



Consolidated Financial Statements

Town of Shediac

December 31, 2021

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To His 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, 2021, 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, 2021, 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 Matter

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

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Moncton, Canada
April 25, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

Town of Shediac

Consolidated Statement of Financial Position

Year Ended December 31

2021

2020

Financial assets		
Cash and cash equivalents	\$ 5,578,588	\$ 5,790,226
Receivables (Note 3)	2,302,657	1,733,215
Unamortized debenture discounts	<u>129,348</u>	<u>122,533</u>
	<u>8,010,593</u>	<u>7,645,974</u>
Liabilities		
Bank loans (Note 4)	-	2,445,000
Payables and accruals (Note 5)	3,370,011	2,787,467
Long-term debt (Note 6)	<u>14,899,760</u>	<u>14,171,760</u>
	<u>18,269,771</u>	<u>19,404,227</u>
Net debt	<u>(10,259,178)</u>	<u>(11,758,253)</u>
Non-financial assets		
Tangible capital assets (Note 8)	46,688,055	45,792,553
Inventory of supplies	19,668	19,668
Prepays	<u>5,097</u>	<u>2,850</u>
	<u>46,712,820</u>	<u>45,815,071</u>
Accumulated surplus	<u>\$ 36,453,642</u>	<u>\$ 34,056,818</u>

Commitments (Note 12)

On behalf of the Council



Lynn Candy Caissie
Treasurer

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31

2021

2020

	PSAB (Budget) (Page 26)	<u>Actual</u>	<u>Actual</u>
Revenues			
Warrant of assessment	\$ 10,798,537	\$ 10,832,530	\$ 10,585,232
Unconditional transfers from Provincial Government	566,210	575,919	603,718
Other contributions and government transfers (Page 16)	984,591	1,462,240	790,739
Other revenue from own sources (Page 16)	958,835	1,418,331	881,534
Water services	1,652,645	1,694,155	1,657,159
Gain on disposal of tangible capital assets	10,000	52,803	61,879
Interest	<u>150,000</u>	<u>213,146</u>	<u>159,256</u>
	<u>15,120,818</u>	<u>16,249,124</u>	<u>14,739,517</u>
Expenditures (Pages 17-21)			
General government services	2,573,804	2,150,647	1,898,000
Protection services	2,212,995	2,214,434	2,182,395
Transportation services	3,998,984	3,982,984	4,499,751
Environmental health and development services	1,959,355	1,844,309	2,323,991
Recreation and cultural services	2,779,391	2,803,176	2,264,853
Water services	<u>849,612</u>	<u>856,750</u>	<u>892,304</u>
	<u>14,374,141</u>	<u>13,852,300</u>	<u>14,061,294</u>
Annual surplus	<u>\$ 746,677</u>	<u>2,396,824</u>	<u>678,223</u>
Accumulated surplus, beginning of year		<u>34,056,818</u>	<u>33,378,595</u>
Accumulated surplus, end of year		<u>\$ 36,453,642</u>	<u>\$ 34,056,818</u>

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	2021	2020
Annual surplus	\$ 746,677	\$ 2,396,824	\$ 678,223
Acquisition of tangible capital assets	(3,525,000)	(3,509,232)	(3,201,272)
Proceeds on disposal of tangible capital assets	-	52,803	54,700
Amortization of tangible capital assets	2,613,731	2,613,731	3,135,955
Gain on sale of tangible capital assets	(10,000)	(52,803)	(61,879)
	<u>(921,269)</u>	<u>(895,501)</u>	<u>(72,496)</u>
Change in prepaid expenses	<u>-</u>	<u>(2,248)</u>	<u>2,807</u>
Decrease (increase) in net debt	(174,592)	1,499,075	608,534
Net debt, beginning of year	<u>(11,758,253)</u>	<u>(11,758,253)</u>	<u>(12,366,787)</u>
Net debt, end of year	<u>\$ (11,932,845)</u>	<u>\$ (10,259,178)</u>	<u>\$ (11,758,253)</u>

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Consolidated Statement of Cash Flows

Year Ended December 31

2021

2020

Net cash inflow (outflow) related to the following activities:

Operating activities

Annual surplus	\$ 2,396,824	\$ 678,223
Items not affecting cash:		
Amortization of tangible capital assets	2,613,731	3,135,955
Gain on sale of tangible capital assets	(52,803)	(61,879)
Changes in non-cash working capital:		
Change in receivables	(569,442)	(529,072)
Change in payables and accruals	582,544	746,688
Change in prepaid expenses	(2,248)	2,807
Change in debenture discounts	(6,815)	11,619
Net cash provided by operating activities	<u>4,961,791</u>	<u>3,984,341</u>

Capital activities

Acquisition of tangible capital assets	(3,509,232)	(3,201,272)
Proceeds on sale of tangible capital assets	52,803	54,700
Net cash used for capital activities	<u>(3,456,429)</u>	<u>(3,146,572)</u>

Financing activities

Issuance of long-term debt	2,000,000	-
Repayment of long-term debt	(1,272,000)	(1,316,000)
Repayment of bank loans	(2,445,000)	2,125,000
Net cash (used) provided for financing activities	<u>(1,717,000)</u>	<u>809,000</u>

(Decrease) increase in cash and cash equivalents	(211,638)	1,646,769
Cash and cash equivalents at beginning of year	<u>5,790,226</u>	<u>4,143,457</u>
Cash and cash equivalents at end of year	<u>\$ 5,578,588</u>	<u>\$ 5,790,226</u>

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2021

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.
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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.

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2021

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.

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2021

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 Council on October 26, 2020 and the Minister of Environment and Local Government approved the General Operating Budget on November 4, 2020, Capital Budget was approved by the Council on January 25, 2021.

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.

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2021

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.

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2021

3. Receivables	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 538,488	\$ 691,703
Water receivable	613,982	602,443
Capital receivable	881,007	272,910
Sales tax receivable	<u>269,180</u>	<u>166,159</u>
	<u>\$ 2,302,657</u>	<u>\$ 1,733,215</u>

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	<u>2021</u>	<u>2020</u>
Accounts payable and accrued charges	\$ 1,575,935	\$ 1,679,225
Capital payables	1,343,679	680,073
Employee benefit obligations (Note 7)	403,638	379,477
Accrued interest on long-term debt	<u>46,759</u>	<u>48,692</u>
	<u>\$ 3,370,011</u>	<u>\$ 2,787,467</u>

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2021

6. Long-term debt	<u>2021</u>	<u>2020</u>
<u>New Brunswick Municipal Financing Corporation</u>		
Debentures:		
BG22 1.65% - 3.8%, due 2027	678,000	817,000
BH28 1.35% - 3.8%, due 2022	32,000	63,000
BI23 1.35% - 4%, due 2023	198,000	293,000
BK15 1.15% - 4.15%, due 2029	653,000	746,000
BM21 .95% - 3.5%, due 2030	766,000	841,000
BN23 1.05% - 3.9%, due 2030	257,000	282,000
BO25 1.45% - 3.75%, due 2031	1,272,000	1,392,000
BP22 1.2% - 3.8%, due 2031	754,000	832,000
BH29 1.35% - 3.8%, due 2022	24,000	48,000
BI24 1.35% - 4%, due 2023	53,000	78,000
BO26 1.45% - 3.75%, due 2031	225,000	245,000
BQ22 1.20% - 3.55%, due 2032	384,000	436,000
BT20 2.10% - 3.7%, due 2038	6,314,000	6,680,000
BV19 2.00% - 3.35%, due 2029	1,145,000	1,274,000
BZ21 0.3% - 2.95%, due 2036	1,100,000	-
BZ22 0.3% - 2.95%, due 2036	900,000	-
	<u>14,755,000</u>	<u>14,027,000</u>
<u>608402 NB Ltd.</u>		
Loan payable, 0%, repayable as per agreement based on development	<u>144,760</u>	<u>144,760</u>
	<u>\$ 14,899,760</u>	<u>\$ 14,171,760</u>

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

2022	\$ 1,430,000	2025	\$ 1,207,000
2023	1,307,000	2026	1,241,000
2024	1,215,000		

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, 2021, the Town has an approval to borrow an additional \$ 5,385,000.

Town of Shediac

Consolidated Statement Notes to the Financial Statements

December 31, 2021

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.

	<u>2021</u>	<u>2020</u>
Employee benefit obligations:		
Vested benefits	\$ 457,800	\$ 437,700
Unamortized actuary losses	<u>(54,162)</u>	<u>(58,223)</u>
Accrued employee benefit obligation	<u>\$ 403,638</u>	<u>\$ 379,477</u>
Accrued employee benefit obligation	\$ 403,638	\$ 379,477
Less funded amount	<u>(403,638)</u>	<u>(379,477)</u>
Vested benefits to be funded from future revenue	<u>\$ -</u>	<u>\$ -</u>
Benefit expense in the year	<u>\$ 46,900</u>	<u>\$ 45,100</u>

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 2.5% per annum;
- the discount rate used to determine the accrued benefit obligation is 1.99%;
- 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.

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2021

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	2021	2020
Cost											
Opening cost	\$ 2,888,166	\$ 12,380,972	\$ 5,693,518	\$ 186,631	\$ 4,953,048	\$ 40,527,563	\$ 76,681	\$ 1,059,512	\$ 13,917,787	\$ 81,693,878	\$ 78,741,902
Additions	15,295	680,062	156,868	-	82,835	2,056,192	-	-	517,981	3,509,232	3,201,272
Disposals	-	-	191,476	-	-	-	-	-	-	191,476	249,296
Closing cost	<u>2,903,461</u>	<u>13,061,034</u>	<u>5,658,910</u>	<u>186,631</u>	<u>5,035,883</u>	<u>42,583,755</u>	<u>76,681</u>	<u>1,069,512</u>	<u>14,435,768</u>	<u>85,011,635</u>	<u>81,693,878</u>
Accumulated amortization											
Opening accumulated amortization	-	4,104,913	2,811,060	186,631	2,400,845	20,639,948	-	803,199	4,954,729	35,901,325	33,021,845
Amortization	-	442,997	358,183	-	345,872	1,025,216	-	28,906	412,557	2,613,731	3,135,955
Disposals	-	-	191,476	-	-	-	-	-	-	191,476	256,475
Closing accumulated-amortization	<u>-</u>	<u>4,547,910</u>	<u>2,977,767</u>	<u>186,631</u>	<u>2,746,717</u>	<u>21,665,164</u>	<u>-</u>	<u>832,105</u>	<u>5,367,286</u>	<u>38,323,580</u>	<u>35,901,325</u>
Asset net book value	<u>\$ 2,903,461</u>	<u>\$ 8,513,124</u>	<u>\$ 2,681,143</u>	<u>\$ -</u>	<u>\$ 2,289,166</u>	<u>\$ 20,918,591</u>	<u>\$ 76,681</u>	<u>\$ 237,407</u>	<u>\$ 9,068,482</u>	<u>\$ 46,688,055</u>	<u>\$ 45,792,553</u>

Town of Shediac
Consolidated Statement Notes to the Financial Statements

December 31, 2021

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 2020, 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:

	<u>2021</u>	<u>2020</u>
2021 Surplus	\$ 582,597	\$ -
2020 Surplus	52,428	52,428
2019 Surplus	-	<u>162,588</u>
	<u>\$ 635,025</u>	<u>\$ 215,016</u>

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 \$2,522,260. Minimum payments payable over the next five years are as follows:

2022	\$ 366,198	2025	\$ 357,795
2023	\$ 362,441	2026	\$ 357,795
2024	\$ 362,441		

13. Pension plan

The Town has a contributory pension plan for its employees and its share of the pension plan contributions for 2021 were \$160,591 (2020 - \$162,383).

Town of Shediac

Schedule 1: Consolidated Schedule of Revenues

Year ended December 31	2021	2021	2020
	Budget	Actual	Actual
Other contributions and government transfers			
Provincial government	\$ 39,000	\$ 516,649	\$ 331,522
Gas tax program	945,591	945,591	459,217
	<u>\$ 984,591</u>	<u>\$ 1,462,240</u>	<u>\$ 790,739</u>
Other revenue from own sources			
Firefighting services	\$ 333,638	\$ 333,638	\$ 338,965
Recreation	44,900	285,759	7,851
Arena	215,750	188,506	163,206
Multipurpose centre	125,000	93,432	38,222
Licenses and permits	1,000	1,454	732
Building permits	100,000	327,255	153,544
Road maintenance	53,333	54,064	54,048
Rent	41,800	40,586	28,679
Allocation for green space	-	-	33,600
Sundry	43,414	93,637	62,687
	<u>\$ 958,835</u>	<u>\$ 1,418,331</u>	<u>\$ 881,534</u>

Town of Shediac

Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

	2021	2021	2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor	\$ 22,200	\$ 21,459	\$ 21,601
Mayor – other	18,000	9,923	9,023
Councilors	83,100	81,652	81,103
Councilors – other	55,400	39,553	30,301
Development seminars	10,000	4,794	-
Other	30,000	23,350	29,518
	<u>218,700</u>	<u>180,731</u>	<u>171,546</u>
Administrative			
Salaries and fringe benefits	709,000	677,107	687,218
Traveling expenses – Town manager	7,500	5,468	4,189
Building – rent and maintenance	939,404	544,500	385,477
Equipment rental	5,400	4,485	4,077
Telecommunications	28,000	25,775	27,651
External audit	37,000	36,865	31,181
Legal and other professional fees	30,000	82,325	57,231
Computer systems	60,000	71,695	51,129
Advertising and promotion	7,000	11,881	4,795
Association fees	18,000	17,749	18,011
Office and postage expenses	35,000	35,853	37,228
Cost of assessment	140,395	140,395	137,593
Simultaneous translation	9,000	11,251	9,417
	<u>2,025,699</u>	<u>1,665,346</u>	<u>1,455,197</u>
Other general government services			
Public liability insurance	76,690	59,509	81,574
Grant	76,875	66,507	48,273
By-law	77,090	82,153	67,508
Human resources	51,300	43,039	31,548
Property taxes	15,000	14,992	14,695
Bond discounts	9,450	8,998	9,449
Bank charges	20,000	16,507	14,053
Bad debts	-	12,865	4,157
	<u>329,405</u>	<u>304,570</u>	<u>271,257</u>
	<u>\$ 2,573,804</u>	<u>\$ 2,150,647</u>	<u>\$ 1,898,000</u>

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

Year Ended December 31	2021	2021	2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protection services			
Police			
Contract	\$ 1,463,160	\$ 1,463,160	\$ 1,425,415
Sundry	11,540	12,350	12,116
	<u>1,474,700</u>	<u>1,475,510</u>	<u>1,437,531</u>
Fire			
Vehicles	36,100	44,535	29,128
Firefighting association	32,700	32,700	32,700
Fees	116,454	118,452	115,793
Firefighting equipment	86,600	74,599	78,345
Vaccine	1,000	-	-
Garment	24,500	18,684	18,041
Travel	4,500	-	276
Fire prevention	3,300	1,347	1,644
Salaries and fringe benefits	149,595	149,690	144,510
Fire alarm system	25,000	23,546	24,171
Workers compensation and group insurance	28,500	25,438	27,267
Training	9,100	8,764	6,822
Sundry	8,100	6,300	5,723
Building – repair and maintenance	56,050	53,015	49,363
	<u>581,499</u>	<u>557,070</u>	<u>533,783</u>
Other protection services			
Animal and pest control	27,000	26,645	33,945
Emergency and safety measures	2,600	28,112	48,517
	<u>29,600</u>	<u>54,757</u>	<u>82,462</u>
Interest on bonds	<u>19,586</u>	<u>19,487</u>	<u>21,009</u>
Amortization	<u>107,610</u>	<u>107,610</u>	<u>107,610</u>
	<u>\$ 2,212,995</u>	<u>\$ 2,214,434</u>	<u>\$ 2,182,395</u>

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

Year Ended December 31	2021	2021	2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Salaries and fringe benefits	\$ 937,643	\$ 836,994	\$ 840,640
Overtime	120,000	129,031	135,009
General supplies			
Gas and oil	75,000	77,457	63,212
Repair and maintenance	110,000	116,358	107,857
Insurance and licenses	26,100	26,998	24,088
Shop, yard and building			
Repair and maintenance	42,000	50,629	41,153
Heat and light	34,500	35,508	31,864
Municipal taxes, sewer and insurance	64,500	64,168	62,709
Communication services	7,000	8,500	9,148
Engineering services	45,000	40,105	109,666
	<u>1,461,743</u>	<u>1,385,748</u>	<u>1,425,346</u>
Road transportation			
Roads and streets	469,000	549,487	486,184
Snow and ice removal	108,500	73,345	102,459
Street lighting	174,000	178,160	172,175
Traffic services	84,000	86,168	74,621
	<u>835,500</u>	<u>887,160</u>	<u>835,439</u>
Interest			
Interest on short-term borrowing	20,000	20,067	8,560
Interest on bonds	323,759	332,027	340,617
	<u>343,759</u>	<u>352,094</u>	<u>349,177</u>
Amortization	<u>1,357,982</u>	<u>1,357,982</u>	<u>1,889,789</u>
	<u>\$ 3,998,984</u>	<u>\$ 3,982,984</u>	<u>\$ 4,499,751</u>
Environmental health and development services			
Environmental health services			
Garbage and waste collection	\$ 251,790	\$ 258,722	\$ 272,382
Solid waste disposal WASWC	127,505	127,505	129,556
	<u>379,295</u>	<u>386,227</u>	<u>401,938</u>
Environmental development services			
Town planning	236,960	237,760	235,618
Economic development	471,372	417,158	391,020
Salaries and fringe benefits	307,223	291,375	315,916
Tourism and municipal development	512,705	474,666	938,468
Pascal Poirier Historical House	13,900	10,829	11,739
Former train station	37,900	26,294	29,292
	<u>1,580,060</u>	<u>1,458,082</u>	<u>1,922,053</u>
	<u>\$ 1,959,355</u>	<u>\$ 1,844,309</u>	<u>\$ 2,323,991</u>

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

Year Ended December 31

	2021	2021	2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Arena			
Salaries and fringe benefits	\$ 168,500	\$ 166,457	\$ 146,448
Buildings			
Property taxes and insurance	11,270	11,071	9,822
Electricity	119,000	109,431	96,114
General maintenance	83,500	141,407	115,793
	<u>382,270</u>	<u>428,366</u>	<u>368,177</u>
Parks and playgrounds			
Salaries and fringe benefits	116,000	91,394	75,928
Professional fees	30,000	61,908	18,037
Equipment maintenance	42,300	39,846	31,981
Parks and playground maintenance	187,750	198,420	142,127
Building – repair and maintenance	44,900	94,794	2,685
	<u>420,950</u>	<u>486,362</u>	<u>270,758</u>
Community services			
Salaries and fringe benefits	282,115	273,664	219,634
Multipurpose Centre	491,515	522,464	448,120
Conventions	7,000	2,594	3,197
Advertising and promotion	27,000	23,081	26,968
Activities	94,700	76,353	17,949
Special events	296,598	226,976	160,416
	<u>1,198,928</u>	<u>1,125,132</u>	<u>876,284</u>
Library	36,855	23,108	22,100
Interest			
Interest on bonds	33,713	33,533	39,025
Amortization	706,675	706,675	688,509
	<u>\$ 2,779,391</u>	<u>\$ 2,803,176</u>	<u>\$ 2,264,853</u>

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

Year Ended December 31	2021	2021	2020
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Water services			
Electricity	\$ 108,100	\$ 97,322	\$ 109,061
Amortization	441,463	441,463	450,047
Repairs and maintenance	123,000	122,326	148,318
Interest on long-term debt	49,879	57,568	54,738
Bond discounts	2,170	2,036	2,170
Interim financing	20,000	12,203	10,844
Engineering services	10,000	10,015	50,701
Sundry	32,000	30,230	29,045
Water testing	15,000	18,742	9,495
Insurance	18,000	18,423	16,755
Bad debts	30,000	46,422	11,130
	<u>\$ 849,612</u>	<u>\$ 856,750</u>	<u>\$ 892,304</u>

Town of Shediac

Schedule 3: Schedule of Segment Disclosure

December 31, 2021

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water Services	2021 Consolidated	2020 Consolidated
Revenues								
Property tax warrant*	\$ 4,051,227	\$ 1,865,506	\$ 1,655,093	\$ 1,762,749	\$ 1,497,955	\$ -	\$ 10,832,530	\$ 10,585,232
Other revenue from own sources	75,446	335,092	54,064	327,256	608,283	18,190	1,418,331	881,534
Unconditional transfers from Provincial Government*	215,386	99,181	87,994	93,718	79,640	-	575,919	603,718
Gain (loss) on disposal of capital assets	39,803	-	13,000	-	-	-	52,803	61,879
Other contributions and government transfers	361,762	-	945,591	37,001	117,886	-	1,462,240	790,739
Water user fees	-	-	-	-	-	1,694,155	1,694,155	1,657,159
Interest	19,714	-	-	-	-	193,432	213,146	159,256
	<u>4,763,338</u>	<u>2,299,779</u>	<u>2,755,742</u>	<u>2,220,724</u>	<u>2,303,764</u>	<u>1,905,777</u>	<u>16,249,124</u>	<u>14,739,517</u>
Expenses								
Salaries and benefits	860,971	300,842	966,025	414,028	730,388	-	3,272,254	3,167,546
Goods and services	1,289,676	1,786,495	1,306,883	1,430,281	1,332,580	343,479	7,489,394	7,283,000
Amortization	-	107,610	1,357,982	-	706,675	441,464	2,613,731	3,135,955
Interest	-	19,487	352,094	-	33,533	71,807	476,921	474,793
	<u>2,150,647</u>	<u>2,214,434</u>	<u>3,982,984</u>	<u>1,844,309</u>	<u>2,803,176</u>	<u>856,750</u>	<u>13,857,300</u>	<u>14,061,294</u>
Surplus for the year	\$ 2,612,691	\$ 85,345	\$ (1,227,242)	\$ 376,415	\$ (499,412)	\$ 1,049,027	\$ 2,396,824	\$ 678,223

*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, 2021

	General Operating Reserve	General Capital Reserve	Water Operating Reserve	Water Capital Reserve	2021 Total	2020 Total
Accumulated surplus, beginning of year	\$ 655,028	\$ 1,256,381	\$ 96,974	\$ 1,018,654	\$ 3,027,037	\$ 3,110,007
Transfers to/from Water and General Operating Funds						
Allocation from General Operating Fund	-	750,000	-	-	750,000	230,000
Allocation to General Capital Fund	-	-	-	-	-	(30,000)
Allocation to Water Capital Fund	-	-	-	-	-	(350,000)
	-	750,000	-	-	750,000	(150,000)
Interest						
Allocation for green spaces	4,266	8,175	632	6,641	19,714	33,430
	-	-	-	-	-	33,600
	4,266	8,175	632	6,641	19,714	67,030
Annual surplus (deficit)	4,266	758,175	632	6,641	769,714	(82,970)
Accumulated surplus, end of year	\$ 659,294	\$ 2,014,556	\$ 97,606	\$ 1,025,295	\$ 3,796,751	\$ 3,027,037

Council resolutions regarding transfer to and from reserves:

Moved by Councillor Paul Boudreau, seconded by Councillor Sylvie Collette-Boudreau at the regular meeting of council on October 25th, 2021 that \$200,000 be transferred from the General Operating Fund to the General Capital Reserve Fund.

Moved by Councillor Germaine Gallant, seconded by Councillor Paul Boudreau at the regular meeting council on October 25th, 2021 that \$300,000 be transferred from the General Operating Fund to the General Capital Reserve Fund.

Moved by Councillor Paul Boudreau, seconded by Councillor Germaine Gallant at the regular meeting of council on December 15th, 2021 that \$250,000 be transferred from the General Operating Fund to the General Capital Reserve Fund.

I, Gilles Belleau, hereby certify that the above are true and exact copies of resolutions adopted at the regular meetings on October 25th, 2021 and December 15th, 2021.

Gilles Belleau
Clerk
Town of Shediac

Town of Shediac

Schedule 5: Schedule of Reconciliation of Annual Surplus

December 31, 2021

	General			Water			2021 Total All Fund
	General Operating Fund	General Capital Fund	General Operating Reserve Fund	Water Operating Fund	Water Capital Fund	Water Operating Reserve Fund	
2021 annual fund surplus (deficit) ¹	\$ 352,872	\$ 3,079,156	\$ 4,266	\$ 582,597	\$ 767,981	\$ 632	\$ 5,552,320
Adjustment to annual surplus (deficit) for funding requirements							
Second previous year's surplus	(379,179)	-	-	(162,586)	-	-	(541,765)
Long-term debt principal repayment - general	1,022,000	(1,022,000)	-	-	-	-	-
Long-term debt principal repayment - water	-	-	-	250,000	(250,000)	-	-
Amortization of tangible assets	-	(2,172,268)	-	-	(441,463)	-	(2,613,731)
Proceed on sale of capital assets	(52,803)	-	-	-	-	-	(52,803)
Gain on disposal of capital assets	-	52,803	-	-	-	-	52,803
Capital expenditures paid out of operating funds	1,111,565	(1,111,565)	-	517,981	(517,981)	-	-
Total adjustments to 2021 annual surplus	1,701,583	(4,253,030)	-	605,395	(1,209,444)	-	(3,155,496)
2021 annual surplus per PSAB for the year	\$ 2,054,455	\$ (1,173,874)	\$ 4,266	\$ 1,187,992	\$ (441,463)	\$ 632	\$ 2,396,824

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, 2021

Revenue	Operating Budget General	Operating Budget Water	Capital Fund Budget	Reallocation of interest	Amortization & adjustments	Transfers	2021 Total
Province of New Brunswick:							
Warrant for property taxes	\$ 10,798,537	-	-	-	-	-	\$ 10,798,537
Unconditional grant	566,210	-	-	-	-	-	566,210
Other revenue from own sources	948,835	10,000	-	-	-	-	958,835
Other contributions and government transfers	39,000	-	945,591	-	-	-	984,591
Water rates	-	1,652,645	-	-	-	-	1,652,645
Recovery from water operating fund	507,500	-	-	-	-	(507,500)	-
Water supply for fire protection	-	205,000	-	-	-	-	-
Gain on disposal of tangible capital assets	10,000	-	-	-	-	-	10,000
Interest	379,179	162,588	-	-	-	-	541,767
Second previous year's surplus	-	-	945,591	-	-	(1,254,267)	-
	<u>13,249,261</u>	<u>2,180,233</u>	<u>945,591</u>	<u>-</u>	<u>-</u>	<u>(1,254,267)</u>	<u>15,120,818</u>
Expenditure							
General government services	2,573,804	-	-	-	-	-	2,573,804
Protective services	2,290,799	-	-	19,586	107,610	-	2,212,995
Transportation services	2,297,243	-	-	343,759	1,357,982	-	3,998,984
Environmental health & development services	1,959,355	-	-	-	-	-	1,959,355
Recreation and cultural services	2,039,002	-	-	33,713	706,676	-	2,779,391
Water services	-	338,270	-	69,879	441,463	-	849,612
Fiscal services	-	-	-	-	-	-	-
Long-term debt repayments	1,022,000	250,000	-	-	-	(1,272,000)	-
Interest	397,058	69,879	-	(466,937)	-	-	-
Transfers from the General Operating Fund	470,000	-	-	-	-	-	-
Transfer to the General Operating Fund	-	-	-	-	-	(470,000)	-
Transfers from the Operating Water Fund	-	507,500	-	-	-	-	-
Transfers to the General Capital Reserve Fund	-	794,484	-	-	-	-	-
Transfers to the Water Capital Reserve Fund	200,000	-	-	-	-	-	-
	13,249,261	2,180,233	-	-	2,613,731	(3,669,084)	14,374,141
Surplus (deficit) for the year	\$ -	\$ -	\$ 945,591	\$ -	\$ (2,613,731)	\$ 2,414,817	\$ 746,677