Nackawic-Millville
RURAL COMMUNITY

2025 Annual Report

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FOREWORD

Introduction

Section 105 of the Local Governance Act, S.N.B. 2017, c.18 requires that a local government prepares an annual report containing the information prescribed by New Brunswick Regulation 2018-54, under the Local Governance Act. It also requires that a local government publishes the annual report on its website and the document is readily available for examination by the public in the office of the Clerk during regular business hours. The municipal office is open Monday to Friday, 8:15 am – 4:30 pm at 115 Otis Drive, Nackawic.

Section 3 of New Brunswick Regulation 2018-54 states that on or before June 30 in each year, a local government shall prepare an annual report, referred to in section 105(1) of the Local Governance Act, for the preceding fiscal year.

The minimum information required in the annual report is detailed in Section 4 of the New Brunswick Regulation 2018-54 and is also included in the Table of Contents page, along with additional information included in the document.

Annual Report

This Report contains general information about Nackawic-Millville Rural Community such as its population and tax base, as well as more detailed information regarding municipal council, the provision of grants, and the types and cost of the services provided.

The 2025 Audited Financial Statements prepared by Shannon & Buffett are included in this report.

Mayor's Message

We are pleased to provide our third annual report on the activities of our Rural Community. 2025 continued to be a busy year for Council and staff, as we worked on several projects throughout the year.

On the front of population growth and economic development, our funding under the Government of New Brunswick Housing for All strategy was put to work, with substantial completion of our housing development infrastructure. With that project, our municipality made a commitment towards a component of affordable housing within the new development. Commitments and expressions of interest from Habitat for Humanity and the New Brunswick Collaborative Housing Cooperative were presented to Council for approval that will lead us towards meeting that goal. Interest continues to build in both market and affordable housing opportunities within the new subdivision. We were also successful in meeting our first-year objectives in the Housing Accelerator II fund and will carry forward an additional ¼ of the approximately $1.7 million towards housing and community development projects over the next three years. This level of assistance by Federal and Provincial governments has allowed us to move forward on important population growth and economic development projects.

Destination Nackawic Economic Development Corporation ramped up a marketing campaign and a fresh new look on the DNEDC website, centered around marketing our housing development in addition to updating information on the site. In 2025, DNEDC also hosted its 3rd annual Bass Open on the long weekend in May that registered over 150 anglers from Ontario, Quebec, New Brunswick, PEI, Nova Scotia, and Maine. Our youth derby on Sunday afternoon included over 80 youth anglers, ages 2 to 15, mostly from western New Brunswick.

Council committees continued to work on various initiatives and establish key relationships with other organizations to navigate the new reality that we faced following municipal reform. Adapting and establishing policy that will work for a larger community continues to be challenging work for the Council and committee members. Construction was completed on the Millville ballfield upgrade and outdoor kitchen project that was officially opened in July 2025. Construction was substantially completed on the Dumfries Fire and Community Hall, with finishing touches to be completed in early 2026. With all the capital work completed in 2025, we have had unprecedented growth in our capital assets in the community.

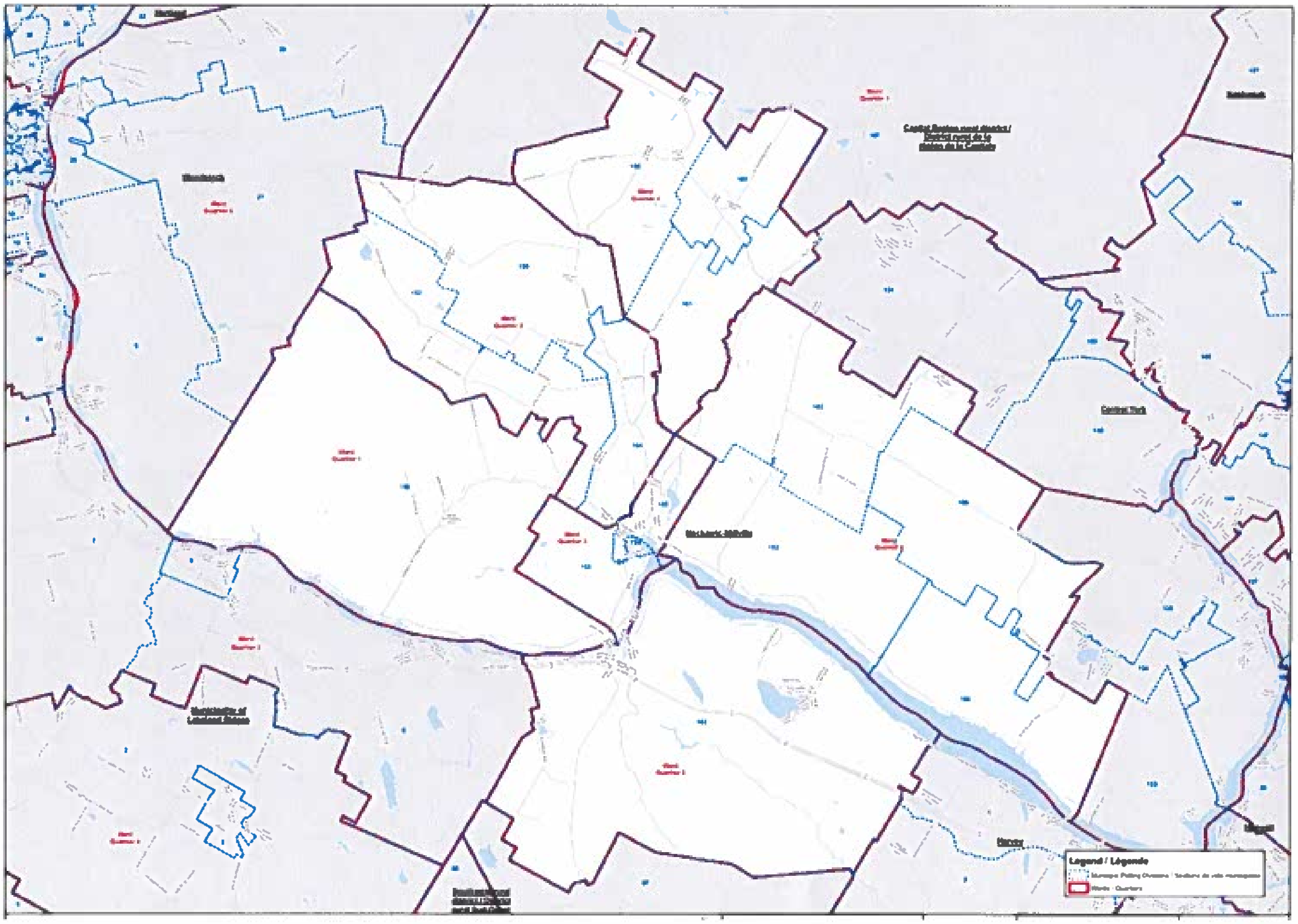
While challenging, we had a very successful third year. We are so fortunate to have such a productive, dedicated, and effective Council, supported by all our municipal employees, Fire Department volunteers, and community volunteers, who work hard to keep everything running smoothly and looking great. We cannot thank them enough for their efforts and loyalty to the community.

To our residents – thank you for your continued trust in us to do this work towards the growth and future prosperity of our community.

Yours sincerely,
Tim Fox, Mayor

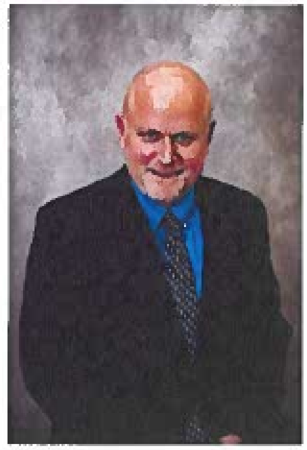
Nackawic-Millville Rural Community

On January 1, 2023 a newly formed municipality of Nackawic-Millville Rural Community was created due to local governance reform. The former Town of Nackawic, Village of Millville, Local Service Districts of Southampton, Dumfries and a portion of Queensbury amalgamated to form our new municipality. The community grew in population to an estimated 4400 residents and the boundaries expanded to encompass approximately 800 square kilometers. Below is the municipal boundary map indcating each ward that represents the former entities.



Council Composition

Nackawic-Millville Rural Community was divided into six wards. The composition of Council consisted of the position of Mayor being elected at large and each ward being represented by one Councillor, with the exception of Nackawic having two Councillor representatives. Each Councillor represents approximately 500 residents in population. The following are the elected and acclaimed Councillors representing each ward:

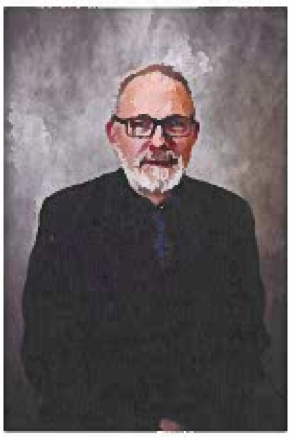


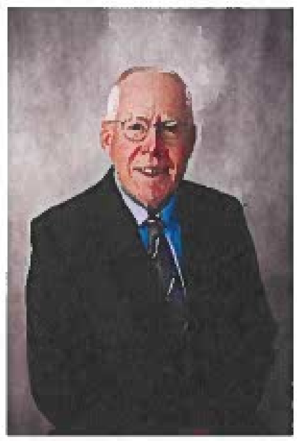
Katie Nozzolillo
Ward 1
Southampton

Jeff Clark
Ward 2
Temperance Vale

Deputy Mayor
Greg MacFarlane
Ward 3
Nackawic

Robert Simpson
Ward 3
Nackawic





Colin Trail
Ward 4
Millville

Steve Meldrum
Ward 5
Dumfries

Errol Graham
Ward 6
Queenbury

2025 Council Remuneration

Postion	Annual Budget Honorarium	Actual Honorarium	Annual Budget Expenses	Actual Expenses
Mayor	$12,000	$11,455	$ 1,947	$1,766
Deputy Mayor	$ 6,000	$ 0	$ 1,550	$ 0
Councillor	$28,800	$25,754	$ 5,853	$5,308
Total	**$46,800**	**$37,209**	**$ 9,350**	**$7,074**

Mayor & Council are paid $22.50 per committee meeting and $.58/km for travelling outside of the municipality on offical business in addition to their monthly expenses.

Council Committees

Council members are appointed to various council committees and adhoc committees to serve on. The Committee's provide recommendations to Council throughout the year.

Mayor Fox -	Finance Human Resources Capital Region Service Commission Employee Municipal Pensions Communications By-Law Review Destination Nackawic Economic Development Corp.
Deputy Mayor MacFarlane -	Finance Communications By-Law Review Destination Nackawic Economic Development Corp.
Councillor Nozzilillo -	Recreation Protective Services Communications By-Law Review Destination Nackawic Economic Development Corp.
Councillor Simpson -	Finance Public Works Human Resources Destination Nackawic Economic Development Corp.
Councillor Clark -	Recreation Public Works By-Law Review Mactaquac Country Chamber of Commerce
Councillor Trail -	Protective Services (Fire, EMO, Police) Human Resources By-Law Review Destination Nackawic Economic Development Corp.
Councillor Graham -	Library Recreation
Councillor Meldrum -	Protective Services (Fire, EMO, Police) Public Works

Regular Council Meetings

Council meets on the first and third Monday of each month in the Council Chambers at the Municipal Office. If the Monday falls on a holiday, the regular meeting will be held on the Tuesday following the holiday. All Council meetings are open to the public and begin at 7:00 pm. The following table represents the dates of all regular council meetings and Council's attendance record for 2025.

Meeting Date	Mayor Fox	Deputy Mayor MacFarlane	Councillor Meldrum	Councillor Clark	Councillor Graham	Councillor Nozzolillo	Councillor Simpson	Councillor Trail
January 6	✓	✓	✓	✓	✓	✓	✓	✓
January 20	✓	✓	✓	✓	✓	✓	✓	✓
February 3	✓	✗	✓	✓	✓	✓	✓	✓
February 18	✗	✓	✓	✓	✓	✓	✓	✓
March 3	✓	✓	✓	✗	✓	✓	✓	✓
March 17	✓	✗	✓	✓	✗	✓	✓	✓
April 7	✓	✓	✓	✓	✓	✓	✓	✓
April 22		Cancelled						
May 5	✓	✗	✓	✓	✓	✓	✓	✓
May 20	✓	✓	✓	✓	✓	✓	✓	✓
June 3	✓	✓	✓	✓	V	✓	✓	✓
June 16	✓	✓	✓	✓	V	✓	✓	✓
July 7	✓	✗	✓	✓	✓	✓	✓	✓
July 21	✓	✗	✓	✓	✗	✓	✓	✗
August 5	✓	✗	✓	✓	✗	✗	✓	✓
August 18	✓	✓	✓	✗	✓	✓	✓	✓
September 2	✓	✓	✗	✓	V	✗	✓	✓
September 15	✓	V	✓	✓	V	✓	✓	✓
October 6	✓	✓	✓	✓	✗	✓	✓	✓
October 20	✓	✗	✓	✓	✓	✓	✓	✓
November 3	✓	✓	✓	✓	✓	✓	✓	✓
November 17	✓	✓	✓	✓	V	✓	✓	✓
December 1	✓	✗	✓	✓	✓	✓	✗	✓
December 15	✓	V	✓	✓	✓	✓	✓	✓

✓ = Present ✗ = Absent V = Virtual (electronic)

Special Council Meetings

In 2025 there were five Special Council meetings held as outlined in the table below. The dates, Councillors in attendance and agenda items were as follows:

Meeting Date	Agenda Items	Mayor Fox	Deputy Mayor MacFarlane	Councillor Meldrum	Councillor Clark	Councillor Graham	Councillor Nozzolillo	Councillor Simpson	Councillor Trail
Jan. 13	Legal Matter	✓	✓	✓	✓	✓	✓	✓	✓
Apr. 2	Legal Matter	V	✓	✓	✓	✗	V	✓	V
Sept. 25	Provincial-Municipal Highway Partnership Program Application	V	✗	✓	✓	V	V	✗	✗
Nov. 24	2026 General Operating & Utility Budgets	V	V	V	✓	✓	V	✓	V
Dec. 24	Year End Transfers	✓	✗	V	✓	✗	V	✓	V

✓ = Present ✗ = Absent V = Virtual (electronic)

Closed Sessions

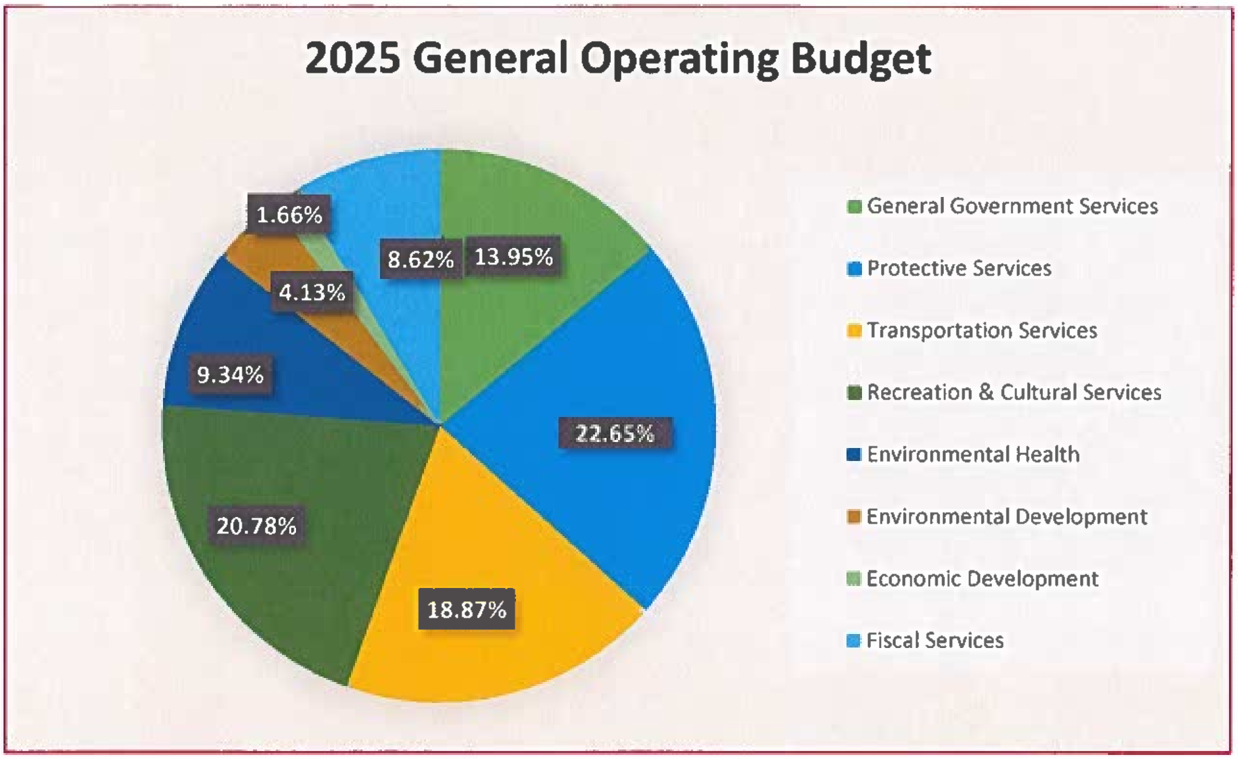
In 2025 Council went in to Closed Session on the following dates:

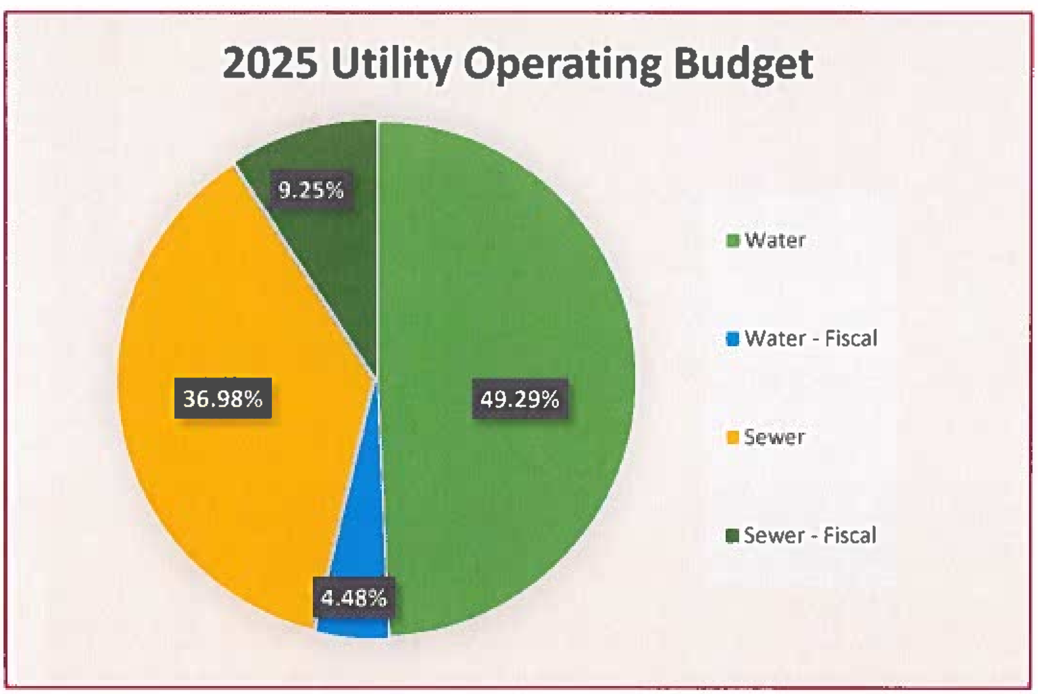
January 13	Local Governance Act Section 68(1)(d) provides the authority for a Closed Session of Council to discuss "the proposed or pending acquisition or disposition of land".
February 3	Local Governance Act Section 68(1)(d) provides the authority for a Closed Session of Council to discuss "the proposed or pending acquisition or disposition of land".
February 18	Local Governance Act Section 68(1)(f) provides the authority for a Closed Sesson of Council to discuss "information concerning legal opinions or advice provided to the local government by its solicitor or privileged communications between solicitor and client in a matter of local government business".
March 3	Local Governance Act Section 68(1)(f) provides the authority for a Closed Sesson of Council to discuss "information concerning legal opinions or advice provided to the local government by its solicitor or privileged communications between solicitor and client in a matter of local government business".

March 17	Local Governance Act Section 68(1)(d) provides the authority for a Closed Session of Council to discuss "the proposed or pending acquisition or disposition of land".
April 2	Local Governance Act Section 68(1)(f) provides the authority for a Closed Sesson of Council to discuss "information concerning legal opinions or advice provided to the local government by its solicitor or privileged communications between solicitor and client in a matter of local government business".
April 7	Local Governance Act Section 68(1)(f) provides the authority for a Closed Sesson of Council to discuss "information concerning legal opinions or advice provided to the local government by its solicitor or privileged communications between solicitor and client in a matter of local government business".
May 5	Local Governance Act Section 68(1)(j) provides the authority for a Closed Session of Council to discuss "labour and employment matters, including the negotiation of collective agreements"
June 16	Local Governance Act Section 68(1)(d) provides the authority for a Closed Session of Council to discuss "the proposed or pending acquisition or disposition of land".
July 7	Local Governance Act Section 68(1)(j) provides the authority for a Closed Session of Council to discuss "labour and employment matters, including the negotiation of collective agreements"
July 21	Local Governance Act Section 68(1)(j) provides the authority for a Closed Session of Council to discuss "labour and employment matters, including the negotiation of collective agreements"
August 18	Local Governance Act Section 68(10)(c) provides the authority for a Closed Session of Council to discuss "information that could cause financial loss or gain to a person or the local government or could jeopardize negotiations leading to an agreement or contract".
September 2	Local Governance Act Section 68(1)(d) provides the authority for a Closed Session of Council to discuss "the proposed or pending acquisition or disposition of land".
September 15	Local Governance Act Section 68(1)(d) provides the authority for a Closed Session of Council to discuss "the proposed or pending acquisition or disposition of land".
October 6	Local Governance Act Section 68(1)(j) provides the authority for a Closed Session of Council to discuss "labour and employment matters, including the negotiation of collective agreements"
November 3	Local Governance Act Section 68(1)(d) provides the authority for a Closed Session of Council to discuss "the proposed or pending acquisition or disposition of land".
November 17	Local Governance Act Section 68(1)(d) provides the authority for a Closed Session of Council to discuss "the proposed or pending acquisition or disposition of land".
December 15	Local Governance Act Section 68(1)(j) provides the authority for a Closed Session of Council to discuss "labour and employment matters, including the negotiation of collective agreements"

2025 Operating Budgets

Nackawic-Millville Rural Community had a total tax base of $370,946,000 for 2025 representing a 5.44% growth from the previous year. The General Operating budget was $3,842,706 and Utility Operating budget was $440,794. General Operating ended the year with a $109,792 deficit and Utility a $3,556 deficit. The charts below represent the percentage breakdowns of each department to the overall total budget.





Services provided under the General Operating Budget to our residents were as follows:

General Government Services

Administration is responsible for the overall daily operations, governance and financial administration of the municipality. This includes general management of each department, Mayor & Council business, financial management, legal matters, and compliance with Local Governance legislation as well as civic relations.

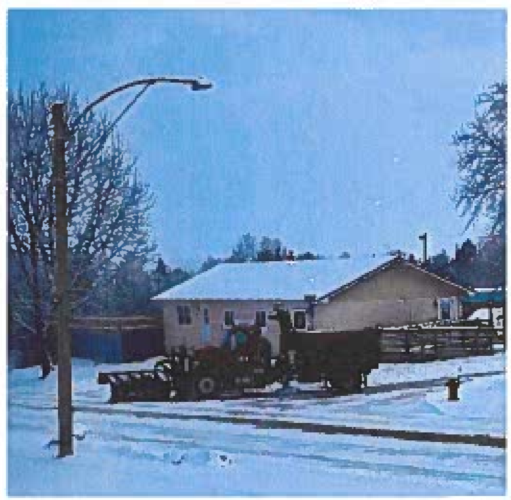
Total Budget - $536,303
Total Expenditures – $568,028

Protective Services

Policing services, fire protection services, emergency measures, and animal control fall under protective services. There are three fire stations in our municipality – Dumfries, Nackawic, and North York. RCMP provides police protection and NBSPCA provides animal control services.

Total Budget - $870,409
Total Expenditures - $854,531

Transportation Services



The Public Works Department is responsible for roads and streets summer and winter maintenance, street lighting, traffic services, sidewalks, crosswalks, storm drains, flushing, culverts and other transportation related functions. DTI continues to provide service to roads and streets as they previously did prior to municipal reform.

Total Budget - $724,949
Total Expenditures - $676,008

Recreation & Cultural Services

This Recreation & Parks Department is responsible for the maintenance and operation of recreational facilities including the marina facilities, arena, parks and playgrounds, sports fields, waterfront, nature trail and other recreational assets. The Department also organizes seasonal recreation programming, prepares for annual fishing tournaments and special festivities held on the waterfront grounds.

Municipal contributions to the Nackawic Public School Library are included under cultural services. A portion of salaries are subsidized by the municipality, and a grant is provided annually for the operations. The library offers numerous programs and various activities for all ages.

Total Budget - $798,375
Total Expenditures - $771,309

Environmental Health Services

In 2025 the municipality began providing solid waste collection and disposal services for all wards, including the Nackawic ward to keep costs down and control the level of service provided to our residents. The municipality now has two trucks operating and waste is collected four days per week. This initiative created 3 full-time employment positions and resulted in huge cost savings, ultimately saving the taxpayers an increase in their property tax rates for waste collection services. With new regulations in place, Recycling collection remains collected by Fero at no cost to the taxpayers.

Total Budget - $359,064
Total Expenditures - $368,674

Environmental Development

These services are provided by the Capital Region Service Commission and include issuance of all building permits, variances, inspections, planning, zoning and subdivision processes.

Tourism services are provided by Fredericton Tourism mandated through the Capital Region Service Commission and smaller tourism items by the municipality.

Total Budget - $158,737
Total Expenditures - $164,084

Economic Development

Services are provided by Ignite mandated through the Capital Region Service Commission and the municipality provides an annual transfer to the Destination Nackawic Economic Development Corporation for operations.

Total Budget - $63,794
Total Expenditures - $44,236

Fiscal Services

Capital purchases, large projects, lease payments and debenture repayments to the Municipal Capital Borrowing Board are included under fiscal services. Financial contributions by the Federal and Provincial governments to capital purchases and projects are recorded in revenue while total project expenses are recorded under fiscal services.

Total Budget - $331,075
Total Expenditures - $878,872

Financial Contributions and Donations

During 2025 the following financial contributions and donations of $500 or more were made:

$550	NHS Student Leadership – assist students to attend national conference.
$750	Argonauts Soccer Club – donation.
$3,000	Nackawic & Area Wellness Committee – donation for wellness programs.
$5,497	Dumfries Community Events Committee – contribution for special events.
$14,051	Middle Southampton Community Hall – contribution for operations.
$16,932	Nackawic Public School Library - contribution for operations.
$21,042	Temperance Vale Community Hall – contribution for operations.

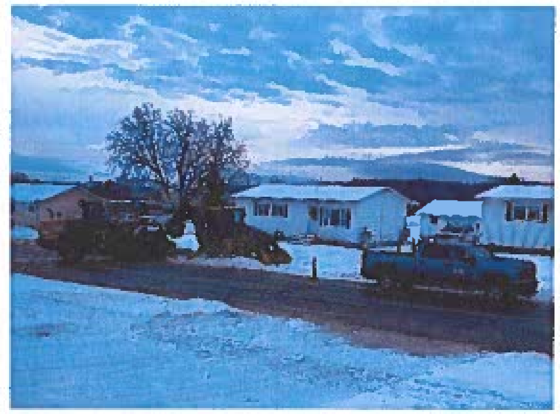
$26,894 Bear Island Community Hall – contribution for operations and renovations (renovation funds left over from previous year)

$30,000 Destination Nackawic Economic Development Corporation – municipal transfer for operations to promote economic development and growth in our municipality.

UTILITY

Services provided under the Utility Budget to Nackawic area residents were as follows:

Utility Operating



Utility provides water and sewer services to the majority of the residents in Nackawic, maintains two wells, a reservoir, a wastewater treatment plant and trickle filter plant along with many kilometers of water and sewer piping. Over 70 fire hydrants are maintained throughout the community. A hydrant renewal program consists of the rehabilitation of 3-4 hydrants each year continues to be carried out.

Total Budget - $380,255
Total Expenditures - $389,283

Fiscal Services

Utility fiscal services include capital utility projects and purchases, debenture repayments to the Municipal Capital Borrowing Board and the water/sewer discount offered each year.

Total Budget - $60,539
Expenditures - $42,615

2025 Capital Projects, Purchases & Grants

Nackawic-Millville Rural Community had another very productive year with various capital projects, purchases and grants in conjunction with funding provided from both the Provincial and Federal governments. Several projects will be continuing into 2026 before completion. The municipality was very fortunate to receive financial assistance through numerous grant programs. These funds assisted with major capital infrastructure projects, the purchase and installation of essential equipment and modest community projects and events. Without the collaboration of all three levels of government, these initiatives and acquisitions would not be achievable. The following is a summary of each capital project, purchase and program and the financial assistance received:

1) Trickle Filter Rehabilitation Project (Utility) - $783,360

Canada – New Brunswick Integrated Bilateral Agreement for Investing in Canada Infrastructure Program

Federal	$313,344
Provincial	$261,094
Municipal	$208,922

This project continues to be a multi-year project involving the renewal and enhancements to the existing trickle filter system of the wastewater treatment facility that services the north side of the municipality to extend its useful life. The engineering began in June 2022 and upgrades consisted of the replacement of the settling and humus tanks, replacement of the aluminum dome structure that collapsed a couple of years ago with a building structure, repairs to the filtration system and installation of a flow meter. With extra funds remaining, it was decided to install a UV system at the Trickle Filter to allow additional treatment and better testing results. The UV system will be installed in 2026 to complete this project.

2) Subdivision Development Project - $6,720,947

Provincial	$6,048,852
Municipal	$ 672,094

In 2025 construction continued on developing the 47 acres of municipally owned land for the new subdivision project. The installation of underground infrastructure such as water and sewer lines, storm sewers, the building of streets, curbs and sidewalks has been completed. The underground electrical was installed to most of the subdivision and will be completed in the spring of 2026 to the remaining lots. A lift station will be installed also in 2026 to boost water pressure to certain areas. Three new streets – O'Brien Crescent, Chandler Drive and McCain Crescent were named, and property survey pins were installed identifying each individual lot. Forty-five (45) build ready lots are now available for sale for single family residential homes and multi-family residential developments such as duplexes, garden homes, townhouses and apartment complexes. Visit Destination Nackawic's website for more information at [Development Lots | Destination Nackawic]

3) Subdivision Development Project - $423,000 (1st Payment)

Government of Canada - Housing Accelerator Fund (HAF2)

CMHC is delivering the HAF2 program on behalf of the Federal Government. The municipality was successful in receiving funding of $1,692,000 spread over four years through the second round of funding. Our application included action items and initiatives that will be undertaken in an effort to meet our projected housing targets. The funding can be used for various projects that lead to an increased housing supply in our community. The 2025 allocation was spent towards the completion of phase 1 of the subdivision development.

4) Dumfries Fire Hall/Community Hall - $498,000

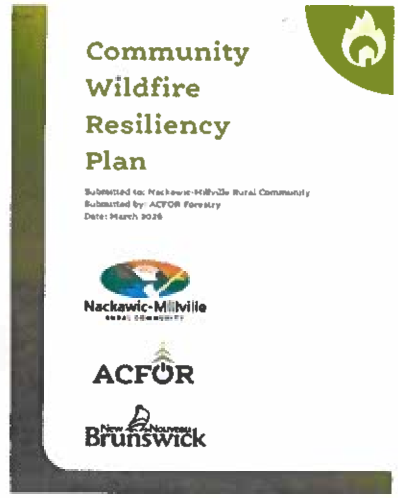
Regional Development Corporation – Community Investment Fund

Provincial	$498,000
Municipal	$3,000,000

In the Summer of 2025, the construction of a new Fire Hall/Community Hall in Dumfries began. The new structure will house the fire trucks, fire equipment, supplies and offices for the Dumfries Fire station. The other end will contain a community hall which will be available for community events, rentals and used as an emergency shelter when needed. Completion is expected in the summer of 2026 and then the existing building will be demolished and turned into a parking lot. Once completed the public will be invited to attend a grand opening/ribbon cutting ceremony.

5) Community Wildfire Resiliency Plan - $60,000

Department of Natural Resources – NB Fire Smart



Provincial	$60,000

Acfor Forest Management was engaged to conduct a study on wildfire resiliency for Nackawic-Millville Rural Community and develop a community plan. Work began in the fall of 2025 by data collection, identifying areas of concern, hosting open houses and acquiring survey information from residents. The plan will be completed and presented to Council in early 2026 outlining recommendations on how to keep our community safer from the increase of wildfires. Once presented to Council, a copy will be available on our municipal website.

6) Arena Condenser - $42,046

Regional Development Corporation – Community Development Fund

Provincial	$42,046
Municipal	$63,068

The arena condenser was several years past its lifespan which was evident by increasing freeze ups and leaks causing the ice plant to shut down. The replacement will eliminate the possibility of failure and any loss of the regular ice season.

7) Marina – EZ2 Pool Lift - $3,000

Regional Development Corporation – Community Investment Fund

Provincial	$3,000
Municipal	$3,926

The lift system will be installed on the dock at the Big Axe Marina assisting individuals with accessibility challenges getting in and out of boats. This will allow individuals the opportunity to experience being on the water and enjoy boating and fishing. The lift is scheduled to be installed in the summer of 2026.

8) Canada Day - $3,020

Federal	$3,020

Festivities were planned for July 1st to celebrate Canada Day. The Government of Canada provides a grant to assist with the cost of these celebrations, along with many other local businesses and service clubs. Family orientated activities, music on the World's Largest Axe and a spectacular fireworks show are organized by the Recreation & Parks Department.

9) Summer Student Employment - $16,122

Federal	$8,770
Provincial	$7,352

The Federal Canada Summer Jobs (CSJ) Program provided 50% funding assistance for four students, and the Provincial SEED Program provided 50% funding assistance for two students in 2025. Summer students are vital to the operations of the Big Axe Marina and assists the Recreation and Public Works Departments with daily tasks, summer maintenance and community events. This funding allows the municipality to employ students furthering their education and allows students to gain valuable experience in a variety of skills and expand their abilities in many areas.

10) Capital Purchases – Buildings, Equipment & Vehicles

Recreation

Arena Score Clock	$9,930	Replaced 30-year-old score clock

Public Works

Fuel Tanks & System	$153,362	Replaced old fuel tanks over 20 years old – unable to insurance due to age
Security Fencing	$60,226	Installed new fencing around the perimeter of the PW garage to keep assets secure.
Alarm System	$14,179	Installed new security system at PW garage.
Truck & Plow	$85,899	Replaced old truck and plow. Retained old truck to use as second PW vehicle.

Solid Waste Collection

Second-hand Truck	$36,500	Purchased a used garbage truck to provide additional collection and have as a back up.
Storage Buildings	$26,298	Built carports to store garbage trucks in to keep under cover and out of the elements of harsh weather.

NACKAWIC-MILLVILLE RURAL COMMUNITY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

Shannon & Buffett, LLP
Chartered Professional Accountants

NACKAWIC-MILLVILLE RURAL COMMUNITY

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Shannon & Buffett, LLP

Chartered Professional Accountants

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

April 8, 2026

INDEPENDENT AUDITOR'S REPORT

To the Mayor and the Members of the Council:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Nackawic-Millville 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 debt 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 19, 20 and 21 on pages 21, 22 and 23 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.

535 BEAVERBROOK CT., SUITE #110 FREDERICTON, N.B. E3B 1X6

PHONE: (506) 458-9300 FAX: (506) 458-9317

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

NACKAWIC-MILLVILLE RURAL COMMUNITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

	2025	2024
Financial assets:		
Cash (note 3)	$ 1,522,871	$ 1,146,344
Receivables:		
- Federal government and its agencies (note 4)	529,467	221,830
- Province of New Brunswick (note 5)	860,321	113,879
- Other	111,357	149,485
	3,024,016	1,631,538
Liabilities:		
Bank indebtedness (note 6)	1,805,101	-
Payables and accruals (note 7)	1,254,969	649,228
Deferred revenue (note 8)	119,952	260,567
Long-term debt (note 9)	2,624,440	1,363,000
Accrued retirement allowance (note 10)	68,763	66,800
Accrued pension benefit liability (asset) (note 11)	(16,600)	2,200
	5,856,625	2,341,795
Net debt	(2,832,609)	(710,257)
Non-financial assets:		
Tangible capital assets (note 12)	33,283,503	23,551,829
Accumulated amortization	(12,633,833)	(12,107,818)
	20,649,670	11,444,011
Inventory of supplies	66,596	46,306
Prepaid expenses	8,450	9,740
	20,724,716	11,500,057
Accumulated surplus (page 4)	$ 17,892,107	$ 10,789,800

Approved by:

Tim Fox Mayor

Kathryn Clark Clerk or Treasurer

NACKAWIC-MILLVILLE RURAL COMMUNITY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2025

	(Unaudited) 2025 Budget	2025 Actual	2024 Actual
Revenue:			
Property tax warrant	$ 3,177,322	$ 3,177,322	$ 2,914,809
Services provided to other governments	145,464	167,001	171,832
Sale of services, fines and other fees	227,100	222,552	205,979
Unconditional grant	103,247	103,247	112,085
Other government transfers	-	7,170,964	611,941
Utility user fees	382,055	365,141	353,090
Interest	19,000	29,102	55,099
Gain on disposal of tangible capital assets	-	54,414	-
Other	4,560	209,271	52,408
	4,058,748	11,499,014	4,477,243
Expenses:			
General government services	649,331	679,795	605,474
Protective services	880,941	944,544	863,899
Transportation services	936,122	812,148	783,477
Environmental health services	399,437	411,754	534,738
Environmental development services	222,531	172,265	206,118
Recreation and cultural services	854,189	868,018	806,509
Utility services	512,260	508,183	478,337
Loss on disposal of tangible capital assets	-	-	70,861
	4,454,811	4,396,707	4,349,413
Annual surplus (deficit) (note 19)	$ (396,063)	7,102,307	127,830
Accumulated surplus, beginning of year		10,789,800	10,661,970
Accumulated surplus, end of year		$ 17,892,107	$ 10,789,800

NACKAWIC-MILLVILLE RURAL COMMUNITY

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Annual surplus	$ 7,102,307	$ 127,830
Acquisition of tangible capital assets	(9,902,659)	(1,490,103)
Amortization of tangible capital assets	582,066	671,673
(Gain) loss on disposal of tangible capital assets	(54,414)	70,861
Proceeds on disposal of tangible capital assets	169,348	14,260
(Increase) decrease in inventory of supplies	(20,290)	654
(Increase) decrease in prepaid expenses	1,290	(9,740)
	(9,224,659)	(742,395)
Increase in net debt	(2,122,352)	(614,565)
Net debt, beginning of year	(710,257)	(95,692)
Net debt, end of year	$ (2,832,609)	$ (710,257)

NACKAWIC-MILLVILLE RURAL COMMUNITY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Operating transactions:		
Annual surplus	$ 7,102,307	$ 127,830
Non-cash items:		
- Amortization of tangible capital assets	582,066	671,673
- (Gain) loss on disposal of tangible capital assets	(54,414)	70,861
Change in deferred revenue	(140,615)	240,199
Change in inventory of supplies	(20,290)	654
Change in prepaid expenses	1,290	(9,740)
Other (note 15)	(427,047)	1,014,472
	7,043,297	2,115,949
Capital transactions:		
Acquisition of tangible capital assets	(9,902,659)	(1,490,103)
Proceeds on disposal of tangible capital assets	169,348	14,260
	(9,733,311)	(1,475,843)
Financing transactions:		
Increase in bank loans	1,805,101	-
Increase in long-term debenture debt	917,000	667,000
Long-term debenture debt retirement	(179,000)	(119,000)
Increase in obligation under capital lease	560,829	-
Capital lease payments	(37,389)	-
	3,066,541	548,000
Increase in cash position	376,527	1,188,106
Cash position, beginning of year	1,146,344	(41,762)
Cash position, end of year	$ 1,522,871	$ 1,146,344

1. Reporting entity:

Effective January 1, 2023, as established under the Province of New Brunswick Local Governance Act, the Town of Nackawic, the Village of Millville and portions of the Local Service Districts of Southampton, Queensbury, Dumfries and Bright, amalgamated to create the Nackawic-Millville Rural Community. The Rural Community is exempt from income tax under Section 149 (l) (c) of the Canadian 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 generally accepted accounting principles 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 financial assets and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Rural Community and which are owned or controlled by the Rural Community.

Interdepartmental and organizational transactions and balances have been eliminated.

(b) Operating budget -

The operating budget figures contained in these consolidated financial statements were approved by Council on December 10, 2024 (General and Utility) and the Minister of Environment and Local Government on December 16, 2024 (General and Utility).

(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.

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 and cash equivalents -

Cash and cash equivalents include cash on hand and balances with banks.

(f) Investments -

Guaranteed investment certificates are recorded at cost. The corresponding accrued interest receivable is included in Receivables - Other.

(g) 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:

Asset type	Years
Land improvements	15-30 years
Buildings	25-40 years
Vehicles	5-15 years
Machinery and equipment	5-40 years
Roads, curbs, sidewalks and storm sewers	15-40 years
Utility infrastructure	25-75 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.

2. Significant accounting policies (continued):

(h) Segmented information -

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

General government services

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

Protective services

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

Transportation services

This department is responsible for common services, road and street maintenance, street lighting, traffic services, parking and other transportation related functions.

Environmental health services

This department is responsible for the provision of waste collection and disposal.

Environmental development services

This department is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.

Recreation and cultural services

This department is responsible for maintenance and operation of recreational and cultural facilities, including the arena, parks and playgrounds and other recreational and cultural facilities.

Utility services

This department is responsible for the provision of the water supply and delivery systems as well as the sewerage services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons and related systems.

2. Significant accounting policies (continued):

(i) Post-employment benefits -

The Rural Community recognizes its obligations under post-employment benefit plans and the related costs, net of plan assets. The Rural Community has a retirement allowance liability as documented in note 10 and a pension benefit liability as documented in note 11.

3. Cash:

	2025	2024
Internally restricted cash - Reserves and Gas Tax (CCBF)	$ 1,093,885	$ 920,160
Internally restricted cash - Forestry Scholarship Trust Fund	5,100	5,100
Unrestricted cash	423,886	221,084
	$ 1,522,871	$ 1,146,344

4. Receivables – Federal government and its agencies:

	2025	2024
Canada Revenue Agency (HST)	$ 529,467	$ 221,830

5. Receivables – Province of New Brunswick:

	2025	2024
Department of Environment and Local Government	$ -	$ 10,230
Regional Development Corporation	845,081	103,649
Department of Natural Resources	15,240	-
	$ 860,321	$ 113,879

6. Bank indebtedness:

	2025	2024
Bank loan	$ 560,101	$ -
Bank loan	565,000	-
Bank loan	680,000	-
	$ 1,805,101	$ -

The bank loans bear interest at prime and are payable to Scotiabank. The loans represent interim financing for capital purposes (Transportation). The Rural Community has ministerial authority for these bank loans (see note 9).

7. Payables and accruals:

Included in payables and accruals at December 31, 2025, is an amount of $25,489 for payroll deductions owing to Receiver General.

8. Deferred revenue:

	2025	2024
Gas Tax funding (CCBF)	$ 119,952	$ 117,682
Department of Environment and Local Government	-	135,835
NB Power Corporation	-	7,050
	$ 119,952	$ 260,567

9. Long-term debt:

			2025	2024
New Brunswick Municipal Finance Corporation:				
- 3.294%	to 3.962%,	due 2034 (OIC # 21-0030)	$ 137,000	$ 150,000
- 1.25%	to 4.15%,	due 2028 (OIC # 13-0014)	48,000	63,000
- 1.20%	to 2.70%,	due 2027 (OIC # 16-0055)	65,000	96,000
- 0.90%	to 2.05%,	due 2030 (OIC # 19-0063)	272,000	324,000
- 1.65%	to 3.20%,	due 2032 (OIC # 16-0035)	189,000	213,000
- 3.294%	to 3.962%,	due 2034 (OIC # 24-0025; # 24-0056)	473,000	517,000
- 2.48%	to 4.497%,	due 2040 (OIC # 24-0025; # 25-0040)	670,000	-
- 2.48%	to 4.773%,	due 2045 (OIC # 25-0040)	247,000	-
			2,101,000	1,363,000
Obligation under capital lease - Province of New Brunswick			523,440	-
			$ 2,624,440	$ 1,363,000

Approval of the Municipal Capital Borrowing Board has been obtained for the $2,101,000 debentures amount.

The Rural Community leases a fire truck that may be purchased for a nominal amount on expiration of the lease in 2039. Annual payments of $37,389 (principal only) are required.

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

	Debentures	Obligation Under Capital Lease	Total
2026	$ 235,000	$ 37,389	$ 272,389
2027	240,000	37,389	277,389
2028	214,000	37,389	251,389
2029	203,000	37,389	240,389
2030	207,000	37,389	244,389

The Rural Community has additional ministerial authority for borrowing for capital purposes as follows:

OIC # 25-0029	General Capital Fund - Protective/Recreation	$ 3,000,000
OIC # 25-0040	General Capital Fund - Transportation/Utility	6,683,000
		$ 9,683,000

$1,805,101 of the $6,683,000 General Capital Fund authority is utilized at December 31, 2025 (see note 6).

10. Accrued retirement allowance:

Employees of the Rural Community are eligible to receive a retiring allowance based on the number of years of service. The benefit is paid out to employees who discontinue employment for reasons other than termination. The minimum severance pay is equivalent to two weeks pay and the maximum amount is fourteen weeks pay.

The retirement allowance has been recorded based on the current employees who qualify for the allowance based on current salary rates. No provision has been made for actuarial adjustments for future events.

	2025	2024
Opening balance	$ 66,800	$ 62,388
Withdrawals	(4,898)	-
Expense for the year	6,861	4,412
Closing balance	$ 68,763	$ 66,800

11. 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 most recent actuarial valuation was prepared as at December 31, 2023.

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 (EARSL) 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 expected 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 average age of the 9 active employees covered by the NB MEPP is 53.3 (as at December 31, 2023)
- Benefit Payments were $51,600 in 2024 and were estimated to be $42,900 in 2025
- Combined contributions were $83,400 in 2024 and were estimated to be $86,000 in 2025

11. Accrued pension benefit liability (continued):

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. Results of the extrapolation are as follows:

	(Estimated) Jan. 1, 2025 to Dec. 31, 2025	(Estimated) Jan. 1, 2024 to Dec. 31, 2024
Accrued benefit liability (asset):		
Accrued benefit liability, beginning of year	$ 2,200	$ 14,400
Adjustment to estimate	(7,900)	(17,400)
Pension expense for the year	32,100	43,100
Less employer contributions	(43,000)	(37,900)
Accrued benefit liability (asset), end of year	$ (16,600)	$ 2,200

	(Estimated) Jan. 1, 2025 to Dec. 31, 2025	(Estimated) Jan. 1, 2024 to Dec. 31, 2024
Reconciliation of funded status at end of year:		
Accrued benefit obligation	$ 1,669,600	$ 1,539,300
Plan assets	1,637,100	1,444,900
Plan deficit	32,500	94,400
Unamortized experience gains (losses)	(49,100)	(92,200)
Accrued benefit liability (asset), end of year	$ (16,600)	$ 2,200

11. Accrued pension benefit liability (continued):

	(Estimated) Jan. 1, 2025 to Dec. 31, 2025	(Estimated) Jan. 1, 2024 to Dec. 31, 2024
Reconciliation of accrued benefit obligation:		
Accrued benefit obligation, beginning of year	$ 1,539,300	$ 1,464,900
Adjustment to estimate	9,700	(38,100)
Current service cost	69,000	68,300
Benefit payments	(42,900)	(42,900)
Interest for period	94,500	87,100
Accrued benefit obligation, end of year	$ 1,669,600	$ 1,539,300

	(Estimated) Jan. 1, 2025 to Dec. 31, 2025	(Estimated) Jan. 1, 2024 to Dec. 31, 2024
Reconciliation of plan assets:		
Plan assets, beginning of year	$ 1,444,900	$ 1,314,700
Adjustment to estimate	56,900	15,800
Employer contributions	43,000	37,900
Employee contributions	43,000	37,900
Benefit payments	(42,900)	(42,900)
Return on plan assets during year	92,200	81,500
Plan assets, end of year	$ 1,637,100	$ 1,444,900

	(Estimated) Jan. 1, 2025 to Dec. 31, 2025	(Estimated) Jan. 1, 2024 to Dec. 31, 2024
Pension expense:		
Employer current service cost	$ 26,000	$ 30,400
Interest on accrued benefit obligation	94,500	87,100
Expected return on assets	(92,200)	(81,500)
Experience (gain) loss	3,800	7,100
	$ 32,100	$ 43,100

12. Tangible capital assets:

	Land	Land Improvements	Buildings	Vehicles	Machinery and Equipment	Roads and Streets	Water/ Sewerage	2025 Total	2024 Total
Cost:									
Balance, beginning of year	$ 1,191,399	$ 2,536,629	$ 4,892,207	$ 2,580,507	$ 1,399,498	$ 6,526,910	$ 4,424,679	$ 23,551,829	$ 22,234,474
Additions	-	6,545,272	2,014,950	770,424	312,805	-	259,208	9,902,659	1,490,103
Disposals	(43,524)	-	(127,461)	-	-	-	-	(170,985)	(172,748)
Balance, end of year	1,147,875	9,081,901	6,779,696	3,350,931	1,712,303	6,526,910	4,683,887	33,283,503	23,551,829
Accumulated amortization:									
Balance, beginning of year	-	678,530	2,899,055	995,919	1,083,079	4,159,302	2,291,933	12,107,818	11,523,772
Amortization	-	67,767	67,636	147,335	36,479	147,195	115,654	582,066	671,673
Disposals	-	-	(56,051)	-	-	-	-	(56,051)	(87,627)
Balance, end of year	-	746,297	2,910,640	1,143,254	1,119,558	4,306,497	2,407,587	12,633,833	12,107,818
Net Book Value of Tangible Capital Assets	$ 1,147,875	$ 8,335,604	$ 3,869,056	$ 2,207,677	$ 592,745	$ 2,220,413	$ 2,276,300	$ 20,649,670	$ 11,444,011
Consists of:									
General Fund Assets	$ 989,435	$ 8,335,604	$ 3,869,056	$ 2,207,677	$ 578,248	$ 2,220,413	$ -	$ 18,200,433	$ 9,149,696
Water/Sewerage Fund Assets	158,440	-	-	-	14,497	-	2,276,300	2,449,237	2,294,315
	$ 1,147,875	$ 8,335,604	$ 3,869,056	$ 2,207,677	$ 592,745	$ 2,220,413	$ 2,276,300	$ 20,649,670	$ 11,444,011

13. 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 Rural Community'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.

14. Utility Operating Fund Surplus/Deficit:

The Province of New Brunswick Local Governance Act requires Utility Operating Fund surplus/deficit amounts to be absorbed into one or more of four 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 Deficit	$ (3,556)	$ -
2024 Surplus	24,368	24,368
2023 Surplus	-	1,283
	$ 20,812	$ 25,651

15. Other (Consolidated Statement of Cash Flows):

	2025	2024
(Increase) decrease in amounts receivable	$ (1,015,951)	$ 854,918
Increase in accounts payable and accrued liabilities	605,741	167,342
Increase in accrued retirement allowance	1,963	4,412
(Decrease) in accrued pension liability	(18,800)	(12,200)
	$ (427,047)	$ 1,014,472

16. Financial instruments:

The Rural Community's financial instruments consist of cash, receivables, bank indebtedness, payables and accruals, long-term debt, accrued retirement allowance and accrued pension benefit liability (asset). 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 accounts receivable. The Rural Community minimizes credit risk through on-going credit management.

17. Commitments:

The Rural Community has contracts for solid waste collection, lane marking, dispatch, local planning services, and equipment rental at December 31, 2025, which expire at various dates between 2026 and 2030.

Future minimum payments (excluding HST) are approximately as follows:

2026	-	$ 165,800
2027	-	1,600
2028	-	1,600
2029	-	1,600
2030	-	700
		$ 171,300

18. Schedule of Segment Disclosure:

	General	Protective	Transportation	Environmental Health	Environmental Development	Recreation and Cultural	Utility	2025 Consolidated	2024 Consolidated
Revenue:									
Property tax warrant	$ 523,299	$ 709,955	$ 754,426	$ 321,908	$ 179,339	$ 688,395	$ -	$ 3,177,322	$ 2,914,809
Services provided to other governments	-	158,688	8,313	-	-	-	-	167,001	171,832
Sales of service, fines and other fees	42,758	-	-	-	-	179,794	-	222,552	205,979
Unconditional grant	17,005	23,070	24,515	10,460	5,828	22,369	-	103,247	112,085
Other government transfers	6,451,735	638,938	-	-	2,109	70,026	8,156	7,170,964	611,941
Utility user fees	-	-	-	-	-	-	365,141	365,141	353,090
Interest	19,854	-	-	-	-	-	9,248	29,102	55,099
Gain on disposal of tangible capital assets	12,128	5,000	-	-	-	37,286	-	54,414	-
Other	15,627	162,763	-	-	26,757	-	4,124	209,271	52,408
	7,082,406	1,698,414	787,254	332,368	214,033	997,870	386,669	11,499,014	4,477,243
Expenses:									
Wages and employee benefits	314,349	95,456	317,593	123,513	-	320,565	-	1,171,476	860,460
Goods and services	207,162	786,594	279,245	245,161	172,265	491,378	377,602	2,559,407	2,655,115
Amortization	127,228	54,105	198,016	31,765	-	54,986	115,966	582,066	671,673
Interest	49,856	8,389	17,294	11,315	-	1,089	10,635	98,578	40,052
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	70,861
Other	(18,800)	-	-	-	-	-	3,980	(14,820)	51,252
	679,795	944,544	812,148	411,754	172,265	868,018	508,183	4,396,707	4,349,413
Annual surplus (deficit)	$ 6,402,611	$ 753,870	$ (24,894)	$ (79,386)	$ 41,768	$ 129,852	$ (121,514)	$ 7,102,307	$ 127,830

19. Reconciliation of Annual Surplus (Deficit):

	General Operating Fund	General Capital Fund	Utility Operating Fund	Utility Capital Fund	General Capital Reserve	General Operating Reserve	Utility Capital Reserve	Total
2025 Annual surplus (deficit)	$ 516,171	$ 6,644,509	$ 31,342	$ (107,498)	$ 11,923	$ 370	$ 5,490	$ 7,102,307
Adjustments to annual surplus (deficit) for funding requirements:								
Second previous year's surplus	24,917	-	1,283	-	-	-	-	26,200
Transfers:								
-General Operating Fund to General Capital Fund	(443,625)	443,625	-	-	-	-	-	-
-General Operating Fund to General Capital Reserve	(115,000)	-	-	-	115,000	-	-	-
-Utility Operating Fund to Utility Capital Fund	-	-	(11,681)	11,681	-	-	-	-
-Utility Capital Reserve to Utility Operating Fund	-	-	3,500	-	-	-	(3,500)	-
Gain on disposal of tangible capital assets	(54,414)	-	-	-	-	-	-	(54,414)
Proceeds on disposal of tangible capital assets	169,348	-	-	-	-	-	-	169,348
Disposal of tangible capital assets	-	(170,985)	-	-	-	-	-	(170,985)
Long-term debt principal repayment	(188,389)	188,389	(28,000)	28,000	-	-	-	-
Amortization expense	-	466,412	-	115,654	-	-	-	582,066
Change in amount recorded under PSAB for pension benefit liability	(18,800)	-	-	-	-	-	-	(18,800)
Total adjustments to 2025 annual surplus (deficit)	(625,963)	927,441	(34,898)	155,335	115,000	-	(3,500)	533,415
2025 Annual Fund surplus (deficit)	$ (109,792)	$ 7,571,950	$ (3,556)	$ 47,837	$ 126,923	$ 370	$ 1,990	$ 7,635,722

20. Statement of Reserves:

	General Capital Reserve	General Operating Reserve	Utility Capital Reserve	2025 Total	2024 Total
Assets					
Cash	$ 684,488	$ 27,583	$ 261,130	$ 973,201	$ 898,918
Liabilities					
Due to Other Funds and Reserves	1,000	-	-	1,000	56,000
Accumulated surplus	$ 683,488	$ 27,583	$ 261,130	$ 972,201	$ 842,918
Revenue					
Transfers from General and Utility Operating Funds	$ 115,000	$ -	$ -	$ 115,000	$ -
Interest	11,923	370	5,490	17,783	32,947
	126,923	370	5,490	132,783	32,947
Expenditures					
Transfers to General and Utility Operating Funds	-	-	3,500	3,500	55,000
Annual surplus (deficit)	$ 126,923	$ 370	$ 1,990	$ 129,283	$ (22,053)

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 (ie. 2024). As at December 31, 2025, the Rural Community is in compliance with these restrictions.

21. Operating Budget to PSAB Budget: (Unaudited)

	Operating Budget General	Operating Budget Utility	Amortization TCA	Transfers	Total
Revenue:					
Property tax warrant	$ 3,177,322	$ -	$ -	$ -	$ 3,177,322
Services provided to other governments	145,464	-	-	-	145,464
Sales of services, fines and other fees	227,100	-	-	-	227,100
Other transfers	148,597	49,956	-	(198,553)	-
Utility user fees	-	382,055	-	-	382,055
Unconditional grant	103,247	-	-	-	103,247
Interest	14,000	5,000	-	-	19,000
Second previous year's surplus	24,917	1,283	-	(26,200)	-
Other	2,060	2,500	-	-	4,560
	3,842,707	440,794	-	(224,753)	4,058,748
Expenditures:					
General government services	536,303	-	127,228	(14,200)	649,331
Protective services	870,410	-	54,105	(43,574)	880,941
Transportation services	724,949	-	198,016	13,157	936,122
Environmental health services	359,064	-	31,765	8,608	399,437
Environmental developmental services	222,531	-	-	-	222,531
Recreation and cultural services	798,375	-	54,986	828	854,189
Fiscal services:					
- Long-term debt repayments	236,000	30,000	-	(266,000)	-
- Interest	33,575	11,539	-	(45,114)	-
- Other transfers	61,500	14,500	-	(76,000)	-
Utility services	-	384,755	115,966	11,539	512,260
	3,842,707	440,794	582,066	(410,756)	4,454,811
	$ -	$ -	$ (582,066)	$ 186,003	$ (396,063)

Shannon & Buffett, LLP
Chartered Professional Accountants

22. Revenue and expense support:

	(Unaudited) 2025 Budget	2025 Actual	2024 Actual
Revenue:			
Services provided to other governments:			
Fire protection	$ 137,222	$ 158,688	$ 163,857
Road and streets	8,242	8,313	7,975
	$ 145,464	$ 167,001	$ 171,832
Sale of services, fines and other fees:			
Arena	$ 94,400	$ 98,612	$ 92,205
Parks and playgrounds	2,700	2,225	1,778
Marina	90,000	78,957	85,205
Animal licences and book sales	-	-	105
Building permits	40,000	42,758	26,686
	$ 227,100	$ 222,552	$ 205,979
Other government transfers:			
Government of Canada:			
- Grants – Wage subsidies	$ -	$ 8,770	$ 10,815
- Canadian Heritage	-	3,020	-
- Canada Mortgage and Housing Corporation	-	423,000	-
Province of New Brunswick:			
- Gas Tax funding (CCBF)	-	4,678	13,166
- Grants – Wage subsidies	-	7,352	10,781
- Environment and Local Government	-	135,835	155,529
- Regional Development Corporation	-	6,573,069	421,650
- Department of Natural Resources	-	15,240	-
	$ -	$ 7,170,964	$ 611,941
Other:			
Festival	$ -	$ 26,757	$ -
Donations	-	162,763	-
Worksafe refund	-	4,927	27,246
Other	4,560	14,824	25,162
	$ 4,560	$ 209,271	$ 52,408

22. Revenue and expense support (continued):

	(Unaudited) 2025 Budget	2025 Actual	2024 Actual
Expenditures:			
General government services:			
Legislative:			
- Mayor	$ 14,500	$ 13,546	$ 13,307
- Councillors	47,280	33,922	33,498
- Other	2,000	-	1,215
	63,780	47,468	48,020
Administrative:			
- Personnel	252,275	196,258	177,022
- Public liability insurance	4,253	3,348	3,893
- Wages - Summer students	-	-	18,373
- Office	82,819	126,457	128,008
- Solicitor	10,000	26,764	3,985
- Cost of assessment	74,273	74,273	67,371
- Pension	(18,800)	(18,800)	(12,200)
	404,820	408,300	386,452
Financial management:			
- External audit	18,000	16,323	16,437
- Consulting	16,745	-	-
	34,745	16,323	16,437
Other:			
- Training and civic relations	7,500	5,317	1,992
- Other fees and taxes	6,658	25,303	24,433
- Amortization	127,228	127,228	121,640
- Interest and bank charges	4,600	49,856	6,500
	145,986	207,704	154,565
	$ 649,331	$ 679,795	$ 605,474

22. Revenue and expense support (continued):

	(Unaudited) 2025 Budget	2025 Actual	2024 Actual
Expenditures (continued):			
Protective services:			
RCMP	$ 209,367	$ 209,367	$ 202,287
Fire:			
- Administration	8,895	8,068	5,772
- Firefighting force	84,487	79,961	68,999
- Fire alarm system	49,776	44,929	42,571
- Station and building	81,835	42,769	55,781
- Fire fighting	248,317	344,975	266,371
- Training	57,700	53,890	51,717
- Amortization	54,105	54,105	92,934
- Interest	6,382	8,389	9,728
- Other	9,829	5,519	3,325
	601,326	642,605	597,198
Emergency measures	58,657	28,697	2,780
Other:			
Building inspection	-	52,902	53,176
Animal and pest control	11,591	10,973	8,458
	11,591	63,875	61,634
	$ 880,941	$ 944,544	$ 863,899

22. Revenue and expense support (continued):

	(Unaudited) 2025 Budget	2025 Actual	2024 Actual
Expenditures (continued):			
Transportation services:			
Common services:			
- Administration	$ 115,835	$ 97,654	$ 66,134
- General equipment	9,710	4,634	8,964
- Workshops and other buildings	28,442	24,001	30,026
	153,987	126,289	105,124
Roads and streets:			
- Summer maintenance	172,927	180,344	171,111
- Snow and ice removal	292,335	206,991	177,244
- Sidewalks	8,000	-	-
- Culverts and drainage ditches	7,500	-	249
- Street lighting	76,000	73,907	72,880
- Amortization	198,016	198,016	246,611
- Interest	13,157	17,294	7,776
- Storm sewers	6,000	3,149	1,799
	773,935	679,701	677,670
Traffic services:			
- Street signs and traffic lane markings	8,200	6,158	683
	$ 936,122	$ 812,148	$ 783,477

22. Revenue and expense support (continued):

	(Unaudited) 2025 Budget	2025 Actual	2024 Actual
Expenditures (continued):			
Environmental health services:			
Administration	$ -	$ 233	$ 212
Solid waste collection	255,064	253,187	418,796
Other solid waste disposal and recycling	104,000	115,254	113,155
Amortization	31,765	31,765	-
Interest	8,608	11,315	2,575
	$ 399,437	$ 411,754	$ 534,738
Environmental development services:			
Community planning	$ 131,697	$ 105,503	$ 100,308
Community development	8,394	3,145	7,052
Tourism promotion	540	417	834
Administration and other	3,400	4,260	5,012
Economic and Tourism Development:			
- Capital Region Service Commission	28,942	28,940	32,912
Destination Nackawic Economic Development:			
- Economic Development officer	49,558	30,000	60,000
	$ 222,531	$ 172,265	$ 206,118
Recreation and cultural services:			
Administration	$ 116,290	$ 111,378	$ 81,166
Rinks and arenas	267,908	358,782	288,347
Marina	110,000	103,248	109,636
Training and development	1,800	1,167	1,509
Parks and playgrounds	160,887	107,830	124,664
Other recreation facilities	97,550	85,254	66,792
Library	43,940	44,284	39,568
Amortization	54,986	54,986	94,827
Interest	828	1,089	-
	$ 854,189	$ 868,018	$ 806,509

22. Revenue and expense support (continued):

	(Unaudited) 2025 Budget	2025 Actual	2024 Actual
Expenditures (continued):			
Utility services:			
Water supply:			
- Administration	$ 44,084	$ 44,085	$ 44,690
- Purification and treatment	25,262	27,020	36,193
- Source of supply	45,312	60,220	38,731
- Transmission and distribution	52,612	44,095	52,409
- Power and pumping	36,220	42,303	35,544
- Billing and collection	13,767	7,008	8,129
- Billing discounts	2,250	1,990	1,738
- Interest	7,100	6,544	2,813
- Amortization	57,983	57,983	57,831
	284,590	291,248	278,078
Sewer collection and disposal:			
- Administration	16,193	19,634	14,399
- Sewer collection system	42,815	41,273	21,679
- Sewer treatment and disposal	92,669	84,956	85,848
- Billing and collection	11,321	7,008	8,129
- Billing discounts	2,250	1,990	1,714
- Interest	4,439	4,091	10,660
- Amortization	57,983	57,983	57,830
	227,670	216,935	200,259
	$ 512,260	$ 508,183	$ 478,337

23. Forestry Scholarship Trust Fund:

In 1993, the Forestry Capital of Canada Committee founded the Forestry Scholarship Trust Fund. The administration of the Trust Fund is the responsibility of the Rural Community.

Eligible recipients of the scholarship from the Trust Fund are Nackawic High School seniors enrolled and accepted in a forestry related post-secondary program. A scholarship of $250 was awarded during the year. Financial assets of the Trust Fund at December 31, 2025, consist of cash of $5,100.