

SUNBURY-YORK SOUTH RURAL COMMUNITY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

SUNBURY-YORK SOUTH RURAL COMMUNITY

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Shannon & Buffett, LLP

Chartered Professional Accountants

GARRY L. ARMSTRONG, CPA, CA RON W. SAUNTRY, CPA, CA

March 4, 2026

INDEPENDENT AUDITOR'S REPORT

To SYSRC Supervisor

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sunbury-York South Rural Community (the "Rural Community"), 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 financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Rural Community as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for the Public Sector.

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 Rural Community 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 Information

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. Notes 16, 17 and 18 on pages 18, 19 and 20 respectively are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated 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 accounting standards for the Public Sector, 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 Rural Community'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 Rural Community or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Rural Community's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Rural Community's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Rural Community 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.

Shannon & Buffett LLP

Chartered Professional Accountants

SUNBURY-YORK SOUTH RURAL COMMUNITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash (note 3)	\$ 1,433,894	\$ 910,132
Receivables:		
- Federal government and its agencies (note 4)	72,640	82,809
- Province of New Brunswick (note 5)	62,364	-
- Other	<u>82,755</u>	<u>19,267</u>
	<u>1,651,653</u>	<u>1,012,208</u>
Liabilities:		
Bank loan (note 6)	-	291,240
Payables and accruals	403,642	44,057
Deferred revenue (note 7)	160,126	162,052
Long-term debt (note 8)	290,000	300,000
Accrued pension benefit liability (asset) (note 9)	<u>(67,100)</u>	<u>(7,900)</u>
	<u>786,668</u>	<u>789,449</u>
Net financial assets	<u>864,985</u>	<u>222,759</u>
Non-financial assets:		
Tangible capital assets (note 10)	335,780	447,048
Accumulated amortization	<u>(10,029)</u>	<u>(4,029)</u>
	325,751	443,019
Prepaid expenses	<u>16,220</u>	<u>17,482</u>
	<u>341,971</u>	<u>460,501</u>
Accumulated surplus (page 4)	<u>\$ 1,206,956</u>	<u>\$ 683,260</u>

Approved by:



Mayor *Supervisor*

Clerk or Treasurer

SUNBURY-YORK SOUTH RURAL COMMUNITY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2025

	(Unaudited) 2025 <u>Budget</u>	2025 <u>Actual</u>	2024 <u>Actual</u>
Revenue:			
Property tax warrant	\$ 4,366,778	\$ 4,366,778	\$ 2,842,048
Unconditional grant	34,294	34,294	29,113
Other government transfers	-	83,639	227,118
Other	<u>99,971</u>	<u>109,433</u>	<u>96,534</u>
	<u>4,501,043</u>	<u>4,594,144</u>	<u>3,194,813</u>
Expenses:			
General government services	1,241,189	841,234	769,588
Protective services	2,216,426	2,191,291	915,917
Transportation services	46,008	14,454	15,660
Environmental health services	591,340	568,694	587,947
Environmental development services	244,327	243,858	234,140
Recreation and cultural services	148,297	154,649	133,193
Loss on disposal of tangible capital assets	<u>-</u>	<u>56,268</u>	<u>-</u>
	<u>4,487,587</u>	<u>4,070,448</u>	<u>2,656,445</u>
Annual surplus (note 16)	<u>\$ 13,456</u>	523,696	538,368
Accumulated surplus, beginning of year		<u>683,260</u>	<u>144,892</u>
Accumulated surplus, end of year		<u>\$ 1,206,956</u>	<u>\$ 683,260</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Annual surplus	\$ <u>523,696</u>	\$ <u>538,368</u>
Acquisition of tangible capital assets	-	(426,900)
Amortization of tangible capital assets	6,000	4,029
Loss on disposal of tangible capital assets	56,268	-
Proceeds on disposal of tangible capital assets	55,000	-
(Increase) decrease in prepaid expenses	<u>1,262</u>	<u>(13,030)</u>
	<u>118,530</u>	<u>(435,901)</u>
Increase in net financial assets	642,226	102,467
Net financial assets, beginning of year	<u>222,759</u>	<u>120,292</u>
Net financial assets, end of year	<u>\$ 864,985</u>	<u>\$ 222,759</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Operating transactions:		
Annual surplus	\$ 523,696	\$ 538,368
Non-cash items:		
- Amortization	6,000	4,029
- Loss on disposal of tangible capital assets	56,268	-
Change in deferred revenue	(1,926)	162,052
Change in prepaid expenses	1,262	(13,030)
Other (note 12)	<u>184,702</u>	<u>(249,923)</u>
	<u>770,002</u>	<u>441,496</u>
Capital transactions:		
Acquisition of tangible capital assets	-	(426,900)
Proceeds on disposal of tangible capital assets	<u>55,000</u>	<u>-</u>
	<u>55,000</u>	<u>(426,900)</u>
Financing transactions:		
Increase (decrease) in bank loan	(291,240)	291,240
Increase in long-term debt	-	300,000
Long-term debt retirement	<u>(10,000)</u>	<u>-</u>
	<u>(301,240)</u>	<u>591,240</u>
Increase in cash position	523,762	605,836
Cash position, beginning of year	<u>910,132</u>	<u>304,296</u>
Cash position, end of year	<u>\$ 1,433,894</u>	<u>\$ 910,132</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Reporting entity:

The Rural Community has been established under the Province of New Brunswick Local Governance Act, effective January 1, 2023, and is exempt from income tax under Section 149(l)(c) of the Canada Income Tax Act.

2. Significant accounting policies:

(a) Basis of accounting -

The consolidated financial statements of the Rural Community are the representations of management prepared in accordance with Canadian accounting standards for local governments, as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada.

The focus of PSAB financial statements is on the financial position of the Rural Community and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Rural Community.

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

Interdepartmental and organizational transactions and balances have been eliminated.

(b) Budget -

The operating budget figures contained in these consolidated financial statements were approved by Council on December 19, 2024, and the Minister of Environment and Local Government on January 10, 2025.

(c) Revenue recognition -

Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Other revenue is recorded when it is earned.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Significant accounting policies (continued):

(d) Use of estimates -

The preparation of the consolidated financial statements in conformity with Canadian accounting standards for the Public Sector requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and 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. Actual results may differ from those estimates.

(e) Cash -

Cash includes cash on hand and balances with a bank.

(f) Tangible capital assets -

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

<u>Asset type</u>	<u>Useful Life</u>
Machinery and equipment	5-15 years

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

Amortization commences with the year after acquisition.

There is no amortization in the year of disposal.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Significant accounting policies (continued):

(g) Segmented information -

The Rural Community is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Rural Community's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Rural Community services are provided by departments as follows:

General government services

This department is responsible for the overall governance and financial administration of the Rural Community. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

Protective services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

Transportation services

This department is responsible for 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 and other municipal development and promotion services.

Recreation and cultural services

This department is responsible for recreational and cultural facilities/support.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

3. Cash:

	<u>2025</u>	<u>2024</u>
Internally restricted cash - Reserves	\$ 762,602	\$ 331,979
Internally restricted cash - CCBF	160,126	157,052
Unrestricted cash	<u>511,166</u>	<u>421,101</u>
	<u>\$ 1,433,894</u>	<u>\$ 910,132</u>

4. Receivables – Federal government and its agencies:

	<u>2025</u>	<u>2024</u>
Canada Revenue Agency (HST)	<u>\$ 72,640</u>	<u>\$ 82,809</u>

5. Receivables – Province of New Brunswick:

	<u>2025</u>	<u>2024</u>
Department of Environment and Local Government	\$ 23,986	\$ -
Department of Natural Resources	<u>38,378</u>	<u>-</u>
	<u>\$ 62,364</u>	<u>\$ -</u>

6. Bank loan:

	<u>2025</u>	<u>2024</u>
Bank loan	<u>\$ -</u>	<u>\$ 291,240</u>

The bank loan, bearing interest at prime, was repaid to Royal Bank of Canada in 2025.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

7. Deferred revenue:

	<u>2025</u>	<u>2024</u>
CCBF Funding	\$ 160,126	\$ 157,052
Other amounts	<u>-</u>	<u>5,000</u>
	<u>\$ 160,126</u>	<u>\$ 162,052</u>

8. Long-term debt:

	<u>2025</u>	<u>2024</u>
<u>New Brunswick Municipal Finance Corporation</u>		
- 3.294% to 4.463%, due 2044 (OIC # 23-0076)	<u>\$ 290,000</u>	<u>\$ 300,000</u>

Approval of the Municipal Capital Borrowing Board has been obtained for the \$290,000 debenture amount.

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

2026	-	\$ 11,000
2027	-	11,000
2028	-	11,000
2029	-	12,000
2030	-	12,000

The Rural Community has ministerial authority remaining for long-term borrowing for capital purposes as follows:

OIC # 23-0076	General Capital Fund - General Government	<u>\$ 30,000</u>
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SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

9. Accrued pension benefit liability:

The Rural Community 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 members under the provisions of the Province of New Brunswick Local Governance Act. The NB MEPP provides pensions based on length of service and best average earnings.

Employees make contributions using rates that vary by earnings level and employment category, with an overall average contribution rate of approximately 7.93%. Each municipality 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.

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 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 2.1%
- The discount rate used to determine the accrued benefit obligation is 6.05%
- The expected rate of return on assets is 6.05%
- Retirement age varies by age and employment category
- Estimated average remaining service life (EARSLS) is 14 years

The actuarial valuation prepared as at December 31, 2023 indicated that the market value of net assets available for the accumulated plan benefits was 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.

The following summarizes the NB MEPP data as it relates to the Rural Community:

- The age of the 1 active employee covered by the NB MEPP was 52.6 (as at December 31, 2023)
- Benefit Payments were \$0 in 2024 and were estimated to be \$0 in 2025
- Combined contributions were \$41,800 in 2024 and were estimated to be \$43,000 in 2025

In addition to determining the position of the NB MEPP as it relates to the Rural Community 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 adjust to reflect actual experience.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

9. Accrued pension benefit liability (continued):

Results of the extrapolation are as follows:

	(Estimated) Jan.1, 2025 to Dec. 31, 2025	Jan. 1, 2024 to Dec. 31, 2024
Accrued benefit liability (asset):		
Accrued benefit liability (asset), beginning of year	\$ (7,900)	\$ -
Adjustment to estimate	(23,700)	(4,100)
Pension expense for the year	(14,000)	5,600
Less employer contributions	<u>(21,500)</u>	<u>(9,400)</u>
Accrued benefit liability (asset), end of year	\$ <u><u>(67,100)</u></u>	\$ <u><u>(7,900)</u></u>

	(Estimated) Jan.1, 2025 to Dec. 31, 2025	Jan. 1, 2024 to Dec. 31, 2024
Reconciliation of funded status at end of year:		
Accrued benefit obligation	\$ 34,800	\$ 32,400
Plan assets	<u>114,800</u>	<u>41,000</u>
Plan deficit (surplus)	(80,000)	(8,600)
Unamortized experience gains	<u>12,900</u>	<u>700</u>
Accrued benefit liability (asset), end of year	\$ <u><u>(67,100)</u></u>	\$ <u><u>(7,900)</u></u>

	(Estimated) Jan.1, 2025 to Dec. 31, 2025	Jan. 1, 2024 to Dec. 31, 2024
Reconciliation of accrued benefit obligation:		
Accrued benefit obligation, beginning of year	\$ 32,400	\$ -
Adjustment to estimate	(11,400)	15,500
Current service cost	12,200	15,500
Interest for year	<u>1,600</u>	<u>1,400</u>
Accrued benefit obligation, end of year	\$ <u><u>34,800</u></u>	\$ <u><u>32,400</u></u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

9. Accrued pension benefit liability (continued):

	(Estimated) Jan.1, 2025 to Dec. 31, 2025	Jan. 1, 2024 to Dec. 31, 2024
Reconciliation of plan assets:		
Plan assets, beginning of year	\$ 41,000	\$ -
Adjustment to estimate	25,500	20,400
Employer contributions	21,500	9,400
Employee contributions	21,500	9,400
Return on plan assets during year	<u>5,300</u>	<u>1,800</u>
Plan assets, end of year	<u>\$ 114,800</u>	<u>\$ 41,000</u>
	(Estimated) Jan.1, 2025 to Dec. 31, 2025	Jan. 1, 2024 to Dec. 31, 2024
Pension expense:		
Employer current service cost	\$ (9,300)	\$ 6,100
Interest on accrued benefit obligation	1,600	1,400
Expected return on assets	(5,300)	(1,800)
Experience loss (gain)	<u>(1,000)</u>	<u>(100)</u>
	<u>\$ (14,000)</u>	<u>\$ 5,600</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

10. Tangible capital assets:

	<u>Land</u>	<u>Machinery and Equipment</u>	<u>2025 Total</u>	<u>2024 Total</u>
Cost:				
Balance, beginning of year	\$ 305,779	\$ 141,269	\$ 447,048	\$ 20,148
Additions	-	-	-	426,900
Disposals	<u>-</u>	<u>(111,268)</u>	<u>(111,268)</u>	<u>-</u>
Balance, end of year	<u>305,779</u>	<u>30,001</u>	<u>335,780</u>	<u>447,048</u>
Accumulated amortization:				
Balance, beginning of year	-	4,029	4,029	-
Amortization	<u>-</u>	<u>6,000</u>	<u>6,000</u>	<u>4,029</u>
Balance, end of year	<u>-</u>	<u>10,029</u>	<u>10,029</u>	<u>4,029</u>
Net Book Value of Tangible Capital Assets	<u>\$ 305,779</u>	<u>\$ 19,972</u>	<u>\$ 325,751</u>	<u>\$ 443,019</u>

11. Short-term borrowings compliance:

(i) Operating borrowing -

As prescribed in the Province of New Brunswick Local Governance Act, 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 Rural Community has complied with these restrictions.

(ii) Inter-fund borrowing -

The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. In 2025, the Rural Community has complied with these requirements.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

12. Other (Statement of Cash Flows):

	<u>2025</u>	<u>2024</u>
(Increase) in amounts receivable	\$ (115,683)	\$ (52,432)
Increase (decrease) in payables and accruals	359,585	(189,591)
(Increase) in accrued pension benefit asset	<u>(59,200)</u>	<u>(7,900)</u>
	<u>\$ 184,702</u>	<u>\$ (249,923)</u>

13. Financial instruments:

The Rural Community's financial instruments consist of cash, receivables, bank loan, payables and accruals, accrued pension benefit liability (asset) and long-term debt. Unless otherwise noted, it is management's opinion that the Rural Community is not exposed to significant interest or currency risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Rural Community is subject to credit risk through receivables. The Rural Community minimizes credit risk through on-going credit management.

14. Commitments:

The Rural Community leases office space, recreation services, solid waste collection, office equipment and a vehicle under operating leases which expire at various dates between 2026 and 2028. Future minimum payments (excluding HST) are estimated to be approximately as follows:

2026	-	\$ 479,100
2027	-	146,300
2028	-	<u>7,200</u>
		<u>\$ 632,600</u>

Certain leases allow for early cancellation under specific circumstances with adequate notice.

Commencing in 2025, the Rural Community is paying for policing services which are budgeted on an annual basis.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

15. Schedule of Segment Disclosure:

	<u>General</u>	<u>Protective</u>	<u>Transportation</u>	<u>Environmental Health</u>	<u>Environmental Development</u>	<u>Recreation and Cultural</u>	<u>2025 Consolidated</u>	<u>2024 Consolidated</u>
Revenue:								
Property tax warrant	\$ 1,207,775	\$ 2,156,758	\$ 44,769	\$ 575,421	\$ 237,750	\$ 144,305	\$ 4,366,778	\$ 2,842,048
Unconditional grant	9,485	16,938	352	4,519	1,867	1,133	34,294	29,113
Other government transfers	21,275	62,364	-	-	-	-	83,639	227,118
Other	<u>103,883</u>	<u>5,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,433</u>	<u>96,534</u>
	<u>1,342,418</u>	<u>2,241,610</u>	<u>45,121</u>	<u>579,940</u>	<u>239,617</u>	<u>145,438</u>	<u>4,594,144</u>	<u>3,194,813</u>
Expenses:								
Wages and employee benefits	217,538	5,700	-	-	-	-	223,238	416,131
Goods and services	621,710	2,185,248	14,454	568,694	243,858	154,649	3,788,613	2,217,932
Loss on disposal of tangible capital assets	56,268	-	-	-	-	-	56,268	-
Amortization	5,657	343	-	-	-	-	6,000	4,029
Interest	14,529	-	-	-	-	-	14,529	17,753
Other	<u>(18,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,200)</u>	<u>600</u>
	<u>897,502</u>	<u>2,191,291</u>	<u>14,454</u>	<u>568,694</u>	<u>243,858</u>	<u>154,649</u>	<u>4,070,448</u>	<u>2,656,445</u>
Surplus (deficit) for the year	<u>\$ 444,916</u>	<u>\$ 50,319</u>	<u>\$ 30,667</u>	<u>\$ 11,246</u>	<u>\$ (4,241)</u>	<u>\$ (9,211)</u>	<u>\$ 523,696</u>	<u>\$ 538,368</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

16. Reconciliation of Annual Surplus:

	<u>General Operating Fund</u>	<u>General Capital Fund</u>	<u>General Capital Reserve</u>	<u>General Operating Reserve</u>	<u>Total</u>
2025 Annual surplus (deficit)	\$ 523,073	\$ (6,000)	\$ 4,259	\$ 2,364	\$ 523,696
Adjustments to annual surplus (deficit) for funding requirements:					
Second previous year's surplus	49,744	-	-	-	49,744
Transfers:					
- General Operating Fund to General Capital Reserve	(400,000)	-	400,000	-	-
- General Operating Fund to General Operating Reserve	(24,000)	-	-	24,000	-
Long-term debt principal repayment	(10,000)	10,000	-	-	-
Proceeds on disposal of tangible capital assets	55,000	-	-	-	55,000
Loss on disposal of tangible capital assets	56,268	-	-	-	56,268
Disposal of tangible capital assets	-	(111,268)	-	-	(111,268)
Change in accrued pension benefit liability (asset)	(59,200)	-	-	-	(59,200)
Amortization expense	-	6,000	-	-	6,000
Total adjustments to 2025 annual surplus (deficit)	<u>(332,188)</u>	<u>(95,268)</u>	<u>400,000</u>	<u>24,000</u>	<u>(3,456)</u>
2025 Annual Fund surplus (deficit)	<u>\$ 190,885</u>	<u>\$ (101,268)</u>	<u>\$ 404,259</u>	<u>\$ 26,364</u>	<u>\$ 520,240</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

17. Statement of reserves:

	<u>General Capital Reserve</u>	<u>General Operating Reserve</u>	<u>2025 Total</u>	<u>2024 Total</u>
<u>Assets</u>				
Cash	\$ <u>613.519</u>	\$ <u>149.083</u>	\$ <u>762.602</u>	\$ <u>331.979</u>
Accumulated surplus	\$ <u>613.519</u>	\$ <u>149.083</u>	\$ <u>762.602</u>	\$ <u>331.979</u>
<u>Revenue</u>				
Transfers from General Operating Fund	\$ 400,000	\$ 24,000	\$ 424,000	\$ 255,052
Interest	<u>4.259</u>	<u>2.364</u>	<u>6.623</u>	<u>1.927</u>
	<u>404.259</u>	<u>26.364</u>	<u>430.623</u>	<u>256.979</u>
Annual surplus	\$ <u>404.259</u>	\$ <u>26.364</u>	\$ <u>430.623</u>	\$ <u>256.979</u>

As prescribed in the Province of New Brunswick Local Governance Act, the amounts held in the General Operating Reserve are limited to 5% of the Rural Community's General expenditures in the previous year's operating budget (i.e.). As at December 31, 2025, the Rural Community is in compliance with these restrictions.

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

**18. Operating Budget to PSAB Budget:
(Unaudited)**

	<u>General Operating Budget</u>	<u>TCA Amortization</u>	<u>Transfers</u>	<u>Total</u>
Revenue:				
Property tax warrant	\$ 4,366,778	\$ -	-	\$ 4,366,778
Unconditional grant	34,294	-	-	34,294
Second previous year's surplus	49,744	-	(49,744)	-
Other	<u>99,971</u>	<u>-</u>	<u>-</u>	<u>99,971</u>
	<u>4,550,787</u>	<u>-</u>	<u>(49,744)</u>	<u>4,501,043</u>
Expenditures:				
General government services	1,280,632	5,657	(45,100)	1,241,189
Protective services	2,216,083	343	-	2,216,426
Transportation services	46,008	-	-	46,008
Environmental health services	591,340	-	-	591,340
Environmental developmental services	244,327	-	-	244,327
Recreation and cultural services	148,297	-	-	148,297
Fiscal services:				
- Interest	14,100	-	(14,100)	-
- Other transfers	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
	<u>4,550,787</u>	<u>6,000</u>	<u>(69,200)</u>	<u>4,487,587</u>
	<u>\$ -</u>	<u>\$ (6,000)</u>	<u>\$ 19,456</u>	<u>\$ 13,456</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

19. Revenue and Expense Support:

	(Unaudited) 2025 <u>Budget</u>	2025 <u>Actual</u>	2024 <u>Actual</u>
Revenue:			
Other government transfers:			
Province of New Brunswick:			
- Dept of Environment and Local Govt	\$ -	\$ 45,261	\$ 227,118
- Department of Natural Resources	<u>-</u>	<u>38,378</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 83,639</u>	<u>\$ 227,118</u>
Other:			
Licenses and permits:			
- Construction	\$ 99,971	\$ 96,320	\$ 87,374
Interest	-	7,395	1,927
Other	<u>-</u>	<u>5,718</u>	<u>7,233</u>
	<u>\$ 99,971</u>	<u>\$ 109,433</u>	<u>\$ 96,534</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

19. Revenue and Expense Support (continued):

	(Unaudited) 2025 <u>Budget</u>	2025 <u>Actual</u>	2024 <u>Actual</u>
Expenditures:			
General government services:			
Legislative:			
- Mayor	\$ 23,542	\$ 16,131	\$ 20,814
- Councillors	70,170	33,754	55,204
- Other	<u>4,000</u>	<u>37</u>	<u>-</u>
	<u>97,712</u>	<u>49,922</u>	<u>76,018</u>
Administrative:			
- Personnel	488,514	254,916	290,932
- Office and building	225,566	198,074	120,714
- Solicitor	100,000	51,289	13,901
- Vehicle lease	12,000	10,071	4,510
- Pension adjustment	(59,200)	(59,200)	(7,900)
- Other	<u>76,000</u>	<u>16,444</u>	<u>20,666</u>
	<u>842,880</u>	<u>471,594</u>	<u>442,823</u>
Financial Management:			
- External audit	15,000	14,595	9,381
- Other	<u>5,000</u>	<u>11,152</u>	<u>5,975</u>
	<u>20,000</u>	<u>25,747</u>	<u>15,356</u>
Other:			
- Liability insurance	25,000	26,391	14,439
- Cost of assessment	180,062	180,062	158,892
- Regional collaborative services	7,778	7,777	16,348
- Municipal association membership	3,000	1,316	1,912
- Grants to organizations	45,000	41,000	8,500
- Training and development	-	17,239	13,518
- Amortization	5,657	5,657	4,029
- Interest and bank charges	<u>14,100</u>	<u>14,529</u>	<u>17,753</u>
	<u>280,597</u>	<u>293,971</u>	<u>235,391</u>
	<u>\$ 1,241,189</u>	<u>\$ 841,234</u>	<u>\$ 769,588</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

19. Revenue and Expense Support (continued):

	(Unaudited) 2025 <u>Budget</u>	2025 <u>Actual</u>	2024 <u>Actual</u>
Expenditures (continued):			
Protective services:			
RCMP	\$ <u>1,244,979</u>	\$ <u>1,244,979</u>	\$ <u>-</u>
Fire:			
- Fire protection agreements	<u>725,450</u>	<u>725,450</u>	<u>686,411</u>
Emergency Measures:			
- Amortization	343	343	-
- Other	<u>80,000</u>	<u>70,416</u>	<u>52,874</u>
	<u>80,343</u>	<u>70,759</u>	<u>52,874</u>
Other:			
- Building inspector	124,364	124,364	113,944
- Animal control	26,000	17,619	20,196
- Regional public safety	2,422	2,420	2,268
- By-law personnel	<u>12,868</u>	<u>5,700</u>	<u>40,224</u>
	<u>165,654</u>	<u>150,103</u>	<u>176,632</u>
	<u>\$ 2,216,426</u>	<u>\$ 2,191,291</u>	<u>\$ 915,917</u>
Transportation services:			
Common services:			
- Public transit	\$ <u>1,008</u>	\$ <u>1,008</u>	\$ <u>3,124</u>
Street lighting	<u>20,000</u>	<u>13,446</u>	<u>12,536</u>
Traffic services:			
- Street signs	<u>25,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 46,008</u>	<u>\$ 14,454</u>	<u>\$ 15,660</u>

SUNBURY-YORK SOUTH RURAL COMMUNITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. Revenue and Expense Support (continued):

	(Unaudited) 2025 <u>Budget</u>	2025 <u>Actual</u>	2024 <u>Actual</u>
Expenditures (continued):			
Environmental health services:			
Solid waste collection and disposal	\$ 591,340	\$ 568,694	\$ 559,275
Recycling	<u>-</u>	<u>-</u>	<u>28,672</u>
	<u>\$ 591,340</u>	<u>\$ 568,694</u>	<u>\$ 587,947</u>
Environmental development services:			
Local planning	\$ 167,571	\$ 167,571	\$ 150,792
Community development	7,218	7,220	7,976
Economic development	33,468	33,468	31,584
Tourism	35,570	35,599	43,788
Decorative lighting	<u>500</u>	<u>-</u>	<u>-</u>
	<u>\$ 244,327</u>	<u>\$ 243,858</u>	<u>\$ 234,140</u>
Recreation and cultural services:			
Recreational facilities	<u>\$ 148,297</u>	<u>\$ 154,649</u>	<u>\$ 133,193</u>