

VILLAGE OF FREDERICTON JUNCTION
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

VILLAGE OF FREDERICTON JUNCTION
CONSOLIDATED FINANCIAL STATEMENTS
TABLE OF CONTENTS
DECEMBER 31, 2024

	<u>PAGE</u>
<u>Independent auditor's report</u>	1 - 2
<u>Consolidated financial statements:</u>	
Consolidated statement of financial position.....	3
Consolidated statement of operations and accumulated surplus.....	4
Consolidated statement of change in net debt.....	5
Consolidated statement of cash flows.....	6
Notes to the consolidated financial statements.....	7 - 27

Shannon & Buffett, LLP

Chartered Professional Accountants

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

May 5, 2025

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 the Village of Fredericton Junction (the Village), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2024, 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 Village 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 18, 19 and 20 on pages 19, 20 and 21 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 Village'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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village'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 Village'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 Village'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 Village 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


VILLAGE OF FREDERICTON JUNCTION

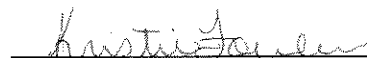
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash (note 3)	\$ 140,342	\$ 232,100
Receivables:		
- Federal government and its agencies (note 4)	129,942	56,245
- Province of New Brunswick (note 5)	630,507	57,816
- Other	<u>59,449</u>	<u>48,408</u>
	<u>960,240</u>	<u>394,569</u>
Liabilities:		
Bank indebtedness (note 6)	423,526	667,657
Payables and accruals	763,476	41,698
Deferred revenue (note 7)	51,498	148,607
Long-term debt (note 8)	1,811,000	1,528,000
Accrued pension benefit liability (asset) (note 9)	<u>(18,300)</u>	<u>(22,800)</u>
	<u>3,031,200</u>	<u>2,363,162</u>
Net debt	<u>(2,070,960)</u>	<u>(1,968,593)</u>
Non-financial assets:		
Tangible capital assets (note 10)	9,909,001	9,524,651
Accumulated amortization	<u>(3,998,720)</u>	<u>(3,883,335)</u>
	5,910,281	5,641,316
Prepaid expenses	<u>32,951</u>	<u>25,900</u>
	<u>5,943,232</u>	<u>5,667,216</u>
Accumulated surplus (page 4)	<u>\$ 3,872,272</u>	<u>\$ 3,698,623</u>

Approved by:

 _____ Mayor

 _____ Clerk or Treasurer

VILLAGE OF FREDERICTON JUNCTION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2024

	(Unaudited) 2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
Revenue:			
Property tax warrant	\$ 762,484	\$ 762,484	\$ 674,662
Services provided to other governments	201,893	199,475	178,291
Unconditional grant	51,415	51,415	56,939
Other government transfers	7,000	1,435,408	74,723
Water and sewerage user fees	151,750	152,101	157,059
Interest	1,600	3,479	3,670
Rental	45,546	45,554	43,405
Gain on disposal of tangible capital assets	-	-	10,500
Other	<u>1,850</u>	<u>7,571</u>	<u>16,217</u>
	<u>1,223,538</u>	<u>2,657,487</u>	<u>1,215,466</u>
Expenses:			
General government services	216,960	219,927	179,310
Protective services	416,928	463,937	408,316
Transportation services	285,754	1,520,809	297,132
Environmental health services	65,281	55,914	60,261
Environmental development services	31,207	28,675	29,808
Recreation and cultural services	47,462	23,485	26,004
Water and sewerage services	144,167	165,683	125,558
Loss on disposal of tangible capital assets	<u>-</u>	<u>5,408</u>	<u>-</u>
	<u>1,207,759</u>	<u>2,483,838</u>	<u>1,126,389</u>
Annual surplus (note 18)	<u>\$ 15,779</u>	173,649	89,077
Accumulated surplus, beginning of year		<u>3,698,623</u>	<u>3,609,546</u>
Accumulated surplus, end of year		<u>\$ 3,872,272</u>	<u>\$ 3,698,623</u>

VILLAGE OF FREDERICTON JUNCTION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Annual surplus	\$ <u>173,649</u>	\$ <u>89,077</u>
Acquisition of tangible capital assets	(487,707)	(185,194)
Amortization of tangible capital assets	213,334	218,520
Loss (gain) on disposal of tangible capital assets	5,408	(10,500)
Proceeds on disposal of tangible capital assets	-	10,500
(Increase) in prepaid expenses	<u>(7,051)</u>	<u>(2,880)</u>
	<u>(276,016)</u>	<u>30,446</u>
(Increase) decrease in net debt	(102,367)	119,523
Net debt, beginning of year	<u>(1,968,593)</u>	<u>(2,088,116)</u>
Net debt, end of year	<u>\$ (2,070,960)</u>	<u>\$ (1,968,593)</u>

VILLAGE OF FREDERICTON JUNCTION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Operating transactions:		
Annual surplus	\$ 173,649	\$ 89,077
Non-cash items:		
-Amortization	213,334	218,520
- Loss (gain) on disposal of tangible capital assets	5,408	(10,500)
Change in deferred revenue	(97,109)	37,071
Change in prepaid expenses	(7,051)	(2,880)
Other (note 14)	<u>68,849</u>	<u>(143,068)</u>
	<u>357,080</u>	<u>188,220</u>
Capital transactions:		
Acquisition of tangible capital assets	(487,707)	(185,194)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>10,500</u>
	<u>(487,707)</u>	<u>(174,694)</u>
Financing transactions:		
Increase (decrease) in bank indebtedness	(244,131)	223,387
Increase in long-term debt	425,000	-
Long-term debt retirement	<u>(142,000)</u>	<u>(186,000)</u>
	<u>38,869</u>	<u>37,387</u>
Increase (decrease) in cash position	(91,758)	50,913
Cash position, beginning of year	<u>232,100</u>	<u>181,187</u>
Cash position, end of year	<u>\$ 140,342</u>	<u>\$ 232,100</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Reporting entity:

The municipality was incorporated as a Village by the Province of New Brunswick Municipalities Act. As a municipality, the Village is exempt from income tax under Section 149 (1) (c) of the Canadian Income Tax Act.

2. Significant accounting policies:

(a) Basis of accounting -

The consolidated financial statements of the Village 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 Village and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Village.

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 Village and which are owned or controlled by the Village.

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 21, 2023 (General) and December 18, 2023 (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.

(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.

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

2. Significant accounting policies (continued):

(e) Cash and cash equivalents -

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

(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>Years</u>
Buildings	25-40 years
Vehicles	7-25 years
Machinery and equipment	5-11 years
Roads, curbs, sidewalks and storm sewers	15-60 years
Water and sewerage infrastructure	25-100 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.

(g) Segmented information -

The Village is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Village'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 Village. 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.

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

2. Significant accounting policies (continued):

(g) Segmented information (continued) -

Transportation services

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

Environmental health services

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

Environmental development services

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

Recreation and cultural services

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

Water and sewerage services

This department is responsible for the provision of water and sewerage services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

3. Cash:

	<u>2024</u>	<u>2023</u>
Internally restricted cash - Reserves and gas tax (CCBF)	\$ 139,266	\$ 186,701
Unrestricted cash	<u>1,076</u>	<u>45,399</u>
	<u>\$ 140,342</u>	<u>\$ 232,100</u>

4. Receivables – Federal government and its agencies:

	<u>2024</u>	<u>2023</u>
Canada Revenue Agency (HST)	<u>\$ 129,942</u>	<u>\$ 56,245</u>

5. Receivables – Province of New Brunswick:

	<u>2024</u>	<u>2023</u>
Regional Development Corporation	\$ 3,000	\$ 57,816
Department of Transportation	<u>627,507</u>	<u>-</u>
	<u>\$ 630,507</u>	<u>\$ 57,816</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

6. Bank indebtedness:

	<u>2024</u>	<u>2023</u>
Bank loan	\$ 198,700	\$ 482,615
Bank overdraft and outstanding cheques	114,535	140,159
Outstanding cheques in excess of funds on deposit	<u>110,291</u>	<u>44,883</u>
	<u>\$ 423,526</u>	<u>\$ 667,657</u>

The bank loan bears interest at prime and is payable to Bank of Montreal. The amount represents temporary financing for capital purposes. The Village has ministerial authority for this bank loan (see note 8). The bank overdraft is \$111,416 and is payable to Bank of Montreal.

7. Deferred revenue:

	<u>2024</u>	<u>2023</u>
Water and sewerage user fees	\$ 32,240	\$ 32,820
CCBF Funding	14,892	111,421
Other amounts	<u>4,366</u>	<u>4,366</u>
	<u>\$ 51,498</u>	<u>\$ 148,607</u>

8. Long-term debt:

	<u>2024</u>	<u>2023</u>
<u>New Brunswick Municipal Finance Corporation:</u>		
- 0.855% to 1.786%, due 2026 (OIC # 10-91)	\$ 49,000	\$ 73,000
- 2.1% to 3.7%, due 2038 (OIC # 06-50, # 15-48, # 18-82)	1,099,000	1,167,000
- 0.5% to 1.1%, due 2025 (OIC # 19-36)	21,000	42,000
- 1.95% to 2.45%, due 2029 (OIC # 08-72, # 17-106)	94,000	112,000
- 0.5% to 2.6%, due 2040 (OIC # 19-04)	60,000	63,000
- 0.855% to 2.378%, due 2031 (OIC # 11-14)	63,000	71,000
- 4.151% to 4.911%, due 2044 (OIC # 18-26)	<u>425,000</u>	<u>-</u>
	<u>\$ 1,811,000</u>	<u>\$ 1,528,000</u>

Approval of the Municipal Capital Borrowing Board has been obtained for the \$1,811,000 debentures amount.

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Long-term debt (continued):

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

2025	-	\$	152,000
2026	-		134,000
2027	-		113,000
2028	-		117,000
2029	-		122,000

The Village has additional ministerial authority for long-term borrowing (and temporary borrowing) for capital purposes as follows:

OIC # 18-0026	Water and Sewerage Capital Fund - Utility	\$ 885,000
OIC # 19-0004	Water and Sewerage Capital Fund - Utility	216,000
OIC # 19-0036	General Capital Fund – Protective Services	20,000
OIC # 24-0059	General Capital Fund – Protective Services	<u>870,000</u>
		<u>\$ 1,991,000</u>

\$198,700 of the General Capital Fund authority is being utilized at December 31, 2024 (see note 6).

9. Accrued pension benefit liability:

The Village 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 7.95%. Each municipality contributes an amount that equals their employee's contribution amounts. Pension Fund Assets are invested in Short-Term Securities, Bonds, Canadian Equities and Foreign Equities.

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

9. **Accrued pension benefit liability (continued):**

The actuarial valuation for accounting purposes was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates. The following summarizes the major assumptions in the valuation as at December 31, 2023:

- The expected inflation rate is 2.1%
- 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, 2022 indicated that the market value of net assets available for the accumulated plan benefits were greater than the present value of these benefits. The pension plan has been granted a solvency deficiency exemption by the Province of New Brunswick. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of \$12,228,600, a change of \$13,522,700 from the December 31, 2021 surplus of \$1,294,100. Based on the assumptions as at December 31, 2022, the actuary expects the level of employer and employee contributions to be sufficient to fund the current service cost and going concern special payments, as required by the Pension Benefits Act.

The following summarizes the NB MEPP data as it relates to the Village of Fredericton Junction:

- The average age of the 3 active employees covered by the NB MEPP is 51.1
- Benefit Payments were \$0 in 2023 and were estimated to be \$0 in 2024
- Combined contributions were \$15,600 in 2023 and were estimated to be \$16,000 in 2024

In addition to determining the position of the NB MEPP as it relates to the Village of Fredericton Junction as at December 31, 2022 and December 31, 2023, NB MEPP's actuary performed an extrapolation of the December 31, 2023 accounting valuation to determine the estimated position as at December 31, 2024. The extrapolation assumes assumptions used as at December 31, 2024 remain unchanged from December 31, 2023. The extrapolation also assumes assets return 6.05% net of all fees and expenses. If experience is different than assumed, amounts will adjust to reflect actual experience. Results of the extrapolation are as follows:

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

9. Accrued pension benefit liability (continued):

	(Estimated)	
	Jan. 1, 2024	Jan. 1, 2023
	to	to
	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Accrued benefit liability (asset):		
Accrued benefit liability (asset), beginning of year	\$ (22,800)	\$ (10,200)
Adjustment to estimate	4,800	(7,200)
Pension expense for the year	7,700	4,700
Less employer contributions	<u>(8,000)</u>	<u>(10,100)</u>
Accrued benefit liability (asset), end of year	<u>\$ (18,300)</u>	<u>\$ (22,800)</u>
	(Estimated)	
	Jan. 1, 2024	Jan. 1, 2023
	to	to
	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Reconciliation of funded status at end of year:		
Accrued benefit obligation	\$ 78,200	\$ 57,600
Plan assets	<u>89,000</u>	<u>71,600</u>
Plan deficit (surplus)	(10,800)	(14,000)
Unamortized experience losses	<u>7,500</u>	<u>8,800</u>
Accrued benefit liability (asset), end of year	<u>\$ (18,300)</u>	<u>\$ (22,800)</u>
	(Estimated)	
	Jan. 1, 2024	Jan. 1, 2023
	to	to
	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Reconciliation of accrued benefit obligation:		
Accrued benefit obligation, beginning of year	\$ 57,600	\$ 37,300
Adjustment to estimate	900	2,600
Current service cost	15,700	14,800
Interest for year	<u>4,000</u>	<u>2,900</u>
Accrued benefit obligation, end of year	<u>\$ 78,200</u>	<u>\$ 57,600</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

9. **Accrued pension benefit liability (continued):**

	(Estimated) Jan. 1, 2024 to <u>Dec. 31, 2024</u>	Jan. 1, 2023 to <u>Dec. 31, 2023</u>
Reconciliation of plan assets:		
Plan assets, beginning of year	\$ 71,600	\$ 46,900
Adjustment to estimate	(3,200)	900
Employer contributions	8,000	10,100
Employee contributions	8,000	10,100
Return on plan assets during year	<u>4,600</u>	<u>3,600</u>
Plan assets, end of year	<u>\$ 89,000</u>	<u>\$ 71,600</u>
	(Estimated) Jan. 1, 2024 to <u>Dec. 31, 2024</u>	Jan. 1, 2023 to <u>Dec. 31, 2023</u>
Pension expense:		
Employer current service cost	\$ 7,700	\$ 200
Interest on accrued benefit obligation	4,000	1,700
Expected return on assets	(4,600)	(2,400)
Experience loss (gain)	<u>600</u>	<u>100</u>
	<u>\$ 7,700</u>	<u>\$ (400)</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

10. Tangible capital assets:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Machinery and Equipment</u>	<u>Roads and Streets</u>	<u>Water and Sewerage</u>	<u>2024 Total</u>	<u>2023 Total</u>
Cost:								
Balance, beginning of year	\$ 189,448	\$ 1,795,385	\$ 837,320	\$ 250,010	\$ 2,011,600	\$ 4,440,888	\$ 9,524,651	\$ 9,339,457
Additions	-	149,433	213,996	27,772	32,054	64,452	487,707	185,194
Disposals	-	(91,418)	-	-	(11,939)	-	(103,357)	-
Balance, end of year	<u>189,448</u>	<u>1,853,400</u>	<u>1,051,316</u>	<u>277,782</u>	<u>2,031,715</u>	<u>4,505,340</u>	<u>9,909,001</u>	<u>9,524,651</u>
Accumulated amortization:								
Balance, beginning of year	-	466,929	497,988	131,120	1,316,461	1,470,837	3,883,335	3,664,815
Amortization	-	41,315	41,767	20,662	65,983	43,607	213,334	218,520
Disposals	-	(86,010)	-	-	(11,939)	-	(97,949)	-
Balance, end of year	<u>-</u>	<u>422,234</u>	<u>539,755</u>	<u>151,782</u>	<u>1,370,505</u>	<u>1,514,444</u>	<u>3,998,720</u>	<u>3,883,335</u>
Net Book Value of Tangible Capital Assets	<u>\$ 189,448</u>	<u>\$ 1,431,166</u>	<u>\$ 511,561</u>	<u>\$ 126,000</u>	<u>\$ 661,210</u>	<u>\$ 2,990,896</u>	<u>\$ 5,910,281</u>	<u>\$ 5,641,316</u>
Consists of:								
General Fund Assets	\$ 168,148	\$ 1,431,166	\$ 511,561	\$ 77,770	\$ 661,210	\$ -	\$ 2,849,855	\$ 2,594,271
Water and Sewerage Fund Assets	<u>21,300</u>	<u>-</u>	<u>-</u>	<u>48,230</u>	<u>-</u>	<u>2,990,896</u>	<u>3,060,426</u>	<u>3,047,045</u>
	<u>\$ 189,448</u>	<u>\$ 1,431,166</u>	<u>\$ 511,561</u>	<u>\$ 126,000</u>	<u>\$ 661,210</u>	<u>\$ 2,990,896</u>	<u>\$ 5,910,281</u>	<u>\$ 5,641,316</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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 2024, the Village Water and Sewerage Operating Fund bank overdraft exceeded the prescribed limit and therefore the Village did not fully comply 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 2024, an interfund balance between reserves was not repaid and therefore the Village did not fully comply with these requirements.

12. Water and Sewerage Operating Fund Surplus/Deficit:

The Province of New Brunswick Local Governance Act requires Water and Sewerage 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:

	<u>2024</u>	<u>2023</u>
2024 Deficit	\$ (4,720)	\$ -
2023 Deficit	(90,819)	(90,819)
2022 Surplus	<u>-</u>	<u>11,367</u>
	<u>\$ (95,539)</u>	<u>\$ (79,452)</u>

13. Water cost transfer:

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

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

14. Other (Statement of Cash Flows):

	<u>2024</u>	<u>2023</u>
(Increase) in amounts receivable	\$ (657,429)	\$ (65,233)
Increase (decrease) in accounts payable and accrued liabilities	721,778	(65,235)
(Increase) decrease in accrued pension benefit asset	<u>4,500</u>	<u>(12,600)</u>
	<u>\$ 68,849</u>	<u>\$ (143,068)</u>

15. Financial instruments:

The Village's financial instruments consist of cash, receivables, bank loans, payables and accruals and long-term debt. Unless otherwise noted, it is management's opinion that the Village 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 Village is subject to credit risk through receivables. The Village minimizes credit risk through ongoing credit management. Accounts receivable – Other is recorded net of allowance for doubtful accounts of \$NIL (2023 - \$10,500).

16. Commitments:

The Village leases dispatch services under an operating lease. Minimum annual payments (excluding HST) in 2025 are expected to be approximately \$7,000.

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

17. Schedule of Segment Disclosure:

	General	Protective	Transportation	Environmental Health	Environmental Development	Recreation and Cultural	Water and Sewerage	2024 Total	2023 Total
Revenue:									
Property tax warrant	\$ 155,537	\$ 298,894	\$ 204,856	\$ 46,800	\$ 22,372	\$ 34,025	\$ -	\$ 762,484	\$ 674,662
Services provided to other governments	-	194,458	5,017	-	-	-	-	199,475	178,291
Unconditional grant	10,488	20,154	13,814	3,156	1,509	2,294	-	51,415	56,939
Other government transfers	8,843	15,584	1,347,912	-	-	32,642	30,427	1,435,408	74,723
Water and sewerage user fees	-	-	-	-	-	-	152,101	152,101	157,059
Interest	2,937	-	-	-	-	-	542	3,479	3,670
Rental	45,554	-	-	-	-	-	-	45,554	43,405
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	-	10,500
Other	7,493	51	-	-	-	-	27	7,571	16,217
	<u>230,852</u>	<u>529,141</u>	<u>1,571,599</u>	<u>49,956</u>	<u>23,881</u>	<u>68,961</u>	<u>183,097</u>	<u>2,657,487</u>	<u>1,215,466</u>
Expenses:									
Wages and employee benefits	116,631	24,101	70,091	-	-	-	23,156	233,979	218,721
Goods and services	95,980	320,663	1,373,252	52,973	28,675	23,093	71,115	1,965,751	627,467
Loss on disposal of tangible capital assets	-	-	-	-	-	5,408	-	5,408	-
Amortization	3,686	79,178	76,067	2,941	-	392	51,070	213,334	218,520
Interest	-	39,995	1,399	-	-	-	20,424	61,818	50,142
Other	3,630	-	-	-	-	-	(82)	3,548	11,539
	<u>219,927</u>	<u>463,937</u>	<u>1,520,809</u>	<u>55,914</u>	<u>28,675</u>	<u>28,893</u>	<u>165,683</u>	<u>2,483,838</u>	<u>1,126,389</u>
Surplus (deficit) for the year	\$ <u>10,925</u>	\$ <u>65,204</u>	\$ <u>50,790</u>	\$ <u>(5,958)</u>	\$ <u>(4,794)</u>	\$ <u>40,068</u>	\$ <u>17,414</u>	\$ <u>173,649</u>	\$ <u>89,077</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

18. Reconciliation of Annual Surplus (Deficit):

	General Operating Fund	General Capital Fund	Water and Sewerage Operating Fund	Water and Sewerage Capital Fund	General Capital Reserve	General Operating Reserve	Water and Sewerage Capital Reserve	Water and Sewerage Operating Reserve	Total
2024 Annual surplus (deficit)	\$ 290,172	\$ (134,972)	\$ 37,515	\$ (20,643)	\$ 489	\$ 546	\$ 525	\$ 17	\$ 173,649
Adjustments to annual surplus (deficit) for funding requirements:									
Second previous year's surplus	-	-	11,367	-	-	-	-	-	11,367
Second previous year's deficit	(34,682)	-	-	-	-	-	-	-	(34,682)
Transfers:									
- General Operating Fund to General Capital Fund	(188,746)	188,746	-	-	-	-	-	-	-
- General Operating Fund to General Operating Reserve	(20,000)	-	-	-	-	20,000	-	-	-
- General Operating Reserve to General Operating Fund	23,500	-	-	-	-	(23,500)	-	-	-
- W&S Operating Fund to W&S Capital Fund	-	-	(34,025)	34,025	-	-	-	-	-
- W&S Operating Reserve to W&S Operating Fund	-	-	9,423	-	-	-	-	(9,423)	-
Long-term debt principal repayment	(113,000)	113,000	(29,000)	29,000	-	-	-	-	-
Loss on disposal of tangible capital assets	5,408	-	-	-	-	-	-	-	5,408
Disposal of tangible capital assets	-	(11,939)	-	-	-	-	-	-	(11,939)
Change in accrued pension benefit liability (asset)	4,500	-	-	-	-	-	-	-	4,500
Amortization expense	-	162,264	-	51,070	-	-	-	-	213,334
Total adjustments to 2024 annual surplus (deficit)	(323,020)	452,071	(42,235)	114,095	-	(3,500)	-	(9,423)	187,988
2024 Annual Fund surplus (deficit)	\$ (32,848)	\$ 317,099	\$ (4,720)	\$ 93,452	\$ 489	\$ (2,954)	\$ 525	\$ (9,406)	\$ 361,637

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

19. **Statement of reserves:**

	<u>General Capital Reserve</u>	<u>General Operating Reserve</u>	<u>Water and Sewerage Capital Reserve</u>	<u>Water and Sewerage Operating Reserve</u>	<u>2024 Total</u>	<u>2023 Total</u>
<u>Assets</u>						
Cash	\$ 22,082	\$ 20,546	\$ 23,377	\$ 17	\$ 66,022	\$ 94,445
Due from (to) other Reserves and Funds	<u>(7,635)</u>	<u>18,712</u>	<u>6,000</u>	<u>-</u>	<u>17,077</u>	<u>-</u>
Accumulated surplus	<u>\$ 14,447</u>	<u>\$ 39,258</u>	<u>\$ 29,377</u>	<u>\$ 17</u>	<u>\$ 83,099</u>	<u>\$ 94,445</u>
<u>Revenue</u>						
Transfers from General and Water and Sewerage Operating Funds	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ 400
Interest	<u>489</u>	<u>546</u>	<u>525</u>	<u>17</u>	<u>1,577</u>	<u>1,871</u>
	<u>489</u>	<u>20,546</u>	<u>525</u>	<u>17</u>	<u>21,577</u>	<u>2,271</u>
<u>Expenditures</u>						
Transfers to General and Water and Sewerage Operating Funds	<u>-</u>	<u>23,500</u>	<u>-</u>	<u>9,423</u>	<u>32,923</u>	<u>18,712</u>
Annual surplus (deficit)	<u>\$ 489</u>	<u>\$ (2,954)</u>	<u>\$ 525</u>	<u>\$ (9,406)</u>	<u>\$ (11,346)</u>	<u>\$ (16,441)</u>

As prescribed in the Province of New Brunswick Local Governance Act, the amounts held in the General Operating Reserve and Water and Sewerage Operating Reserve are limited to 5% of the Village's General and Water and Sewerage expenditures (respectively) in the previous year's operating budget (i.e.) 2023. As at December 31, 2024, the Village is in compliance with these restrictions.

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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

	General Operating Budget	Water and Sewerage Operating Budget	TCA Amortization	Transfers	Total
Revenue:					
Property tax warrant	\$ 762,484	-	-	-	\$ 762,484
Services provided to other governments	201,893	-	-	-	201,893
Unconditional grant	51,415	-	-	-	51,415
Other government transfers	7,000	-	-	-	7,000
Other transfers	35,000	33,000	-	(68,000)	-
Water and sewerage user fees	-	151,750	-	-	151,750
Interest	100	1,500	-	-	1,600
Rental	45,266	280	-	-	45,546
Second previous year's surplus	-	11,367	-	(11,367)	-
Other	1,850	-	-	-	1,850
	<u>1,105,008</u>	<u>197,897</u>	<u>-</u>	<u>(79,367)</u>	<u>1,223,538</u>
Expenditures:					
General government services	213,274	-	3,686	-	216,960
Protective services	247,551	-	79,178	90,199	416,928
Transportation services	243,252	-	76,067	(33,565)	285,754
Environmental health services	62,340	-	2,941	-	65,281
Environmental developmental services	31,207	-	-	-	31,207
Recreation and cultural services	47,070	-	392	-	47,462
Fiscal services:					
- Long-term debt repayments	134,000	71,800	-	(205,800)	-
- Interest	41,634	8,730	-	(50,364)	-
- Other transfers	50,000	-	-	(50,000)	-
Water and sewerage services	-	117,367	51,070	(24,270)	144,167
Second previous year's deficit	34,680	-	-	(34,680)	-
	<u>1,105,008</u>	<u>197,897</u>	<u>213,334</u>	<u>(308,480)</u>	<u>1,207,759</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (213,334)</u>	<u>\$ 229,113</u>	<u>\$ 15,779</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

21. Revenue and Expense Support:

	(Unaudited) 2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
Revenue:			
Services provided to other Governments:			
Fire protection	\$ 198,893	\$ 194,458	\$ 173,539
Lane marking	<u>3,000</u>	<u>5,017</u>	<u>4,752</u>
	<u>\$ 201,893</u>	<u>\$ 199,475</u>	<u>\$ 178,291</u>
Other government transfers:			
Government of Canada:			
- Grants – Wage subsidies	\$ 4,000	\$ 4,284	\$ 2,067
Province of New Brunswick:			
- CCBF Funding	-	122,063	9,743
- Grants – Wage subsidies	3,000	4,559	2,597
- Dept of Environment and Local Govt	-	30,427	-
- Regional Development Corporation	-	30,292	57,816
- Tourism, Heritage and Culture	-	2,350	2,500
- Department of Transportation	-	1,225,849	-
- Department of Natural Resources	<u>-</u>	<u>15,584</u>	<u>-</u>
	<u>\$ 7,000</u>	<u>\$ 1,435,408</u>	<u>\$ 74,723</u>
Rental:			
Ambulance building	<u>\$ 45,546</u>	<u>\$ 45,554</u>	<u>\$ 43,405</u>
Other:			
Licenses and permits:			
- Animal	\$ 50	\$ 51	\$ 45
- Construction	1,800	4,155	1,506
Donations	-	-	6,000
Other	<u>-</u>	<u>3,365</u>	<u>8,666</u>
	<u>\$ 1,850</u>	<u>\$ 7,571</u>	<u>\$ 16,217</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

21. Revenue and Expense Support (continued):

	(Unaudited) 2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
Expenditures:			
General government services:			
Legislative:			
- Mayor	\$ 6,900	\$ 6,900	\$ 7,330
- Councillors	<u>24,360</u>	<u>24,360</u>	<u>20,930</u>
	<u>31,260</u>	<u>31,260</u>	<u>28,260</u>
Administrative:			
- Clerk	44,000	46,914	46,602
- Office and building	36,314	20,017	17,595
- Solicitor	1,000	-	5,338
- Other	<u>-</u>	<u>60,705</u>	<u>36,200</u>
	<u>134,080</u>	<u>127,636</u>	<u>105,735</u>
Financial Management:			
- External audit	6,000	10,507	5,186
- Consulting fees	<u>500</u>	<u>-</u>	<u>1,711</u>
	<u>6,500</u>	<u>10,507</u>	<u>6,897</u>
Other:			
- Employment grant wages	11,490	17,821	-
- Liability insurance	-	14,443	13,171
- Cost of assessment	10,944	10,944	9,773
- Grants to organizations	9,500	3,630	9,567
- Conventions	6,800	-	-
- Travel, workshops and seminars	2,700	-	-
- Amortization	<u>3,686</u>	<u>3,686</u>	<u>5,907</u>
	<u>45,120</u>	<u>50,524</u>	<u>38,418</u>
	<u>\$ 216,960</u>	<u>\$ 219,927</u>	<u>\$ 179,310</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

21. Revenue and Expense Support (continued):

	(Unaudited) 2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
Expenditures (continued):			
Protective services:			
RCMP	\$ 102,909	\$ 102,909	\$ 99,910
Other	<u>14,000</u>	<u>-</u>	<u>-</u>
	<u>116,909</u>	<u>102,909</u>	<u>99,910</u>
Fire:			
- Administration	22,200	22,744	21,815
- Water costs	33,000	35,000	33,000
- Station and building	55,670	58,378	51,909
- Fighting and equipment	50,000	84,899	49,538
- Training	12,000	16,783	2,996
- Other	-	16,320	19,055
- Amortization	79,178	79,178	79,117
- Interest	<u>40,199</u>	<u>39,995</u>	<u>42,481</u>
	<u>292,247</u>	<u>353,297</u>	<u>299,911</u>
Emergency Measures	<u>3,600</u>	<u>3,534</u>	<u>3,781</u>
Other:			
- Animal and pest control	2,400	2,400	2,400
- Other	<u>1,772</u>	<u>1,797</u>	<u>2,314</u>
	<u>4,172</u>	<u>4,197</u>	<u>4,714</u>
	<u>\$ 416,928</u>	<u>\$ 463,937</u>	<u>\$ 408,316</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

21. Revenue and Expense Support (continued):

	(Unaudited) 2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
Expenditures (continued):			
Transportation services:			
Common services:			
- Administration	\$ 78,425	\$ 89,478	\$ 80,405
- General equipment	13,403	15,574	14,345
- Public works supplies	16,500	5,054	6,435
- Other	10,654	8,672	12,397
- Allocation of wages to water and sewerage operations	<u>(35,000)</u>	<u>(23,156)</u>	<u>(21,156)</u>
	<u>83,982</u>	<u>95,622</u>	<u>92,426</u>
Roads and streets:			
- Summer maintenance	12,700	22,288	5,450
- Road repairs	5,000	8,675	9,867
- Provincial highway upgrades	-	1,225,849	-
- Winter maintenance and snow removal	41,000	32,077	41,740
- Storm sewers	2,000	-	-
- Sidewalks	12,000	-	-
- Culverts	10,600	12,839	17,217
- Amortization	76,067	76,067	78,639
- Interest	<u>1,435</u>	<u>1,399</u>	<u>1,696</u>
	<u>160,802</u>	<u>1,379,194</u>	<u>154,609</u>
Employment grant wages	<u>-</u>	<u>-</u>	<u>8,486</u>
Street lighting	<u>33,000</u>	<u>36,696</u>	<u>33,460</u>
Traffic services:			
- Street signs	470	-	70
- Lane marking	<u>7,500</u>	<u>9,297</u>	<u>8,081</u>
	<u>7,970</u>	<u>9,297</u>	<u>8,151</u>
	<u>\$ 285,754</u>	<u>\$ 1,520,809</u>	<u>\$ 297,132</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

21. Revenue and Expense Support (continued):

	(Unaudited) 2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
Expenditures (continued):			
Environmental health services:			
Solid waste collection	\$ 33,500	\$ 28,641	\$ 29,127
Solid waste disposal	28,840	24,332	28,193
Amortization	<u>2,941</u>	<u>2,941</u>	<u>2,941</u>
	<u>\$ 65,281</u>	<u>\$ 55,914</u>	<u>\$ 60,261</u>
Environmental development services:			
Planning and zoning	\$ 18,319	\$ 26,308	\$ 24,484
Other community development	<u>12,888</u>	<u>2,367</u>	<u>5,324</u>
	<u>\$ 31,207</u>	<u>\$ 28,675</u>	<u>\$ 29,808</u>
Recreation and cultural services:			
Parks and recreation	\$ 23,070	\$ 23,093	\$ 23,417
Blockhouse project	24,000	-	-
Amortization	<u>392</u>	<u>392</u>	<u>2,587</u>
	<u>\$ 47,462</u>	<u>\$ 23,485</u>	<u>\$ 26,004</u>

VILLAGE OF FREDERICTON JUNCTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

21. Revenue and Expense Support (continued):

	(Unaudited) 2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
Expenditures (continued):			
Water and sewerage services:			
Water supply:			
- Administration	\$ 35,000	\$ 27,432	\$ 21,551
- Purification and treatment	1,500	2,095	2,138
- Source of supply	20,585	32,069	28,647
- Transmission and distribution	9,628	23,805	14,685
- Amortization	25,535	25,535	24,664
- Interest	6,305	18,408	3,513
- Provision for loss on accounts receivable	-	(41)	986
- Other	1,000	-	-
- Allocation of costs to fire protection	<u>(33,000)</u>	<u>(35,000)</u>	<u>(33,000)</u>
	<u>66,553</u>	<u>94,303</u>	<u>63,184</u>
Sewerage services:			
- Administration	23,000	27,432	21,551
- Sewerage lift stations	9,950	7,465	5,134
- Sewerage collection	15,700	8,973	6,725
- Storm sewers	1,004	-	861
- Amortization	25,535	25,535	24,665
- Interest	2,425	2,016	2,452
- Provision for loss on accounts receivable	<u>-</u>	<u>(41)</u>	<u>986</u>
	<u>77,614</u>	<u>71,380</u>	<u>62,374</u>
	<u>\$ 144,167</u>	<u>\$ 165,683</u>	<u>\$ 125,558</u>