
Administration fee	-	-	252
Financial management			
External audit	16,000	10,405	13,036
Other general government services			
Public liability insurance	29,000	22,924	31,124
Grants to organizations	2,000	1,968	950
Training and development	5,000	4,087	4,242
Grants for social or environmental purposes	10,000	9,000	-
Assessment costs	46,462	46,462	42,604
	<u>508,990</u>	<u>475,945</u>	<u>438,170</u>
Protective services			
Police - R.C.M.P.	652,679	652,678	630,782
Fire			
Administration	7,800	1,686	8,671
Fire department - personnel	33,440	31,045	25,679
Training	12,000	5,616	5,315
Building maintenance	55,840	50,259	50,012
Equipment	44,385	17,469	25,562
Fire alarm system	3,500	2,405	2,619
RSC public safety	2,754	2,754	2,210
Contractual agreement	7,762	7,598	7,581
Emergency measures	7,500	20,128	-
Other			
Animal and pest control	313	313	6,373
Amortization	40,264	40,264	36,764
	<u>868,237</u>	<u>832,215</u>	<u>801,568</u>

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DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

18. Statement of Detailed Revenue and Expenditures

	2025 Budget (Unaudited)	2025	2024
Expenses (continued)			
Transportation services			
Common services			
Workshops and other building	136,305	142,849	99,807
RSC	134	134	391
Training	3,000	-	2,631
Roadway transport			
Culverts and drainage ditches	20,905	21,146	13,852
Roadways and sidewalks	104,409	83,752	78,960
Snow and ice removal	98,500	97,483	70,722
Street lighting	37,665	40,656	31,815
Traffic services			
Street signs	4,700	939	3,885
Crosswalks	15,288	12,926	15,789
Amortization	46,374	46,374	48,795
	467,280	446,259	366,647
Environmental health services			
Solid waste collection and disposal	321,395	330,233	330,585
Recycling	-	-	-
	321,395	330,233	330,585
Environmental development services			
RSC community planning and development	60,094	60,094	84,528
Research and planning (studies, etc.)	24,533	32,478	
Industrial park	1,500	-	-
Tourism	99,582	82,663	67,009
Beautification and land rehabilitation	3,000	12,044	5,800
By Law Enforcement	12,000	-	-
Amortization	8,050	8,050	8,050
	208,759	195,329	165,387

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DISTRICT OF TOBIQUE VALLEY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

18. Statement of Detailed Revenue and Expenditures

	2025 Budget (Unaudited)	2025	2024
Expenses (continued)			
Recreation and cultural services			
Administration	83,749	63,437	77,523
Swimming pools	87,100	62,423	52,949
Rinks and arenas	472,185	443,552	482,117
Parks and playgrounds	11,555	2,856	2,561
Training and development	3,000	-	1,150
Special events	-	4,833	1,345
Library	8,000	8,000	8,000
RSC	1,634	1,634	1,993
Interest on long-term debt	44,913	44,913	48,073
Amortization	127,927	127,927	127,927
	840,063	759,575	803,638
Water and sewer supply			
Administration	8,776	7,693	5,513
Transmission and distribution	50,000	52,030	59,112
Power and pumping	283,165	208,040	173,788
Sewer collection and disposal	130,282	105,509	106,663
Interest on long term debt	2,234	2,234	2,693
Amortization	48,548	48,548	48,548
	\$ 523,005	\$ 424,054	\$ 396,317