MUNICIPALITY OF SALISBURY

FINANCIAL STATEMENTS

Year ended December 31, 2025

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MUNICIPALITY OF SALISBURY

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Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and Members of Council of the Municipality of Salisbury

Opinion

We have audited the financial statements of the MUNICIPALITY OF SALISBURY (the Municipality), which comprise the statement of financial position as at December 31, 2025, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the 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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Municipality'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 Municipality'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 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Ernst & Young LLP

Dieppe, Canada
July 13, 2026

Chartered Professional Accountants

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STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year ended December 31,

	Schedule	2025 Budget (note 3)	**2025 Actual**	2024 Actual
REVENUE				
Warrant of assessment		$ 7,136,219	**$ 7,136,219**	$ 6,495,204
Services to other governments	A	14,336	**16,448**	5,905
Sale of services	B	629,679	**625,674**	597,700
Other revenue from own sources	C	69,667	**452,095**	232,713
Community funding and equalization grant		75,169	**75,169**	94,303
Conditional grants	D	-	**2,486,145**	3,017,713
Unconditional grants		-	**73,465**	137,215
Contributed asset (note 13)		-	**-**	24,500
		7,925,070	**10,865,215**	10,605,253
EXPENSES				
General government services	E	1,229,839	**1,141,834**	990,666
Protective services	F	2,809,079	**2,640,520**	2,259,489
Transportation services	G	984,831	**1,226,238**	1,013,275
Environmental health services	H	805,485	**804,907**	704,220
Public health services	I	5,000	**4,500**	4,500
Environmental development services	J	629,170	**722,642**	559,989
Recreation and wellness services	K	613,841	**766,079**	639,522
Sewerage	L	213,166	**364,228**	413,620
		7,290,411	**7,670,948**	6,585,281
ANNUAL SURPLUS (note 4)		$ 634,659	**3,194,267**	4,019,972
ACCUMULATED SURPLUS, BEGINNING OF YEAR		N/A	**16,279,225**	12,259,253
ACCUMULATED SURPLUS, END OF YEAR		N/A	**$ 19,473,492**	$ 16,279,225

The accompanying notes are an integral part of the financial statements.

MUNICIPALITY OF SALISBURY

STATEMENT OF CHANGE IN NET DEBT
Year ended December 31,

	2025	2024
ANNUAL SURPLUS	**$ 3,194,267**	$ 4,019,972
RELATING TO TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	**(8,145,684)**	(6,704,800)
Amortization of tangible capital assets	**864,584**	600,233
	(7,281,100)	(6,104,567)
NET CHANGE IN NET DEBT	**(4,086,833)**	(2,084,595)
NET DEBT, BEGINNING OF YEAR	**(2,100,871)**	(16,276)
NET DEBT, END OF YEAR	**$ (6,187,704)**	$ (2,100,871)

The accompanying notes are an integral part of the financial statements.

MUNICIPALITY OF SALISBURY

STATEMENT OF FINANCIAL POSITION
As at December 31,

	2025	2024
FINANCIAL ASSETS		
Cash (note 5)	**$ 2,806,347**	$ 1,130,493
Accounts receivable (note 6)	**1,378,334**	1,351,328
Investments (note 7)	**470,083**	453,558
Accrued benefit asset (note 12)	**59,400**	14,100
	$ 4,714,164	$ 2,949,479
LIABILITIES		
Accounts payable and accrued charges (note 8)	**$ 422,258**	$ 420,206
Deposits	**46,168**	47,168
Deferred revenue	**70,080**	383,101
Long-term debt (note 10)	**10,363,362**	4,199,875
	10,901,868	5,050,350
NET DEBT	**(6,187,704)**	(2,100,871)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	**25,661,196**	18,380,096
ACCUMULATED SURPLUS	**$ 19,473,492**	$ 16,279,225

The accompanying notes are an integral part of the financial statements.

APPROVED BY

....., Mayor

SALISBURY Incorporated 2022 New Brunswick

....., Clerk

MUNICIPALITY OF SALISBURY

STATEMENT OF CASH FLOW
Year ended December 31,

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	**$ 3,194,267**	$ 4,019,972
Items not affecting cash:		
Contributed asset	**-**	(24,500)
Amortization of tangible capital assets	**864,584**	600,233
Pension adjustment	**(45,300)**	(16,800)
	4,013,551	4,578,905
Net change in non-cash items:		
Accounts receivable	**(27,006)**	(817,689)
Accounts payable and accrued charges	**2,052**	128,623
Deposits	**(1,000)**	32,568
Deferred revenue	**(313,021)**	(59,595)
	3,674,576	3,862,812
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets, net of contributions	**(8,145,684)**	(6,680,300)
INVESTING ACTIVITIES		
Acquisition of investments	**(470,083)**	(453,558)
Maturity of investments	**453,558**	442,736
	(16,525)	(10,822)
FINANCING ACTIVITIES		
Repayment of short-term debt	**-**	(747,655)
Issuance of long-term debt	**6,345,487**	3,606,875
Repayment of long-term debt	**(182,000)**	(147,000)
	6,163,487	2,712,220
NET CHANGE IN CASH	**1,675,854**	(116,090)
CASH, BEGINNING OF YEAR	**1,130,493**	1,246,583
CASH, END OF YEAR	**$ 2,806,347**	$ 1,130,493

The accompanying notes are an integral part of the financial statements.

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Municipality of Salisbury (the Municipality) was incorporated as a village in 1966 under the *Municipalities Act* (New Brunswick). As a municipality, it is exempt from income tax under the *Income Tax Act* (Canada).

As part of the Province of New Brunswick's (PNB) local governance reform announced in 2021, the Municipality amalgamated with portions of four neighbouring Local Service Districts (Elgin Parish, Coverdale, Salisbury and Moncton). This amalgamation took place on January 1, 2023 and is operating under the appellation "Salisbury", pursuant to Section 33 of Regulation 2022-50 under the *Local Governance Act* (New Brunswick).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian public sector accounting standards (PSAS) as set out in the *CPA Canada Public Sector Accounting Handbook*, which constitute generally accepted accounting principles for local governments. The Municipality also complies with the Municipal Financial Reporting Manual (MFRM) of the PNB. The MFRM requires some additional disclosures and prescribes a different basis for the preparation of the Municipality's budget.

Government reporting entity

The financial statements reflect the assets, liabilities, revenue, expenditures, and changes in net debt and accumulated surplus of the reporting entity. The reporting entity comprises all funds of the Municipality's operations. Interfund balances and transactions have been eliminated.

Budget

The budget figures contained in the financial statements were approved by the Minister of Local Government on December 17, 2024.

Use of estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant sources of estimates for the Municipality are the amortization of tangible capital assets and the calculation of the accrued benefit liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 earned.

Capital contributions received from a third party, such as a contribution from another government to assist with the construction or purchase of a capital asset owned by the Municipality, are recognized as revenue on purchase or during the construction of the related asset.

Expense recognition

Expenses are recorded using the accrual basis of accounting, as they are incurred and measured based on receipt of goods or services and/or obligation to pay.

Cash

Cash includes cash on hand and balances with banks.

Employee sick leave benefits

The Municipality provides sick leave benefits that can accumulate up to a maximum but do not vest. An accrued liability is recorded based on the Municipality's best estimate of the obligation for these employee future benefits. This liability is included in accrued charges.

Pension plan

The Municipality participates in the New Brunswick Municipal Employees Pension Plan (NB MEPP), a multiple-employer defined benefit plan. The Municipality applies defined benefit plan accounting to this plan.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the normal course of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of receipt. Assets under construction (work-in-progress) are not amortized until the asset is available for productive use. Amortization is calculated using the straight-line method over the following estimated useful lives:

Land improvements	15 to 30 years
Buildings	10 to 60 years
Machinery and equipment	5 to 30 years
Vehicles	7 to 20 years
Engineering structures	10 to 80 years
Sewerage infrastructure	10 to 80 years

Capital assets contributed by developers are recorded at fair value at the date they are transferred by the developers to the Municipality.

Impairment

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the tangible capital asset no longer contributes to the Municipality's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. Impairment is assessed by comparing the carrying amount to the estimate of the value of the asset's remaining service potential to the Municipality. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the value of the long-term asset subsequently increases.

Financial instruments

All financial instruments are initially recorded at fair value and subsequently at amortized cost.

Segment information

The Municipality is a diversified municipal government that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations are broken into segments. The segments are as follows:

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and other transportation-related functions.

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

Public health services
This department is responsible for providing public health services in the community.

Environmental development services
This department is responsible for community planning, administration and tree services.

Recreation and wellness services
This department is responsible for community liaison and for the maintenance and operation of recreational and wellness facilities including parks and playgrounds, historic sites and the library.

Sewerage
This department is responsible for the provision of sewer services, including the maintenance and operation of the underground networks and lagoons.

3. RECONCILIATION OF BUDGET

The budgets for the General and Utility Operating Funds are prepared on the basis required by the MFRM of the PNB. The following is a reconciliation of these budgets with the budget prepared in accordance with PSAS that is presented on the statement of operations and accumulated surplus.

	General Operating budget	Utility Operating budget	Amortization of tangible capital assets	Interfund transfers	Other	Total per PSAS
Revenue						
Warrant of assessment	$ 7,136,219	$ -	$ -	$ -	$ -	$ 7,136,219
Services to other governments	14,336	-	-	-	-	14,336
Sale of services	133,200	496,479	-	-	-	629,679
Other revenue from own sources	69,667	-	-	-	-	69,667
Community funding and equalization grant	75,169	-	-	-	-	75,169
Transfer from Utility Operating Fund	150,000	-	-	(150,000)	-	-
Transfer from Operating Reserve Fund	45,000	-	-	(45,000)	-	-
Previous year's surplus	257,678	-	-	-	(257,678)	-
	7,881,269	496,479	-	(195,000)	(257,678)	7,925,070
Expenses						
General government services	1,223,439	-	-	-	6,400	1,229,839
Protective services	2,359,811	-	-	-	449,268	2,809,079
Transportation services	971,962	-	-	-	12,869	984,831
Environmental health services	805,485	-	-	-	-	805,485
Public health services	5,000	-	-	-	-	5,000
Environmental development services	629,170	-	-	-	-	629,170
Recreation and wellness services	610,641	-	-	-	3,200	613,841
Sewerage	-	360,700	-	(150,000)	2,466	213,166
Fiscal services						
Long-term debt repayments	125,000	57,000	-	(182,000)	-	-
Interest on temporary loan	412,500	-	-	-	(412,500)	-
Interest on long-term debt	43,237	2,466	-	-	(45,703)	-
Transfer to Reserve Funds	23,028	25,503	-	(48,531)	-	-
Transfer to the Capital Fund	655,996	-	-	(655,996)	-	-
Previous year's deficit	-	50,810	-	-	(50,810)	-
Pension adjustment	16,000	-	-	-	(16,000)	-
	7,881,269	496,479	-	(1,036,527)	(50,810)	7,290,411
Annual surplus	$ -	$ -	$ -	$ 841,527	$ (206,868)	$ 634,659

3. RECONCILIATION OF BUDGET (continued)

The other reconciling items above represent the reclassifications of the various elements of fiscal services as well as the elimination of the previous years' surpluses and deficits. The amortization of tangible capital assets was not budgeted in 2025.

4. RECONCILIATION OF ANNUAL SURPLUS

	General Capital Fund	General Operating Fund	Utility Capital Fund	Utility Operating Fund	Reserve Funds	Total
Annual surplus	$ 1,708,687	$ 1,317,705	$ (130,406)	$ 285,087	$ 13,194	$ 3,194,267
Adjustments to annual surplus for PNB requirements						
Tangible capital assets - amortization	734,176	-	130,406	-	-	864,582
Pension plan	-	(45,300)	-	-	-	(45,300)
Previous years' surpluses and deficits	-	257,678	-	(43,685)	-	213,993
Interfund transfers						
Capital expenditures	1,154,455	(1,154,455)	46,752	(46,752)	-	-
Long-term debt repayment	125,000	(125,000)	57,000	(57,000)	-	-
Reserve funds	395,000	(141,000)	-	(20,000)	(234,000)	-
Other transfers	-	150,000	-	(150,000)	-	-
Net adjustments to annual surplus	2,408,631	(1,058,077)	234,158	(317,437)	(234,000)	1,033,275
Annual surplus (deficit) in accordance with PNB requirements	$ 4,117,318	$ 259,628	$ 103,752	$ (32,350)	$ (220,806)	$ 4,227,542

5. CASH

	2025	2024
Cash - unrestricted	$ **2,806,327**	$ 1,130,473
Cash - designated as reserves (note 14)	**20**	20
	$ **2,806,347**	$ 1,130,493

6. ACCOUNTS RECEIVABLE

	2025	2024
Trade	$ **209,208**	$ 252,273
Contributions receivable	**889,305**	690,333
Sales tax receivable	**274,734**	400,303
Accrued interest receivable	**5,087**	8,419
	$ **1,378,334**	$ 1,351,328

7. INVESTMENTS

	2025	2024
Term deposits - designated as reserves (note 14)	$ **470,083**	$ 453,558

The term deposits bear interest at rates ranging from 2.00% to 3.25% and have maturities ranging from January 2026 to March 2027.

8. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	2025	2024
Trade payables and accrued charges	$ **419,980**	$ 413,635
Accrued interest payable	**2,278**	6,571
	$ **422,258**	$ 420,206

9. SHORT-TERM DEBT

The Municipality also has an authorized line of credit of $200,000, bearing interest at the prime rate and renewable annually.

10. LONG-TERM DEBT

	2025	2024
General		
RBC loan with an authorized amount of $7,500,000, maturing in June 2026 and bearing interest at the Royal Bank Prime rate minus 1%	**$ 7,453,362**	$ 2,927,875
Debentures, New Brunswick Municipal Finance Corporation		
0.95% to 2.80%, due in 2025, OIC #14-0046	**-**	14,000
1.45% to 2.90%, due in 2026, OIC #15-0060	**16,000**	32,000
2.10% to 3.70%, due in 2038, OIC #16-0079 and 17-0080	**181,000**	199,000
2.05% to 2.85%, due in 2029, OIC #17-0101	**189,000**	233,000
4.15% to 4.84%, due in 2039, OIC #23-0053	**646,000**	679,000
2.48% to 4.77%, due in 2045, OIC #23-0077	**1,820,000**	-
	10,305,362	4,084,875
Sewerage		
Debenture, New Brunswick Municipal Finance Corporation		
1.45% to 2.90%, due in 2026, OIC #03-0070	**58,000**	115,000
	$ 10,363,362	$ 4,199,875

Long-term debt principal repayments for the next five years and thereafter are as follows:

2026 -	$ 7,689,362
2027 -	$ 168,000
2028 -	$ 173,000
2029 -	$ 168,000
2030 -	$ 124,000
Thereafter -	$ 2,041,000

Approval of the Municipal Capital Borrowing Board has been obtained for the debentures.

11. BORROWINGS COMPLIANCE

Operating borrowing

As prescribed by the *Local Governance Act* (New Brunswick), borrowing to finance General Fund operations is limited to 4% of the Municipality's operating budget, and borrowing to finance Utility Fund operations is limited to 50% of the operating budget. During the year, the Municipality did not borrow to finance General or Utility Fund operations.

Interfund borrowing

The MFRM requires that interfund balances be repaid in the next year unless the borrowing is for a capital project. All interfund balances are in compliance with this requirement.

12. ACCRUED BENEFIT ASSET

The Municipality and its employees participate in the 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 *Local Governance Act* (New Brunswick). The NB MEPP provides pensions based on length of service and best average earnings.

Actuarial valuations for funding purposes are performed either annually or triennially depending on the financial position of the NB MEPP (currently annually). In turn, the actuarial valuations for accounting purposes are based on these figures (with adjustments). The most recent actuarial valuation was prepared as at December 31, 2024.

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 the Municipality's best estimates. The following summarizes the major assumptions:

	2025	2024
Rate of salary increases	**3.00%**	3.00%
Long-term inflation rate	**2.10%**	2.10%
Discount rate for the obligation	**6.05%**	6.05%
Expected rate of return on plan assets	**6.05%**	6.05%
Estimated average remaining service life (EARSL)	**14 years**	14 years

The EARSL is the amortization period for the actuarial gains and losses.

The NB MEPP actuarial valuation for funding purposes prepared as at December 31, 2024 indicated that the present value of the accumulated plan benefits is more than the market value of the net assets available for these benefits. On a going concern valuation basis, the actuarial valuation indicated a plan deficit of $5,596,700; on a solvency basis, it indicated a plan deficit of $36,378,500. The pension plan has been granted a solvency deficiency exemption by the PNB. Based on the assumptions as at December 31, 2024, the actuary expected the level of employer and employee contributions to be sufficient to fund the deficit in less than 15 years, as allowed by the *Pension Benefits Act* (New Brunswick).

Employees make contributions equal to 7.41% (2024 - 7.41%) of their earnings under the year's maximum pensionable earnings of $71,300 (2024 - $68,500) and 9.88% (2024 - 9.88%) of their earnings in excess of the year's maximum pensionable earnings. The Municipality contributes an amount that equals its employees' contribution amounts.

Plan assets are invested in short-term securities, bonds, Canadian equities and foreign equities.

12. ACCRUED BENEFIT ASSET (continued)

The following presents the change in the accrued benefit liability (asset) for the Municipality:

	2025	2024
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	**$ 1,079,400**	$ 820,500
Adjustment to opening balance	**40,300**	209,900
Current benefit cost	**44,600**	36,200
Benefits paid	**(49,100)**	(49,100)
Interest expense	**67,600**	61,900
Accrued benefit obligation, end of year	**$ 1,182,800**	$ 1,079,400
Plan assets		
Plan assets, beginning of year	**$ 873,900**	$ 768,600
Adjustment to opening balance	**59,500**	39,000
Employer contributions	**45,900**	33,000
Employee contributions	**45,900**	33,000
Benefits paid	**(49,100)**	(49,100)
Expected return on plan assets	**57,800**	49,400
Plan assets, end of year	**$ 1,033,900**	$ 873,900

12. ACCRUED BENEFIT ASSET (continued)

	2025	2024
Plan deficit	$ **148,900**	$ 205,500
Unamortized actuarial losses	**(208,300)**	(219,600)
Accrued benefit liability (asset)	$ **(59,400)**	$ (14,100)

The total expense related to the pension plan for the Municipality includes the following components:

	2025	2024
Employer current benefit cost	$ **(1,300)**	$ 3,200
Adjustments to opening balances	**(23,900)**	(16,400)
Interest expense	**67,600**	61,900
Expected return on plan assets	**(57,800)**	(49,400)
Amortization of actuarial losses	**16,000**	16,900
Pension expense	$ **600**	$ 16,200

13. TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Engineering structures	Sewerage infrastructure	Work-in-progress	2025 Total	2024 Total
Cost										
Balance, beginning of year	$ 735,153	$ 1,647,273	$ 1,630,069	$ 724,640	$ 1,820,231	$ 11,466,115	$ 6,177,309	$ 3,244,914	$ 27,445,704	$ 20,745,869
Acquisitions	39,330	729,647	8,754,522	173,975	179,269	1,467,103	46,752	-	11,390,598	6,704,800
Dispositions	-	-	-	-	-	-	-	(3,244,914)	(3,244,914)	(4,965)
Balance, end of year	774,483	2,376,920	10,384,591	898,615	1,999,500	12,933,218	6,224,061	-	35,591,388	27,445,704
Accumulated amortization										
Balance, beginning of year	-	(272,112)	(434,210)	(289,222)	(771,144)	(4,282,072)	(3,016,848)	-	(9,065,608)	(8,470,340)
Amortization	-	(100,251)	(202,735)	(51,919)	(80,818)	(301,426)	(127,435)	-	(864,584)	(600,233)
Dispositions	-	-	-	-	-	-	-	-	-	4,965
Balance, end of year	-	(372,363)	(636,945)	(341,141)	(851,962)	(4,583,498)	(3,144,283)	-	(9,930,192)	(9,065,608)
Net book value of tangible capital assets	$ 774,483	$ 2,004,557	$ 9,747,646	$ 557,474	$ 1,147,538	$ 8,349,720	$ 3,079,778	$ -	$ 25,661,196	$ 18,380,096
Consists of:										
General	$ 724,995	$ 2,004,557	$ 9,742,101	$ 557,474	$ 1,137,441	$ 8,349,720	$ -	$ -	$ 22,516,288	$ 15,151,538
Sewerage	49,488	-	5,545	-	10,097	-	3,079,778	-	3,144,908	3,228,558
	$ 774,483	$ 2,004,557	$ 9,747,646	$ 557,474	$ 1,147,538	$ 8,349,720	$ 3,079,778	$ -	$ 25,661,196	$ 18,380,096
2024 net book value	$ 735,153	$ 1,375,161	$ 1,195,859	$ 435,418	$ 1,049,087	$ 7,184,043	$ 3,160,461	$ 3,244,914	N/A	$ 18,380,096

13. TANGIBLE CAPITAL ASSETS (continued)

Fully amortized assets with a total cost of $2,727,197 (2024 - $2,218,568) are included in land improvements, buildings, machinery and equipment, vehicles, engineering structures and sewerage infrastructure because they are still in use.

14. RESERVE FUNDS

	General Capital Reserve Fund	General Operating Reserve Fund	Utility Capital Reserve Fund	2025 Total	2024 Total
Assets					
Cash	$ -	$ -	$ 20	$ 20	$ 20
Accrued interest receivable	721	-	4,366	5,087	8,419
Investments	122,688	-	347,395	470,083	453,558
Due from General Operating Fund	721,939	137,000	-	858,939	1,112,939
Due from Utility Operating Fund	-	-	396,059	396,059	376,059
	$ 845,348	$ 137,000	$ 747,840	$ 1,730,188	$ 1,950,995
Liabilities					
Accumulated surplus					
Balance, beginning of year	$ 1,138,344	$ 95,000	$ 717,651	$ 1,950,995	$ 1,388,666
Return on investments - interest	3,004	-	10,189	13,193	15,329
Transfer from General and Utility Operating Funds	99,000	42,000	20,000	161,000	682,000
Transfer to the General Operating Fund	(395,000)	-	-	(395,000)	(135,000)
Balance, end of year	$ 845,348	$ 137,000	$ 747,840	$ 1,730,188	$ 1,950,995

14. RESERVE FUNDS (continued)

The General Capital Reserve Fund was established for the payment of general capital expenditures. The General Operating Reserve Fund was established for the payment of general operating expenditures. The Utility Capital Reserve Fund was established for the payment of capital expenditures incurred in the provision of sewerage services. All transfers to and from these reserve funds must be made by a resolution of Council.

Council Resolutions regarding transfer to and from reserves:

Resolutions on December 30, 2025:

Moved by Councillor Bannister, seconded by Deputy Mayor O'Blenis:
THAT in addition to the $3,000 contribution budgeted for the Financial Assistance for Recreation (FAR) program, Council transfer an additional $2,000, totalling a $5,000 financial contribution.

Moved by Councillor Thorne, seconded by Councillor Gallant:
THAT whereas Section 101(b) of the Local Governance Act permits the Local Government to establish, manage, and contribute to a Capital Reserve Fund, BE IT THEREFORE RESOLVED THAT the sum of $24,000 be transferred to the Town's Capital Reserve Fund, as budgeted.

Moved by Councillor Gallant, seconded by Councillor Thorne:
THAT whereas Salisbury Town Council, during a Special Meeting on December 30, 2024, transferred a total of $380,000 to the Town's Capital Reserve Fund, as authorized by Section 101(b) of the Local Governance Act, for the purposes of undertaking renovations at the Salisbury Town Hall which have now been completed, BE IT THEREFORE RESOLVED that Council authorize the withdrawal of $380,000 from the Capital Reserve Fund to be utilized towards the capital improvements at Town Hall.

Moved by Deputy Mayor O'Blenis, seconded by Councillor Bannister:
THAT whereas the Town, under the Residential Development Program, has approved a contribution of $40,000 under the Residential Development Stream for Project No. 559370 and held such funds this year accordingly, BE IT THEREFORE RESOLVED that $40,000 be deposited into the Town's General Operating Reserve Fund, as permitted by Section 101(a) of the Local Governance Act, and that the Chief Administrative Officer be authorized to withdraw and disperse such funds at project completion, pursuant to the Agreement, in 2026.

Moved by Councillor Gallant, seconded by Deputy Mayor O'Blenis:
THAT whereas Section 101(b) of the Local Governance Act permits the Local Government to establish, manage, and contribute to a Capital Reserve Fund, BE IT THEREFORE RESOLVED THAT the sum of $75,000 be transferred to the Town's Capital Reserve Fund based on 2025 budgetary projections.

14. RESERVE FUNDS (continued)

Moved by Councillor Bannister, seconded by Councillor Gallant:
THAT whereas Section 117(7) of the Local Governance Act permits the establishment of Utility Capital Reserves, BE IT THEREFORE RESOLVED THAT the sum of $20,000 be transferred to the Town's Utility Capital Reserves based on 2025 projections.

Moved by Councillor Thorne, seconded by Councillor Bannister:
THAT whereas Salisbury Town Council, during a Special Meeting on December 30, 2024, transferred a total of $15,000 to the Town's Capital Reserve Fund, as authorized by Section 101(b) of the Local Governance Act, being the 2024 prize for being named New Brunswick's Most Active Community to be earmarked for a future recreational project, BE IT THEREFORE RESOLVED that Council authorize the withdrawal of $15,000 from the Capital Reserve Fund for to be utilized towards the Roxboro Court Park project.

Rob Campbell
Mayor
Municipality of Salisbury

July 13, 2026
Date

Municipal Seal

SALISBURY
Incorporated
2023
New Brunswick

14. RESERVE FUNDS (continued)

Investments

The investments designated as reserves include the following:

	2025
Savings account, interest of 0.75%	$ 82,930
Term deposit, 3.05%, maturing December 24, 2026	49,012
Term deposit, 2.75%, maturing March 27, 2027	41,786
Term deposit, 3.25%, maturing July 9, 2026	40,378
Term deposit, 2.00%, maturing September 15, 2026	35,340
Term deposit, 2.45%, maturing January 4, 2027	25,644
Term deposit, 2.00%, maturing August 31, 2026	61,705
Term deposit, 2.45%, maturing January 6, 2026	28,497
Term deposit, 2.45%, maturing March 3, 2026	104,791
	$ 470,083

15. PREVIOUS YEARS' SURPLUS/(DEFICIT)

The *Local Governance Act* requires that the surplus or deficit in the General Operating Fund for a given fiscal year be included in the budget of the second ensuing year and that the surplus or deficit in the Utility Operating Fund be absorbed into one or more of four operating budgets commencing with the second ensuing year. For the Utility Operating Fund, the Municipality has decided to absorb the surplus/(deficit) into the third subsequent year's budget (note 3). The balance of the Utility Operating Fund's surplus (deficit) at the end of the year consists of:

	2025	2024
2022	**$ -**	$ (43,685)
2023	**(144,989)**	(144,989)
2024	**(42,411)**	(42,411)
2025	**(32,350)**	-
	$ (219,750)	$ (231,085)

16. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality's main credit risk relates to its trade accounts receivable, cash and term deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its fixed interest rate financial instruments. Term deposits, short-term debt and long-term debt subject the Municipality to a fair value risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its accounts payable and accrued charges, short-term debt and long-term debt.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation used in the current year.

18. SEGMENT INFORMATION AND EXPENSES BY OBJECT

	General government	Protective	Transportation	Environmental health	Public health	Environmental development	Recreation and wellness	Sewerage	2025 Total	2024 Total
Revenue										
Warrant of assessment	$ 843,278	$ 3,465,767	$ 926,894	$ 699,121	$ 4,948	$ 622,612	$ 573,599	$ -	$ 7,136,219	$ 6,495,204
Services to other governments	-	9,162	7,286	-	-	-	-	-	16,448	5,905
Sale of services	-	-	-	-	-	111,016	-	514,658	625,674	597,700
Other revenue from own sources	133,094	288,717	-	-	-	-	26,048	4,236	452,095	232,713
Community funding and equalization grant	8,884	36,506	9,763	7,364	52	6,558	6,042	-	75,169	94,303
Conditional grants	108,539	778,311	670,110	-	-	-	929,185	-	2,486,145	3,017,713
Unconditional grants	-	-	-	-	-	10,000	63,465	-	73,465	137,215
Contributed asset	-	-	-	-	-	-	-	-	-	24,500
	1,093,795	4,578,463	1,614,053	706,485	5,000	750,186	1,598,339	518,894	10,865,215	10,605,253
Expenses										
Salaries and benefits	526,808	-	272,704	-	-	298,303	282,557	-	1,380,372	1,306,110
Goods and services	507,536	2,241,977	588,674	804,907	4,500	424,339	321,305	177,706	5,070,944	4,512,453
Amortization	59,830	155,224	357,987	-	-	-	161,135	130,406	864,582	600,233
Interest on debt	-	243,319	6,873	-	-	-	-	2,466	252,658	83,310
Other	47,660	-	-	-	-	-	1,082	53,650	102,392	83,175
	1,141,834	2,640,520	1,226,238	804,907	4,500	722,642	766,079	364,228	7,670,948	6,585,281
Annual surplus (deficit)	$ (48,039)	$ 1,937,943	$ 387,815	$ (98,422)	$ 500	$ 27,544	$ 832,260	$ 154,666	$ 3,194,267	$ 4,019,972

SCHEDULES A, B AND C - OTHER INFORMATION
Year ended December 31,

	2025 Budget (note 3)	**2025 Actual**	2024 Actual
A - SERVICES TO OTHER GOVERNMENTS			
Province of New Brunswick			
Fire	$ 9,162	**$ 9,162**	$ 5,905
Lanemarking	5,174	**7,286**	-
	$ 14,336	**$ 16,448**	$ 5,905
B - SALE OF SERVICES			
Sewerage	$ 466,900	**$ 470,352**	$ 463,833
Interest on sale of services	29,579	**33,486**	36,509
Recycling	99,000	**111,016**	96,948
Other	34,200	**10,820**	410
	$ 629,679	**$ 625,674**	$ 597,700
C - OTHER REVENUE FROM OWN SOURCES			
Building and other permits	$ 67,667	**$ 285,732**	$ 90,076
Animal	2,000	**2,985**	1,951
Interest	-	**78,768**	74,109
Fundraising	-	**15,518**	23,035
Registration fees	-	**10,530**	13,270
Miscellaneous	-	**58,562**	30,272
	$ 69,667	**$ 452,095**	$ 232,713

SCHEDULE D - OTHER INFORMATION
Year ended December 31,

	2025 Budget (note 3)	**2025 Actual**	2024 Actual
D - CONDITIONAL GRANTS			
Operating			
Province of New Brunswick			
Employment	$ -	**$ 2,914**	$ 12,886
Other	-	**200**	154,380
Government of Canada			
Employment	-	**27,084**	14,994
Not-for-profit organizations and other	-	**13,079**	4,350
	-	**43,277**	186,610
Capital			
Province of New Brunswick			
Canada Community-Building Fund	-	**775,491**	418,946
Province of New Brunswick - Other	-	**832,863**	1,112,337
Government of Canada	-	**737,000**	1,299,820
Not-for-profit organizations and other			
Recreation and wellness	-	**97,514**	-
	-	**2,442,868**	2,831,103
	$ -	**$ 2,486,145**	$ 3,017,713

SCHEDULE E - OTHER INFORMATION
Year ended December 31,

	2025 Budget (note 3)	**2025 Actual**	2024 Actual
E - GENERAL GOVERNMENT SERVICES			
Legislative			
Mayor	$ 44,814	**$ 45,951**	$ 42,645
Councillors	124,348	**98,620**	101,951
Software	12,852	**12,993**	11,746
	182,014	**157,564**	156,342
Administrative			
Personnel	448,400	**382,237**	323,540
Office building	69,003	**90,095**	138,938
Solicitor	25,000	**24,968**	17,819
Other	37,000	**29,755**	26,375
	579,403	**527,055**	506,672
Financial management			
External audit	40,800	**37,818**	38,716
Asset management	32,000	**25,029**	14,079
	72,800	**62,847**	52,795
Common services			
Civic relations	20,000	**17,308**	24,739
Cost of assessment	171,000	**171,000**	154,356
Training and development	35,000	**20,949**	15,725
Regional and collaborative services	21,882	**21,882**	6,511
	247,882	**231,139**	201,331
Other general government services			
Public liability insurance	40,000	**29,632**	29,147
Grants	50,000	**47,660**	18,349
Other general services	45,500	**-**	-
Memberships	12,240	**6,353**	18,805
Interest and bank charges	-	**19,754**	6,883
Amortization of tangible capital assets	-	**59,830**	342
	147,740	**163,229**	73,526
	$ 1,229,839	**$ 1,141,834**	$ 990,666

SCHEDULE F - OTHER INFORMATION
Year ended December 31,

	2025 Budget (note 3)	**2025 Actual**	2024 Actual
F - PROTECTIVE SERVICES			
Police			
RCMP	$ 1,455,738	**$ 1,455,738**	$ 1,406,510
Other	7,055	**-**	-
	1,462,793	**1,455,738**	1,406,510
Fire			
Firefighting force	357,401	**362,975**	302,472
Fire alarm system	50,300	**31,780**	42,174
Station and building	25,000	**108,834**	107,059
Firefighting equipment	270,000	**134,683**	95,887
Training	17,500	**8,850**	10,967
Amortization of tangible capital assets	-	**155,224**	92,505
	720,201	**802,346**	651,064
Emergency measures			
Training and disaster control	9,000	**1,839**	3,492
Other			
Animal and pest control	22,817	**22,595**	20,153
Bylaw enforcement	145,000	**114,683**	106,060
Interest on temporary borrowing	412,500	**208,666**	20,892
Interest on long-term debt	36,768	**34,653**	51,318
	617,085	**380,597**	198,423
	$ 2,809,079	**$ 2,640,520**	$ 2,259,489

SCHEDULE G - OTHER INFORMATION
Year ended December 31,

	2025 Budget (note 3)	**2025 Actual**	2024 Actual
G - TRANSPORTATION SERVICES			
Common services			
Personnel	$ 259,400	**$ 272,704**	$ 249,189
General equipment and building	124,635	**126,614**	85,488
Amortization of tangible capital assets	-	**71,856**	20,012
	384,035	**471,174**	354,689
Roads and streets			
Sidewalks	20,000	**13,613**	-
Culverts and drainage ditches	63,000	**25,888**	59,729
Storm sewers	15,750	**-**	-
Street cleaning and flushing	15,750	**7,848**	7,157
Snow and ice removal	175,000	**163,924**	91,559
Summer maintenance and other	90,000	**85,740**	118,938
Amortization of tangible capital assets	-	**284,526**	243,938
	379,500	**581,539**	521,321
Street lighting	88,000	**96,649**	87,995
Traffic services			
Street signs and traffic lanemarking	60,000	**46,899**	17,524
Railway crossing signals	4,000	**3,978**	4,395
Crosswalks	20,000	**14,694**	15,228
Interest on long-term debt	6,469	**6,873**	7,221
Other	42,827	**2,827**	3,518
Amortization of tangible capital assets	-	**1,605**	1,384
	133,296	**76,876**	49,270
	$ 984,831	**$ 1,226,238**	$ 1,013,275

SCHEDULES H, I AND J - OTHER INFORMATION
Year ended December 31,

	2025 Budget (note 3)	**2025 Actual**	2024 Actual
H - ENVIRONMENTAL HEALTH SERVICES			
Solid waste collection	$ 651,009	**$ 657,834**	$ 524,426
Solid waste disposal site	144,476	**144,476**	179,712
Other	10,000	**2,597**	82
	$ 805,485	**$ 804,907**	$ 704,220
I - PUBLIC HEALTH SERVICES			
Public health	$ 5,000	**$ 4,500**	$ 4,500
J - ENVIRONMENTAL DEVELOPMENT SERVICES			
Community planning	$ 276,740	**$ 277,707**	$ 255,349
Administration	50,000	**298,303**	217,297
Tree removal and planting	20,000	**3,347**	14,991
Research and planning	50,000	**1,493**	27,173
Training and development	150,000	**-**	-
Other	82,430	**141,792**	45,179
	$ 629,170	**$ 722,642**	$ 559,989

SCHEDULES K AND L - OTHER INFORMATION
Year ended December 31,

	2025 Budget (note 3)	**2025 Actual**	2024 Actual
K - RECREATION AND WELLNESS SERVICES			
Personnel	$ 294,998	**$ 282,557**	$ 269,968
Parks and playgrounds	88,000	**258,353**	221,572
Administrative and building	193,042	**36,575**	22,893
Training	4,000	**4,804**	3,940
Library and other cultural services	29,000	**21,573**	22,060
Grants - recreational organizations and other	4,801	**1,082**	31
Amortization of tangible capital assets	-	**161,135**	99,058
	$ 613,841	**$ 766,079**	$ 639,522
L - SEWERAGE			
Sewerage collection and disposal	$ 145,000	**$ 120,362**	$ 153,293
Administration and general	65,700	**55,729**	48,057
Bad debt expense	-	**53,650**	64,795
Interest and bank charges	-	**1,615**	601
Interest on long-term debt	2,466	**2,466**	3,879
Amortization of tangible capital assets	-	**130,406**	142,995
	$ 213,166	**$ 364,228**	$ 413,620