Doane Grant Thornton

Consolidated Financial Statements

Town of Shediac

December 31, 2025

Contents

Doane
Grant Thornton

Doane Grant Thornton LLP
Suite 450
633 rue Main Street, PO Box 1005
Moncton, NB
E1C 8P2

T +1 506 857 0100
F +1 506 857 0105

Independent auditor's report

To Her Worship the Mayor

and Members of Shediac Town Council

Opinion

We have audited the consolidated financial statements of Town of Shediac ("the Town"), which comprise the consolidated financial position as at December 31, 2025, and the consolidated statement of operations, net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Town of Shediac as at December 31, 2025, and the results of its 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 Consolidated financial statements* section of our report. We are independent of the Town 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 Matters

The Department of Environment and Local Government of New Brunswick has requested some additional disclosures based on the Municipal Financial Reporting Manual dated December 16, 2011. The Town has added notes 9, 10 and 11 and schedules 5, and 6 to their consolidated financial statements to comply with these requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and 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 Town'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 Town'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 Town 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.

Doane Grant Thornton LLP

Moncton, Canada

July 6, 2026

Chartered Professional Accountants

Town of Shediac
Consolidated Statement of Financial Position

Year Ended December 31	2025	2024
Financial assets		
Cash and cash equivalents	$ 9,711,520	$ 9,797,659
Receivables (Note 3)	2,481,418	6,018,379
Unamortized debenture discounts	244,862	135,570
	12,437,800	15,951,608
Liabilities		
Bank loans (Note 4)	15,030,000	17,050,000
Payables and accruals (Note 5)	5,049,011	9,696,197
Long-term debt (Note 6)	29,585,000	15,859,000
	49,664,011	42,605,197
Net debt	(37,226,211)	(26,653,589)
Non-financial assets		
Tangible capital assets (Note 8)	88,053,807	75,646,968
Inventory of supplies	19,668	19,668
Prepaids	167,600	14,262
	88,241,075	75,680,898
Accumulated surplus	$ 51,014,864	$ 49,027,309

Commitments (Note 12)

On behalf of the Council

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31

	PSAB (Budget) (Page 28) 2025	Actual 2025	Actual 2024
Revenues			
Warrant of assessment	$ 22,578,339	**$ 22,578,339**	$ 19,777,745
Unconditional transfers from Provincial Government	71,413	**71,413**	107,119
Other contributions and government transfers (Page 18)	769,176	**993,281**	2,091,265
Other revenue from own sources (Page 18)	1,245,729	**1,634,345**	1,569,612
Water services	1,988,000	**2,081,166**	1,997,394
Gain (loss) on disposal of tangible capital assets	10,000	**114,381**	(5,027)
Interest	75,000	**386,686**	452,658
	26,737,657	**27,859,611**	25,990,766
Expenditures (Pages 19-23)			
General government services	3,686,296	**4,128,831**	3,730,449
Protection services	3,996,526	**3,926,372**	3,555,334
Transportation services	7,036,494	**7,459,692**	6,024,942
Environmental health and development services	5,136,464	**4,761,273**	4,101,438
Recreation and cultural services	3,950,926	**4,357,767**	3,678,947
Water services	1,080,872	**1,238,121**	992,154
	24,887,578	**25,872,056**	22,083,264
Annual surplus	$ 1,850,079	**1,987,555**	3,907,502
Accumulated surplus, beginning of year		**49,027,309**	45,119,807
Accumulated surplus, end of year		**$ 51,014,864**	$ 49,027,309

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac
Consolidated Statement of Changes in Net Debt

Year Ended December 31	Budget	2025	2024
Annual surplus	$ 1,850,079	**$ 1,987,555**	$ 3,907,502
Acquisition of tangible capital assets	(22,254,250)	**(16,418,892)**	(23,377,565)
Proceeds on disposal of tangible capital assets	-	**165,076**	9,268
Amortization of tangible capital assets	3,961,358	**3,961,358**	3,316,716
(Gain) loss on sale of tangible capital assets	(10,000)	**(114,381)**	5,027
	(18,302,892)	**(12,406,839)**	(20,046,554)
Change in prepaid expenses	-	**(153,338)**	35,152
Increase in net debt	(16,452,813)	**(10,572,622)**	(16,103,900)
Net debt, beginning of year	(26,653,589)	**(26,653,589)**	(10,549,689)
Net debt, end of year	$ (43,106,402)	**$ (37,226,211)**	$ (26,653,589)

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac
Consolidated Statement of Cash Flows

Year Ended December 31	2025	2024
Net cash inflow (outflow) related to the following activities:		
Operating activities		
Annual surplus	$ 1,987,555	$ 3,907,502
Items not affecting cash:		
Amortization of tangible capital assets	3,961,358	3,316,716
(Gain) loss on sale of tangible capital assets	(114,381)	5,027
Changes in non-cash working capital:		
Change in receivables	3,536,961	(2,911,895)
Change in payables and accruals	(4,647,186)	5,442,165
Change in prepaid expenses	(153,338)	35,152
Change in debenture discounts	(109,292)	(29,884)
Net cash provided by operating activities	4,461,677	9,764,783
Capital activities		
Acquisition of tangible capital assets	(16,418,892)	(23,377,565)
Proceeds on sale of tangible capital assets	165,076	9,268
Net cash used for capital activities	(16,253,816)	(23,368,297)
Financing activities		
Repayment of long-term debt	(1,477,000)	(1,215,000)
Issuance of long-term debt	15,203,000	5,056,000
Issuance of bank loans	(2,020,000)	14,495,000
Net cash provided for financing activities	11,706,000	18,336,000
(Decrease) increase in cash and cash equivalents	(86,139)	4,732,486
Cash and cash equivalents at beginning of year	9,797,659	5,065,173
Cash and cash equivalents at end of year	$ 9,711,520	$ 9,797,659

See accompanying notes and schedules to the consolidated financial statements.

1. The Corporation of the Town of Shediac (the "Town") is incorporated and operates under the provisions of the Province of New Brunswick Municipalities Act.

   In 2023, the Town of Shediac amalgamated with the local service districts of Shediac Cape, Scoudouc Road, Pointe-du-Chêne and a portion of Scoudouc as part of the local government reform.

2. Summary of significant accounting policies

The consolidated financial statements of the Corporation of the Town of Shediac are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants. The consolidated financial statements include the additional disclosure requirements by the Department of Environment and Local Government of New Brunswick. The Town has added notes 9, 10 and 11 and schedules 5 and 6 to comply with these requirements.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirement, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Significant aspects of the accounting policies adopted by the Town of Shediac are as follows:

a) **Reporting entity**
These consolidated financial statements reflect the assets, liabilities, revenues, expenditures, changes in accumulated surplus and change in financial position of the reporting entity. The Town is comprised of all organizations accountable for the administration of their financial affairs and resources to the Town, and which are owned or controlled by the Town.

Inter-departmental and organizational transactions and balances are eliminated.

b) **Government transfers**
Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when transfer stipulations have not been met and revenue is recognized as the stipulations are settled.

c) **Non-financial assets**
Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

2. **Summary of significant accounting policies** (continued)

d) **Revenue recognition**

Taxation revenue represents annual levy administered and collected by the Province of New Brunswick on behalf of all New Brunswick Municipalities for municipal services they are recorded as warrant of assessment as the funds are received to the Town.

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the Town, and a reasonable estimate of the amount to be received can be made.

Fee and charge revenue for building permits and water are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

Other revenues are recorded when it is earned, and collection is reasonably assured.

e) i) **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, less residual value, of the tangible capital assets is amortized on a straight line basis over the estimated useful lives as follows:

Asset type	Years
Buildings and leasehold improvements	20-40 years
Vehicles and equipment	5-20 years
Computer hardware & software	5-10 years
Land improvements	5-20 years
Roads, streets, sidewalks & culvert	10-60 years
Water buildings and leasehold improvements	30 years
Water systems	20-60 years

ii) **Assets under construction**

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

f) **Inventories of materials and supplies**

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and net realizable value.

g) **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

h) **Long-term debt**

Long-term debt is recorded net of any related sinking fund balances. Debt service charges, including principal and interest, are charged against current revenue in the period in which they occur.

2. Summary of significant accounting policies (continued)

i) **Employee future benefits**
The Town allows a portion of unused sick benefits which have vested to be paid to employees upon retirement or resignation. The costs of these benefits are actuarially determined based on service and best estimate of retirement ages and expected future salary increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. The Town also provides continuation of unused sick banks which do not vest to be used during the employees' period of employment. The Town has concluded this is a non-significant balance and therefore has not recorded it.

j) **Budget**
The budget figures contained in these consolidated financial statements were approved by the Minister of Environment and Local Government on January 9, 2025.

k) **Reserves and funds**
Certain amounts, as approved by Town Council, are set aside in reserves and reserves funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are recorded as an adjustment within accumulated surplus. Schedule 4 "Schedule of Reserve Funds" to the consolidated financial statements is included to show the reserve fund balances as supplementary information.

i. ***Operating funds***
Operating Funds are established for general, and water operations of the Town. Operating Funds are used to record the costs associated with providing Town services.

ii. ***Capital funds***
Capital Funds are established for general and water capital. Capital Funds track the acquisition cost of various capital assets and the financing of those assets, including related debt.

iii. ***Reserve funds***
Under the *Municipalities Act* of New Brunswick, Council may establish discretionary reserves for each fund listed above.

l) **Segmented information**
The Town is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Town'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 Town. 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.

2. Summary of significant accounting policies (continued)

l) 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 and development services
This department is responsible for the provision of waste collection and disposal for planning and zoning, community development, tourism and other municipal development and promotion services.

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

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

m) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Town:
  - is directly responsible; or
  - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

n) Use of estimates

The preparation of consolidated financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the reporting period. As such, actual results could differ from the estimates. Areas requiring the greatest degree of estimation include provision for future employee benefits, assessment of contingency liabilities, and allowance for doubtful accounts receivable.

o) Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

2. Summary of significant accounting policies (continued)

p) **Asset retirement obligations**
A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is measured at the Town's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized over the remaining useful life of the related tangible capital asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

3. Receivables

	2025	2024
Accounts receivable	$ 860,949	$ 855,899
Water receivable	978,545	996,701
Capital receivable	392,943	3,259,085
Sales tax receivable	248,981	906,694
	$ 2,481,418	$ 6,018,379

4. Bank loans

The bank loans for capital purposes represent temporary financing of capital expenditures and will be replaced by debentures issued. The interest rates on these loans are at prime rate.

5. Payables and accruals

	2025	2024
Accounts payable and accrued charges	$ 2,536,484	$ 3,011,944
Capital payables	2,124,616	6,333,301
Employee benefit obligations (Note 7)	334,061	300,600
Accrued interest on long-term debt	53,850	50,352
	$ 5,049,011	$ 9,696,197

6. Long-term debt		**2025**	2024
New Brunswick Municipal Financing Corporation			
Debentures:			
BG22	1.65% - 3.8%, due 2027	$ **391,000**	$ 441,000
BK15	1.15% - 4.15%, due 2029	**291,000**	358,000
BM21	.95% - 3.5%, due 2030	**450,000**	532,000
BN23	1.05% - 3.9%, due 2030	**151,000**	179,000
BO25	1.45% - 3.75%, due 2031	**767,000**	898,000
BP22	1.2% - 3.8%, due 2031	**427,000**	512,000
BO26	1.45% - 3.75%, due 2031	**143,000**	164,000
BQ22	1.20% - 3.55%, due 2032	**163,000**	220,000
BT20	2.10% - 3.7%, due 2038	**4,740,000**	5,152,000
BV19	2.00% - 3.35%, due 2029	**599,000**	740,000
BZ21	0.3% - 2.7%, due 2036	**832,000**	900,000
BZ22	0.3% - 2.7%, due 2036	**642,000**	707,000
CF09	4.15% - 4.91%, due 2039	**3,485,000**	3,662,000
CF10	4.15% - 4.91%, due 2039	**661,000**	694,000
CG21	3.29% – 4.46%, due 2034	**640,000**	700,000
CH20	2.85% – 4.90%, due 2040	**12,883,000**	-
CH21	2.85% - 4.90%, due 2040	**2,320,000**	-
		$ **29,585,000**	$ 15,859,000

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

2026	2,305,000	2029	$ 2,296,000
2027	2,617,000	2030	2,135,000
2028	2,297,000		

Approval of the Municipal Capital Borrowing Board has been obtained for the debenture debt reported and all the long-term debt has been approved by an Order-in-Council of the Provincial Legislature. At December 31, 2025, the Town has an approval to borrow an additional $ 44,862,000.

7. Other post employment liabilities

The Town provides various groups of employees in accordance with applicable collective agreements the ability to accumulate sick bank benefits payable either upon retirement or resignation.

		2025		2024
Employee benefit obligations:				
Vested benefits	$	**347,168**	$	314,900
Unamortized actuary losses		**(13,107)**		(14,300)
Accrued employee benefit obligation	$	**334,061**	$	300,600
Accrued employee benefit obligation	$	**334,061**	$	300,600
Less funded amount		**(334,061)**		(300,600)
Vested benefits to be funded from future revenue	$	**-**	$	-
Benefit expense in the year	$	**46,593**	$	47,200

Vested benefits represent the Town's liability for future employee benefits including sick leave banks and lump sum retirement payments in the year of retirement or termination which are contractually required to be paid to an employee independent of his or her further employment.

The actuarial method used was the projected benefit method prorated on service to calculate the accrued benefit obligation. The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions used reflect the Town's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increase is 3% per annum;
- the discount rate used to determine the accrued benefit obligation is 4.25%;
- retirement age is 60; and
- estimated net excess utilization of rate of sick leave varies with age.

The sick leave is an unfunded benefit. Benefits are paid out of general revenue as they come due.

8. Tangible capital assets

	General Capital Assets						Water Assets				
	Land	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer, Hardware and Software	Land Improvements	Road, Streets, Sidewalks, Culverts	Land	Water Buildings and Leasehold Improvements	Water Systems	2025	2024
Cost											
Opening cost	$ 3,383,431	$ 18,210,448	$ 7,106,151	$ 457,636	$ 6,088,836	$ 66,401,657	$ 82,198	$ 1,085,091	$ 20,034,205	$ **122,849,653**	$ 99,486,383
Additions	380,270	5,754,829	863,591	43,393	1,244,991	7,312,042	-	-	819,776	**16,418,892**	23,377,565
Disposals	-	-	181,462	-	-	-	-	-	-	**181,462**	14,295
Closing cost	3,763,701	23,965,277	7,788,280	501,029	7,333,827	73,713,699	82,198	1,085,091	20,853,981	**139,087,083**	122,849,653
Accumulated amortization											
Opening accumulated amortization	-	5,937,935	4,121,901	262,496	3,938,425	25,298,312	-	906,490	6,737,126	**47,202,685**	43,885,969
Amortization	-	722,646	503,094	45,519	508,683	1,627,957	-	22,481	530,978	**3,961,358**	3,316,716
Disposals	-	-	(130,767)	-	-	-	-	-	-	**(130,767)**	-
Closing accumulated-amortization	-	6,660,581	4,494,228	308,015	4,447,108	26,926,269	-	928,971	7,268,104	**51,033,276**	47,202,685
Asset net book value	$ 3,763,701	$ 17,304,696	$ 3,294,052	$ 193,014	$ 2,886,719	$ 46,787,430	$ 82,198	$ 156,120	$ 13,585,877	$ **88,053,807**	$ 75,646,968

9. Short-term borrowings compliance

Operating borrowing
As prescribed in the *Municipalities Act*, borrowing to finance General Fund operations is limited to 5% of the Municipality's operating budget. Borrowing to finance water services is limited to 50% of the operating budget for the year. In 2025, the Town has complied with these restrictions.

Inter-fund borrowing
The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in the next fiscal year unless the borrowing is for a capital project. The amounts payable between Funds are in compliance with the requirements.

10. Water Services surplus/deficit

The *Municipalities Act* requires Water Services Fund surplus/deficit amounts to be absorbed into one or more of four operating budgets commencing with the second next ensuring year: the balance of the surplus/deficit at the end of the year consists of:

	2025	2024
2025 Surplus	$ **201,440**	$ -
2024 Surplus	**216,432**	216,432
2023 Surplus	**94,442**	94,442
	$ **512,314**	$ 310,874

11. Water cost transfer

The Town's water cost transfer for fire protection is within the maximum allowable by Regulation 81-195 under the *Municipalities Act* based upon the applicable percentage of water system expenditures for the population.

12. Commitments

The Town has lease commitments until 2028 for the rental of equipment and office space. The balance of the commitments under such leases excluding property taxes and other escalator clauses is $1,421,439. Minimum payments payable over the next three years are as follows:

2026	$ 469,902	2028	$ 477,724
2027	$ 473,813		

13. Pension plan

The Town has a contributory pension plan for its employees and its share of the pension plan contributions for 2025 were $279,817 (2024 - $225,258).

14. Financial instruments

The Town is exposed to various risks through its financial instruments. The following analysis provides a measure of the Town's risk exposures at December 31, 2025.

Credit risk:
Credit risk is the risk of financial loss to the Town if a debtor fails to discharge their obligation (e.g., pay the accounts receivable owing to the Town). The Town is exposed to this risk arising from its cash and cash equivalents and receivables. The Town holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. Receivables are primarily due from government, corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Town measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Town's historical experience regarding collections. In the current and prior years, all of the impairment allowance related to the accounts receivable and water receivable. There were no changes in exposures to credit risk during the period.

Liquidity risk:
Liquidity risk is the risk that the Town will not be able to meet all cash outflow obligations as they come due. The Town mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and available line of credit. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market risk:
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Town is mainly exposed to interest rate risk.

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The Town is exposed to this risk through its interest-bearing debt. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Town of Shediac
Schedule 1: Consolidated Schedule of Revenues

Year ended December 31	2025 Budget	2025 Actual	2024 Actual
Other contributions and government transfers			
Provincial government	$ 88,000	**$ 244,672**	$ 1,757,628
Federal government	-	**64,030**	-
Developers	-	**3,403**	-
Gas tax program	681,176	**681,176**	333,637
	$ 769,176	**$ 993,281**	$ 2,091,265
Other revenue from own sources			
Firefighting services	$ 148,064	**$ 151,581**	$ 183,564
Recreation	41,200	**57,229**	38,072
Arena	199,000	**273,826**	248,949
Multipurpose centre	147,200	**144,696**	140,510
Licenses and permits	500	**376**	468
Building permits	300,000	**574,636**	480,710
Road maintenance	76,265	**76,269**	71,314
Rent	36,000	**39,611**	33,867
Sundry	297,500	**316,121**	372,158
	$ 1,245,729	**$ 1,634,345**	$ 1,569,612

Town of Shediac
Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31	2025 Budget	2025 Actual	2024 Actual
General government services			
Legislative			
Mayor	$ 69,902	$ **69,906**	$ 68,275
Mayor – other	7,800	**7,823**	7,431
Councilors	291,936	**292,099**	276,745
Councilors – other	21,000	**11,620**	16,418
Development seminars	25,000	**28,096**	25,955
Other	45,000	**38,017**	47,101
	460,638	**447,561**	441,925
Administrative			
Salaries and fringe benefits	1,076,000	**1,111,685**	838,618
Traveling expenses – Town manager	10,000	**9,612**	7,164
Building – rent and maintenance	509,050	**471,561**	961,131
Equipment rental	6,400	**1,656**	4,485
Telecommunications	20,000	**20,207**	18,027
External audit	51,500	**49,089**	92,444
Legal and other professional fees	150,000	**235,827**	178,368
Computer systems	120,000	**156,052**	116,325
Advertising and promotion	10,000	**8,841**	8,992
Association fees	26,500	**27,590**	24,234
Office and postage expenses	45,000	**72,672**	49,376
Cost of assessment	393,556	**393,556**	350,286
Simultaneous translation	45,000	**43,263**	47,901
	2,463,006	**2,601,611**	2,697,351
Other general government services			
Public liability insurance	133,595	**108,326**	109,391
Grant	106,825	**193,729**	172,806
By-law	94,150	**106,531**	91,868
Sundry	66,000	**26,712**	-
Human resources	121,400	**228,526**	101,049
Property taxes	21,050	**19,474**	19,134
Bond discounts	9,350	**9,739**	7,986
Bank charges	20,500	**26,090**	38,861
Bad debts	-	**-**	13,237
	572,870	**719,127**	554,332
Interest on bonds	144,263	**315,013**	-
Amortization	45,519	**45,519**	36,841
	$ 3,686,296	$ **4,128,831**	$ 3,730,449

Town of Shediac
Schedule 2: Consolidated Schedule of Expenditures (continued)

Year Ended December 31	2025 Budget	2025 Actual	2024 Actual
Protection services			
Police			
Contract	$ 2,855,000	$ **2,855,468**	$ 2,758,906
Sundry	25,000	**22,112**	27,426
	2,880,000	**2,877,580**	2,786,332
Fire			
Vehicles	68,515	**55,423**	66,682
Fees	180,000	**182,800**	163,376
Firefighting equipment	33,000	**24,623**	27,835
Vaccine	1,000	**-**	-
Garment	30,000	**22,475**	19,839
Travel	4,500	**630**	858
Fire prevention	3,300	**2,114**	1,209
Salaries and fringe benefits	167,600	**179,212**	159,595
Fire alarm system	41,500	**35,529**	40,283
Workers compensation and group insurance	29,000	**18,507**	18,130
Training	9,500	**6,433**	8,450
Sundry	9,000	**4,774**	6,595
Building – repair and maintenance	86,862	**99,216**	62,357
	663,777	**631,736**	575,209
Other protection services			
Animal and pest control	71,100	**32,911**	58,736
Emergency and safety measures	10,000	**5,448**	1,336
	81,100	**38,359**	60,072
Interest on bonds	6,936	**13,984**	15,771
Amortization	364,713	**364,713**	117,950
	$ 3,996,526	$ **3,926,372**	$ 3,555,334

Town of Shediac
Schedule 2: Consolidated Schedule of Expenditures (continued)

Year Ended December 31	2025 Budget	2025 Actual	2024 Actual
Transportation services			
Common services			
Salaries and fringe benefits	$ 1,735,750	**$ 1,539,321**	$ 1,178,629
Overtime	140,000	**193,955**	181,006
General supplies			
Gas and oil	135,000	**118,283**	105,407
Repair and maintenance	325,400	**358,911**	188,035
Insurance and licenses	43,400	**43,128**	42,771
Shop, yard and building			
Repair and maintenance	133,000	**166,556**	96,282
Heat and light	49,500	**55,763**	46,500
Municipal taxes, sewer and insurance	74,350	**71,344**	68,355
Communication services	12,000	**14,739**	15,408
Engineering services	330,000	**482,869**	365,561
	2,978,400	**3,044,869**	2,287,954
Road transportation			
Roads and streets	816,500	**687,642**	786,991
Snow and ice removal	130,000	**146,269**	132,802
Street lighting	368,955	**378,219**	351,642
Traffic services	200,500	**104,036**	117,507
	1,515,955	**1,316,166**	1,388,942
Interest			
Interest on short-term borrowing	115,722	**672,240**	186,664
Interest on bonds	348,975	**348,975**	369,968
	464,697	**1,021,215**	556,632
Amortization	2,077,442	**2,077,442**	1,791,414
	$ 7,036,494	**$ 7,459,692**	$ 6,024,942
Environmental health and development services			
Environmental health services			
Garbage and waste collection	$ 880,315	**$ 946,736**	$ 874,237
Solid waste disposal WASWC	160,519	**160,519**	240,294
	1,040,834	**1,107,255**	1,114,531
Environmental development services			
Town planning	697,054	**697,054**	599,027
Economic development	1,651,700	**1,534,268**	1,268,815
Salaries and fringe benefits	871,150	**488,017**	478,699
Tourism and municipal development	805,170	**824,924**	586,394
Pascal Poirier Historical House	46,248	**84,844**	29,120
Former train station	24,308	**24,911**	24,852
	4,095,630	**3,654,018**	2,986,907
	$ 5,136,464	**$ 4,761,273**	$ 4,101,438

Town of Shediac
Schedule 2: Consolidated Schedule of Expenditures (continued)

Year Ended December 31

	2025 Budget	2025 Actual	2024 Actual
Recreation and cultural services			
Arena			
Salaries and fringe benefits	$ 59,500	**$ 289,903**	$ 245,462
Buildings			
Property taxes and insurance	18,295	**18,562**	16,937
Electricity	140,442	**169,309**	140,742
General maintenance	121,110	**168,144**	152,267
	339,347	**645,918**	555,408
Parks and playgrounds			
Salaries and fringe benefits	-	**167,574**	150,022
Professional fees	180,000	**102,967**	87,819
Equipment maintenance	89,180	**74,347**	86,383
Parks and playground maintenance	387,664	**360,596**	253,127
Building – repair and maintenance	5,500	**6,397**	4,200
	662,344	**711,881**	581,551
Community services			
Salaries and fringe benefits	579,600	**595,591**	468,869
Multipurpose Centre	535,638	**638,760**	491,540
Conventions	10,000	**15,969**	12,768
Advertising and promotion	25,000	**8,530**	24,710
Activities	160,500	**122,508**	81,979
Special events	588,390	**538,418**	493,198
	1,899,128	**1,919,776**	1,573,064
Library	34,900	**29,843**	32,324
Community Center Pointe du Chene	71,400	**79,669**	69,998
Interest			
Interest on bonds	23,582	**50,455**	19,520
Amortization	920,225	**920,225**	847,082
	$ 3,950,926	**$ 4,357,767**	$ 3,678,947

Town of Shediac
Schedule 2: Consolidated Schedule of Expenditures (continued)

Year Ended December 31	2025 Budget	2025 **Actual**	2024 Actual
Water services			
Electricity	$ 131,600	$ **138,157**	$ 127,369
Amortization	553,459	**553,459**	523,430
Repairs and maintenance	154,000	**127,959**	115,021
Interest on long-term debt	27,590	**118,499**	64,925
Bond discounts	2,509	**2,509**	2,210
Interim financing	24,000	**51,165**	1,493
Engineering services	15,000	**12,493**	18,052
Sundry	55,000	**52,694**	46,959
Water testing	25,000	**25,348**	17,904
Insurance	42,714	**46,174**	40,116
Economic Development	35,000	**34,675**	34,675
Bad debts	15,000	**74,989**	-
	$ 1,080,872	$ **1,238,121**	$ 992,154

Town of Shediac
Schedule 3: Schedule of Segment Disclosure
December 31, 2025

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water Services	2025 Consolidated	2024 Consolidated
Revenues								
Property tax warrant*	$ 3,951,209	$ 4,335,042	$ 5,102,704	$ 5,802,633	$ 3,386,751	$ -	$ **22,578,339**	$ 19,777,745
Other revenue from own sources	295,716	151,581	76,269	614,624	475,750	20,405	**1,634,345**	1,569,612
Unconditional transfers from Province Government*	12,497	13,711	16,068	18,353	10,784	-	**71,413**	107,119
Gain (loss) on disposal of capital assets	-	-	114,381	-	-	-	**114,381**	(5,027)
Other contributions and government transfers	-	910,227	-	64,030	19,024	-	**993,281**	2,091,265
Water user fees	-	-	-	-	-	2,081,166	**2,081,166**	1,997,394
Interest	-	-	-	-	121,329	265,357	**386,686**	452,658
	4,259,422	5,410,561	5,309,422	6,499,640	4,013,638	2,366,928	**27,859,611**	25,990,766
Expenses								
Salaries and benefits	1,111,685	179,212	1,539,321	488,017	1,053,068	-	**4,371,303**	4,024,419
Goods and services	2,656,614	3,368,463	2,821,714	4,273,256	2,334,019	566,163	**16,020,229**	14,081,577
Amortization	45,519	364,713	2,077,442	-	920,225	553,459	**3,961,358**	3,316,717
Interest	315,013	13,984	1,021,215	-	50,455	118,499	**1,519,166**	660,551
	4,128,831	3,926,372	7,459,692	4,761,273	4,357,767	1,238,121	**25,872,056**	22,083,264
Surplus for the year	$ **130,591**	$ **1,484,189**	$ **(2,150,270)**	$ **1,738,367**	$ **(344,129)**	$ **1,128,807**	$ **1,987,555**	$ 3,907,502

*The property tax warrant and the unconditional transfers from Provincial Government have been allocated based on budgeted expenditures.

Town of Shediac
Schedule 4: Schedule of Reserve Funds
December 31, 2025

	General Operating Reserve	General Capital Reserve	Water Operating Reserve	Water Capital Reserve	**2025 Total**	2024 Total
Accumulated surplus, beginning of year	$ 1,010,737	$ 3,072,245	$ 110,206	$ 2,682,323	**$ 6,875,511**	$ 5,308,601
Transfers to/from Water and General Operating Funds						
Allocation from General Operating Fund	30,000	1,265,000	-	-	**1,295,000**	800,000
Allocation to General Capital Fund	-	(837,879)	-	-	**(837,879)**	(508,500)
Allocation from Water Operating Fund	-	-	-	800,000	**800,000**	1,000,000
Allocation from Developers	-	3,403	-	-	**3,403**	-
	30,000	430,524	-	800,000	**1,260,524**	1,291,500
Interest	28,922	92,407	3,582	86,483	**211,394**	275,410
	28,922	92,407	3,582	86,483	**211,394**	275,410
Annual surplus	58,922	522,931	3,582	886,483	**1,471,918**	1,566,910
Accumulated surplus, end of year	$ 1,069,659	$ 3,595,176	$ 113,788	$3,568,806	**$ 8,347,429**	$ 6,875,511

Town of Shediac
Schedule 4: Schedule of Reserve Funds
December 31, 2025

Council Resolutions regarding transfers to and from reserves:

Moved by Councillor McInroy, seconded by Councillor O'Brien that the Municipal Council grant funding in the amount of $230,000 for the project to expand the south end and entrance of the Pointe-du-Chêne wharf and that funds are drawn from the general operating reserve fund.

I hereby certify that the above are true and exact copies of resolutions adopted at a regular meeting of Council on February 3, 2025.

Moved by Councillor Gallant, seconded by Councillor O'Brien that the Town of Shediac proceed with the final payment to LCL Excavation (2006) as part of the IBA Wastewater and Water System Upgrade Contract 1 – Main Street – TS21-23695A, as presented, and that the funds come from the capital reserve fund.

I hereby certify that the above are true and exact copies of resolutions adopted at a regular meeting of Council on August 18, 2025.

Moved by Councillor Despres, seconded by Councillor Boudreau to award contract TS25-Q01 for the purchase of a wheel loader to the lowest price submission: Nors Construction Equipment Canada ST, LP in the amount of $357,777.11 (net HST included) for a new leftover model-year 2024. The funds will come from the Capital Reserve Fund.

I hereby certify that the above are true and exact copies of resolutions adopted at a regular meeting of Council on April 22, 2025.

Moved by Councillor Cormier, seconded by Councillor Gallant to award contract TS25-Q02 for the purchase of a backhoe loader to the lowest price submission: Toromont Cat, in the amount of $255,886.56 (net HST included). The funds will come from the Capital Reserve Fund.

I hereby certify that the above are true and exact copies of resolutions adopted at a regular meeting of Council on May 20, 2025.

Moved by Councillor Bourque-Chevarie, seconded by Councillor O'Brien that the sum of $1,265,000 be transferred to the Capital Reserve Fund, including $200,000 for Economic Development. These funds will come from the general operating fund.

Moved by Councillor Bourque-Chevarie, seconded by Councillor O'Brien that the sum of $260,000 be transferred to the Operating Reserve Fund. These funds will come from the General Operating Fund.

Moved by Councillor Despres, seconded by Councillor Gallant that the sum of $800,000 be transferred to the Capital Utility Reserve Fund. These funds will come from the Utility Operating Fund.

I hereby certify that the above are true and exact copies of resolutions adopted at a regular meeting of Council on December 1, 2025.

Sylvain Montreuil
Clerk
Town of Shediac

Town of Shediac
Schedule 5: Schedule of Reconciliation of Annual Surplus
December 31, 2025

	General Operating Fund	General Capital Fund	General Operating Reserve Fund	General Capital Reserve Fund	Water Operating Fund	Water Capital Fund	Water Operating Reserve Fund	Water Capital Reserve Fund	2025 Total All Fund
2025 annual fund surplus[1]	$ 1,400,007	$ 3,269,266	$ 58,922	$ 522,932	$ 201,441	$ 542,648	$ 3,582	$ 886,483	$ 6,885,281
Adjustment to annual surplus for funding requirements									
Second previous year's surplus	(791,231)	-	-	-	(94,442)	-	-	-	(885,673)
Long-term debt principal repayment - general	1,160,000	(1,160,000)	-	-	-	-	-	-	-
Long-term debt principal repayment - water	-	-	-	-	317,000	(317,000)	-	-	-
Amortization of tangible assets	-	(3,407,899)	-	-	-	(553,459)	-	-	(3,961,358)
Proceed on sale of capital assets	(165,076)	-	-	-	-	-	-	-	(165,076)
Gain on disposal of capital assets	114,381	-	-	-	-	-	-	-	114,381
Capital expenditures paid out of operating funds	590,211	(590,211)	-	-	-	-	-	-	-
Total adjustments to 2025 annual surplus	908,285	(5,158,110)	-	-	222,558	(870,459)	-	-	(4,897,726)
2025 annual surplus per PSAB for the year	$ 2,308,292	$ (1,888,844)	$ 58,922	$ 522,932	$ 423,999	$ (327,811)	$ 3,582	$ 886,483	$ 1,987,555

1 The annual fund surplus includes all of the interfund transfers.

Town of Shediac
Schedule 6: Schedule of Operating and Capital Budgets to PSAB Budget
December 31, 2025

	Operating Budget General	Operating Budget Water	Capital Fund Budget	Reallocation of interest	Amortization & adjustments	Transfers	2025 Total
Revenue							
Province of New Brunswick:							
Warrant for property taxes	$ 22,578,339	$ -	$ -	$ -	$ -	$ -	$ **22,578,339**
Unconditional grant	71,413	-	-	-	-	-	**71,413**
Other revenue from own sources	1,220,729	25,000	-	-	-	-	**1,245,729**
Other contributions and government transfers	88,000	-	681,176	-	-	-	**769,176**
Water rates	-	1,988,000	-	-	-	-	**1,988,000**
Recovery from water operating fund	573,200	-	-	-	-	(573,200)	**-**
Water supply for fire protection	-	205,000	-	-	-	(205,000)	**-**
Gain on disposal of tangible capital assets	10,000	-	-	-	-	-	**10,000**
Interest	-	75,000	-	-	-	-	**75,000**
Second previous year's surplus	791,231	94,442	-	-	-	(885,673)	**-**
	25,332,912	2,387,442	681,176	-	-	(1,663,873)	**26,737,657**
Expenditure							
General government services	3,496,514	-	-	144,263	45,519	-	**3,686,296**
Protective services	3,829,877	-	-	6,936	364,713	(205,000)	**3,996,526**
Transportation services	4,494,355	-	-	464,697	2,077,442	-	**7,036,494**
Environmental health & development services	5,136,464	-	-	-	-	-	**5,136,464**
Recreation and cultural services	3,007,119	-	-	23,582	920,225	-	**3,950,926**
Water services	-	473,314	-	54,099	553,459	-	**1,080,872**
Fiscal services							
Long-term debt repayments	1,100,000	317,000	-	-	-	(1,417,000)	-
Interest	597,194	96,383	-	(693,577)	-	-	-
Transfers from the General Operating Fund	2,680,158	-	-	-	-	(2,680,158)	-
Transfer to the General Operating Fund	-	575,710	-	-	-	(575,710)	-
Transfers from the Operating Water Fund	-	925,000	-	-	-	(925,000)	-
Transfers to the General Capital Reserve Fund	991,231	-	-	-	-	(991,231)	-
Transfers to the Water Capital Reserve Fund	-	35	-	-	-	(35)	-
	25,332,912	2,387,442	-	-	3,961,358	(6,794,134)	**24,887,578**
Surplus (deficit) for the year	$ -	$ -	$ 681,176	$ -	$ (3,961,358)	$ 5,130,261	$ **1,850,079**