



Consolidated Financial Statements

Town of Shediac

December 31, 2019

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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, 2019, 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, 2019, 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 27, 2020

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

Chartered Professional Accountants

Town of Shediac
Consolidated Statement of Financial Position

Year Ended December 31

2019

2018

Financial assets

Cash and cash equivalents	\$ 4,143,457	\$ 6,599,708
Receivables (Note 3)	1,204,143	1,532,906
Unamortized debenture discounts	134,152	133,866
	<u>5,481,752</u>	<u>8,266,480</u>

Liabilities

Bank loans (Note 4)	320,000	4,750,000
Payables and accruals (Note 5)	2,040,779	2,233,952
Long-term debt (Note 6)	15,487,760	15,322,760
	<u>17,848,539</u>	<u>22,306,712</u>

Net debt

	<u>(12,366,787)</u>	<u>(14,040,232)</u>
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Non-financial assets

Tangible capital assets (Note 8)	45,720,057	45,894,012
Inventory of supplies	19,668	19,668
Prepays	5,657	8,630
	<u>45,745,382</u>	<u>45,922,310</u>

Accumulated surplus

	<u>\$ 33,378,595</u>	<u>\$ 31,882,078</u>
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Commitments (Note 12)

On behalf of the Council



 Mayor



 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

2019

2018

	PSAB (Budget) (Page 26)	Actual	Actual
Revenues			
Warrant of assessment	\$ 10,183,166	\$ 10,183,166	\$ 9,779,743
Unconditional transfers from Provincial Government	646,898	660,981	756,515
Other contributions and government transfers (Page 17)	977,681	1,102,452	727,055
Other revenue from own sources (Page 17)	1,105,797	1,199,615	1,199,991
Water services	1,612,277	1,661,713	1,618,075
Gain on disposal of tangible capital assets	25,000	500	18,795
Interest	160,000	138,176	202,038
	<u>14,710,819</u>	<u>14,946,603</u>	<u>14,302,212</u>
Expenditures (Pages 18-22)			
General government services	1,928,105	1,966,713	1,882,000
Protection services	2,110,042	2,077,254	2,074,459
Transportation services	4,282,639	4,251,103	4,458,973
Environmental health and development services	1,765,923	1,707,063	1,587,188
Recreation and cultural services	2,698,625	2,693,231	2,537,713
Water services	817,085	754,722	794,800
	<u>13,602,419</u>	<u>13,450,086</u>	<u>13,335,133</u>
Annual surplus	\$ <u>1,108,400</u>	1,496,517	967,079
Accumulated surplus, beginning of year		<u>31,882,078</u>	<u>30,914,999</u>
Accumulated surplus, end of year		<u>\$ 33,378,595</u>	<u>\$ 31,882,078</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	2019	2018
Annual surplus	\$ 1,108,400	\$ 1,496,517	\$ 967,079
Acquisition of tangible capital assets	(4,669,000)	(2,843,629)	(5,345,073)
Proceeds on disposal of tangible capital assets	-	500	71,960
Amortization of tangible capital assets	3,017,584	3,017,584	2,939,525
Gain on sale of tangible capital assets	(500)	(500)	(18,795)
	<u>(1,651,916)</u>	<u>173,955</u>	<u>(2,352,383)</u>
Change in prepaid expenses	<u>-</u>	<u>2,973</u>	<u>385</u>
Decrease (increase) in net debt	(543,516)	1,673,445	(1,384,919)
Net debt, beginning of year	<u>(14,040,232)</u>	<u>(14,040,232)</u>	<u>(12,655,313)</u>
Net debt, end of year	<u>\$ (14,583,748)</u>	<u>\$ (12,366,787)</u>	<u>\$ (14,040,232)</u>

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Consolidated Statement of Cash Flows

Year Ended December 31

2019

2018

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

Operating activities

Annual surplus	\$ 1,496,517	\$ 967,079
Items not affecting cash:		
Amortization of tangible capital assets	3,017,584	2,939,525
Gain on sale of tangible capital assets	(500)	(18,795)
Changes in non-cash working capital:		
Change in receivables	328,763	1,451,317
Change in payables and accruals	(193,173)	(2,215,388)
Change in prepaid expenses	2,973	385
Change in debenture discounts	(286)	(68,645)
Net cash provided by operating activities	<u>4,651,878</u>	<u>3,055,478</u>

Capital activities

Acquisition of tangible capital assets	(2,843,629)	(5,345,073)
Proceeds on sale of tangible capital assets	500	71,960
Net cash used for capital activities	<u>(2,843,129)</u>	<u>(5,273,113)</u>

Financing activities

Issuance of long-term debt	1,400,000	7,385,000
Repayment of long-term debt	(1,235,000)	(871,000)
Repayment of bank loans	(4,430,000)	(3,325,000)
Net cash provided for financing activities	<u>(4,265,000)</u>	<u>3,189,000</u>

(Decrease) increase in cash and cash equivalents **(2,456,251)** 971,365

Cash and cash equivalents at beginning of year **6,599,708** 5,628,343

Cash and cash equivalents at end of year **\$ 4,143,457** \$ 6,599,708

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2019

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, 2019

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, 2019

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 December 11, 2018 and the Minister of Environment and Local Government approved the General Operating Budget on January 04, 2019, Capital Budget was approved by the Council on November 26, 2018.

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, 2019

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, 2019

3. Receivables	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 157,220	\$ 778,160
Water receivable	510,962	434,142
Capital receivable	501,286	183,136
Sales tax receivable	<u>34,675</u>	<u>137,468</u>
	\$ 1,204,143	\$ 1,532,906

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>2019</u>	<u>2018</u>
Accounts payable and accrued charges	\$ 960,077	\$ 885,372
Capital payables	643,980	930,714
Employee benefit obligations (Note 7)	384,709	367,472
Accrued interest on long-term debt	<u>52,013</u>	<u>50,394</u>
	\$ 2,040,779	\$ 2,233,952

Town of Shediac
Notes to the Consolidated Financial Statements
December 31, 2019

6. Long-term debt	<u>2019</u>	<u>2018</u>
<u>New Brunswick Municipal Financing Corporation</u>		
Debentures:		
BA21 .95% - 5%, due 2019	\$ -	\$ 71,000
BC16 1.5% - 4.55%, due 2020	61,000	121,000
BG22 1.65% - 3.8%, due 2027	951,000	1,082,000
BH28 1.35% - 3.8%, due 2022	93,000	122,000
BI23 1.35% - 4%, due 2023	386,000	476,000
BK15 1.15% - 4.15%, due 2029	836,000	924,000
BM21 .95% - 3.5%, due 2030	915,000	987,000
BN23 1.05% - 3.9%, due 2030	306,000	330,000
BO25 1.45% - 3.75%, due 2031	1,509,000	1,624,000
BP22 1.2% - 3.8%, due 2031	908,000	983,000
BC17 1.5% - 4.55%, due 2020	15,000	30,000
BH29 1.35% - 3.8%, due 2022	71,000	94,000
BI24 1.35% - 4%, due 2023	103,000	127,000
BO26 1.45% - 3.75%, due 2031	264,000	283,000
BQ22 1.20% - 3.55%, due 2032	488,000	539,000
BT20 2.10% - 3.7%, due 2038	7,037,000	7,385,000
BV19 2.00% - 3.35%, due 2029	1,400,000	-
	<u>15,343,000</u>	<u>15,178,000</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>\$ 15,487,760</u>	<u>\$ 15,322,760</u>

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

2020	\$ 1,316,000	2023	\$ 1,176,000
2021	1,272,000	2024	1,083,000
2022	1,300,000		

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, 2019, the Town has an approval to borrow an additional \$ 5,725,000.

Town of Shediac
Consolidated Statement Notes to the Financial Statements
December 31, 2019

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>2019</u>	<u>2018</u>
Employee benefit obligations:		
Vested benefits	\$ 416,020	\$ 401,983
Unamortized actuary losses	<u>(31,311)</u>	<u>(34,511)</u>
Accrued employee benefit obligation	\$ 384,709	\$ 367,472
Accrued employee benefit obligation	\$ 384,709	\$ 367,472
Less funded amount	<u>(384,709)</u>	<u>(367,472)</u>
Vested benefits to be funded from future revenue	\$ -	\$ -
Benefit expense in the year	\$ 45,100	\$ 45,100

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% per annum for 2018, 2019 and 2020, 2.5% per annum for 2021 and 3% per annum thereafter;
- the discount rate used to determine the accrued benefit obligation is 3.07%;
- 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, 2019

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	2019	2016
Cost											
Opening cost	\$ 2,856,881	\$ 12,354,107	\$ 5,298,203	\$ 186,631	\$ 4,737,485	\$ 37,704,616	\$ 76,681	\$ 1,069,512	\$ 11,613,157	\$ 76,898,273	\$ 70,829,286
Additions	-	26,865	222,157	-	215,563	1,581,046	-	-	797,998	2,843,629	5,345,073
Disposals	-	-	-	-	-	-	-	-	-	-	276,086
Closing cost	2,856,881	12,380,972	5,520,360	186,631	4,953,048	39,285,662	76,681	1,069,512	12,411,155	78,741,902	75,698,273
Accumulated amortization											
Opening accumulated amortization	-	3,286,925	2,356,278	186,631	1,705,668	17,540,977	-	745,387	4,182,395	30,004,261	27,287,657
Amortization	-	408,994	341,787	-	348,289	1,538,415	-	28,906	351,193	3,017,584	2,839,525
Disposals	-	-	-	-	-	-	-	-	-	-	222,921
Closing accumulated amortization	-	3,695,919	2,698,065	186,631	2,053,957	19,079,392	-	774,293	4,533,588	33,021,845	30,004,261
Asset net book value	\$ 2,856,881	\$ 8,685,053	\$ 2,822,295	\$ -	\$ 2,899,091	\$ 20,206,270	\$ 76,681	\$ 295,219	\$ 7,877,567	\$ 45,720,057	\$ 45,694,012

Town of Shediac
Consolidated Statement Notes to the Financial Statements
December 31, 2019

9. Short-term borrowings compliance

Operating borrowing

As prescribed in the *Municipalities Act*, borrowing to finance General Fund operations is limited to 4% of the Municipality's operating budget. Borrowing to finance water services is limited to 50% of the operating budget for the year. In 2019, 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>2019</u>	<u>2018</u>
2019 Surplus	\$ 162,588	\$ -
2018 Surplus	135,640	135,640
2017 Surplus	<u>-</u>	<u>141,309</u>
	\$ 298,228	\$ 276,949

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 2022 for the rental of equipment, and office space. The balance of the commitments under such leases excluding property taxes and other escalator clauses is \$471,366. Minimum payments payable over the next three years are as follows:

2020	\$ 234,258	2022	\$ 2,850
2021	234,258		

13. Pension plan

The Town has a contributory pension plan for its employees and its share of the pension plan contributions for 2019 were \$146,381 (2018 - \$144,959).

Town of Shediac

Consolidated Statement Notes to the Financial Statements

December 31, 2019

14. Subsequent events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations are being forced to cease or limit operations for long or indefinite periods of time. The Town has determined that these events are non-adjusting subsequent events, therefore the financial position and statement of operations have not been adjusted to reflect their impact. The duration and impact of COVID-19, as well as the effectiveness of the government and central bank responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Town for future periods. As of April 27, 2020, the Town has modified their operations but remained operational in terms of essential services.

Town of Shediac

Schedule 1: Consolidated Schedule of Revenues

Year ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other contributions and government transfers			
Provincial government	\$ 31,000	\$ 155,771	\$ 117,550
Gas tax program	910,176	910,176	446,369
Clean Water and Wastewater Fund	36,505	36,505	163,136
	<u>\$ 977,681</u>	<u>\$ 1,102,452</u>	<u>\$ 727,055</u>
Other revenue from own sources			
Firefighting services	\$ 351,897	\$ 351,897	\$ 335,000
Recreation	39,000	97,257	52,982
Arena	250,100	261,739	251,109
Multipurpose centre	170,000	174,426	142,875
Licenses and permits	1,000	1,159	737
Building permits	100,000	84,443	153,427
Road maintenance	53,000	53,333	53,333
Rent	41,800	41,821	41,741
Allocation for green space	-	8,720	7,600
Sundry	99,000	124,820	161,187
	<u>\$ 1,105,797</u>	<u>\$ 1,199,615</u>	<u>\$ 1,199,991</u>

Town of Shediac

Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor	\$ 19,800	\$ 20,193	\$ 15,985
Mayor – other	18,000	18,000	14,031
Councilors	75,700	77,862	74,071
Councilors – other	55,400	50,529	36,200
Development seminars	25,000	21,829	19,568
Other	24,000	27,290	21,293
	<u>217,900</u>	<u>215,703</u>	<u>181,148</u>
Administrative			
Salaries and fringe benefits	689,365	702,303	665,209
Traveling expenses – Town manager	15,000	14,152	14,672
Building – rent and maintenance	308,000	302,926	302,926
Equipment rental	5,500	5,299	5,299
Telecommunications	25,000	25,192	23,592
External audit	31,000	28,131	36,845
Legal and other professional fees	50,000	36,715	37,636
Computer systems	50,000	50,511	36,259
Advertising and promotion	7,000	11,230	6,476
Special project	-	40,000	41,065
Association fees	18,000	17,670	17,425
Office and postage expenses	37,000	34,573	32,776
Cost of assessment	132,340	132,340	127,049
Simultaneous translation	9,000	9,353	7,141
	<u>1,377,205</u>	<u>1,410,395</u>	<u>1,354,370</u>
Other general government services			
Public liability insurance	67,100	60,977	74,439
Grant	111,400	100,566	120,135
By-law	68,000	87,196	67,507
Human resources	48,200	49,171	42,385
Property taxes	8,500	8,745	8,257
Bond discounts	9,800	9,807	6,102
Bank charges	20,000	18,923	16,670
Bad debts	-	5,230	9,736
	<u>333,000</u>	<u>340,615</u>	<u>345,231</u>
Amortization	-	-	1,251
	<u>\$ 1,928,105</u>	<u>\$ 1,966,713</u>	<u>\$ 1,882,000</u>

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

Year Ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protection services			
Police			
Contract	\$ 1,376,203	\$ 1,376,203	\$ 1,367,459
Sundry	8,220	8,406	8,060
	<u>1,384,423</u>	<u>1,384,609</u>	<u>1,375,519</u>
Fire			
Vehicles	31,700	26,598	32,595
Firefighting association	32,700	32,700	32,700
Fees	112,201	113,716	111,618
Firefighting equipment	86,600	79,359	70,042
Vaccine	1,000	-	-
Garment	23,000	18,755	19,430
Travel	4,500	1,054	3,740
Fire prevention	3,300	2,264	2,322
Salaries and fringe benefits	148,872	136,431	147,578
Fire alarm system	23,500	24,620	30,114
Workers compensation and group insurance	28,000	29,322	26,134
Training	9,100	8,187	11,222
Sundry	8,100	5,766	8,451
Building – repair and maintenance	55,300	55,497	52,956
	<u>567,873</u>	<u>534,269</u>	<u>548,902</u>
Other protection services			
Animal and pest control	27,000	28,233	26,764
Emergency measures	3,000	2,535	2,535
	<u>30,000</u>	<u>30,768</u>	<u>29,299</u>
Interest on bonds	<u>22,957</u>	<u>22,819</u>	<u>15,951</u>
Amortization	<u>104,789</u>	<u>104,789</u>	<u>104,788</u>
	<u>\$ 2,110,042</u>	<u>\$ 2,077,254</u>	<u>\$ 2,074,459</u>

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

Year Ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Salaries and fringe benefits	\$ 915,908	\$ 807,207	\$ 820,455
Overtime	125,000	130,339	145,283
General supplies			
Gas and oil	75,000	80,869	78,751
Repair and maintenance	110,000	104,302	119,215
Insurance and licenses	22,000	20,312	25,351
Shop, yard and building			
Repair and maintenance	37,000	42,141	123,329
Heat and light	34,000	34,090	34,676
Municipal taxes, sewer and insurance	62,600	61,593	60,641
Communication services	7,500	7,152	7,123
Engineering services	51,000	60,658	82,182
	<u>1,440,008</u>	<u>1,348,663</u>	<u>1,497,006</u>
Road transportation			
Roads and streets	219,500	307,335	362,014
Snow and ice removal	94,000	119,515	96,600
Street lighting	168,000	170,414	164,634
Traffic services	60,000	73,925	56,682
	<u>541,500</u>	<u>671,189</u>	<u>679,930</u>
Interest			
Interest on short-term borrowing	90,000	22,304	186,777
Interest on bonds	362,578	360,394	283,258
	<u>452,578</u>	<u>382,698</u>	<u>470,035</u>
Amortization	<u>1,848,553</u>	<u>1,848,553</u>	<u>1,812,002</u>
	<u>\$ 4,282,639</u>	<u>\$ 4,251,103</u>	<u>\$ 4,458,973</u>
Environmental health and development services			
Environmental health services			
Garbage and waste collection	\$ 220,700	\$ 266,224	\$ 226,262
Solid waste disposal WASWC	127,546	127,546	133,551
	<u>348,246</u>	<u>393,770</u>	<u>359,813</u>
Environmental development services			
Town planning	227,038	227,085	220,948
Economic development	419,321	338,841	241,271
Salaries and fringe benefits	273,561	263,814	254,726
Tourism and municipal development	426,357	414,443	438,591
Pascal Poirier Historical House	34,700	30,935	33,880
Former train station	36,700	38,175	37,959
	<u>1,417,677</u>	<u>1,313,293</u>	<u>1,227,375</u>
	<u>\$ 1,765,923</u>	<u>\$ 1,707,063</u>	<u>\$ 1,587,188</u>

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

Year Ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Arena			
Salaries and fringe benefits	\$ 173,155	\$ 173,666	\$ 140,191
Buildings			
Property taxes and insurance	9,800	8,982	8,799
Electricity	118,400	122,325	118,644
General maintenance	82,000	126,680	71,055
	<u>383,355</u>	<u>431,653</u>	<u>338,689</u>
Parks and playgrounds			
Salaries and fringe benefits	104,880	126,162	91,238
Professional fees	30,000	26,415	53,065
Equipment maintenance	42,300	39,415	42,413
Parks and playground maintenance	172,320	87,886	166,255
Building – repair and maintenance	4,700	2,194	4,050
	<u>354,200</u>	<u>282,072</u>	<u>357,021</u>
Community services			
Salaries and fringe benefits	229,074	219,686	224,415
Multipurpose Centre	457,908	451,635	433,678
Conventions	9,000	6,646	4,193
Advertising and promotion	40,500	35,072	77,806
Activities	88,600	82,307	82,314
Special events	376,006	424,600	284,322
	<u>1,201,088</u>	<u>1,219,946</u>	<u>1,106,728</u>
Library	31,500	31,345	30,677
Interest			
Interest on bonds	44,339	44,072	51,827
Amortization	684,143	684,143	652,771
	<u>\$ 2,698,625</u>	<u>\$ 2,693,231</u>	<u>\$ 2,537,713</u>

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

Year Ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Water services			
Electricity	\$ 97,000	\$ 96,205	\$ 89,817
Amortization	380,099	380,099	368,713
Repairs and maintenance	112,500	128,196	104,468
Interest on long-term debt	25,886	46,925	28,362
Bond discounts	1,200	1,139	1,120
Interim financing	50,000	37,049	44,310
Engineering services	20,000	28,144	24,482
Sundry	32,000	30,368	38,336
Water testing	15,000	17,023	14,195
Insurance	23,400	15,903	13,090
Bad debts (recovery)	60,000	(26,329)	67,907
	<u>\$ 817,085</u>	<u>\$ 754,722</u>	<u>\$ 794,800</u>

Town of Shediac

Schedule 3: Schedule of Segment Disclosure

December 31, 2019

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water Services	2019 Consolidated	2018 Consolidated
Revenues								
Property tax warrant*	\$ 4,213,051	\$ 1,725,768	\$ 1,336,129	\$ 1,557,012	\$ 1,351,206	\$ -	\$ 10,183,166	\$ 9,779,743
Other revenue from own sources	124,365	353,056	53,333	84,442	575,244	9,175	1,199,615	1,199,991
Unconditional transfers from Provincial Government*	273,466	112,018	86,727	101,064	87,706	-	660,981	756,515
Gain (loss) on disposal of capital assets	-	-	-	-	500	-	500	18,795
Other contributions and government transfers	40,000	-	970,112	63,975	28,365	-	1,102,452	727,055
Water user fees	-	-	-	-	-	1,661,713	1,661,713	1,618,075
Interest	31,893	-	-	-	-	106,283	138,176	202,038
	4,692,775	2,190,842	2,446,301	1,805,493	2,043,021	1,777,171	14,946,603	14,302,212
Expenses								
Salaries and benefits	800,359	281,757	934,126	396,043	729,164	-	3,141,449	3,026,374
Goods and services	1,166,354	1,667,889	1,085,726	1,311,020	1,235,852	290,649	6,757,490	6,758,749
Amortization	-	104,789	1,848,553	-	684,143	380,099	3,017,584	2,939,525
Interest	-	22,819	382,698	-	44,072	89,974	533,563	610,485
	1,966,713	2,077,254	4,251,103	1,707,063	2,693,231	754,722	13,450,086	13,335,133
Surplus for the year	\$ 2,716,062	\$ 113,588	\$ (1,804,802)	\$ 99,430	\$ (650,210)	\$ 1,022,449	\$ 1,496,517	\$ 967,079

*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, 2019

	General Operating Reserve	General Capital Reserve	Water Operating Reserve	Water Capital Reserve	2019 Total	2018 Total
Accumulated surplus, beginning of year	\$ 566,356	\$ 913,034	\$ 91,141	\$ 541,939	\$ 2,112,470	\$ 2,894,659
Transfers to/from Water and General Operating Funds						
Allocation from General Operating Fund	39,600	100,000	-	-	139,600	160,000
Allocation to Water Capital Fund	-	-	-	-	-	(1,000,000)
Allocation from Water Operating Fund	-	-	2,800	800,000	802,800	-
	39,600	100,000	2,800	800,000	942,400	(840,000)
Interest						
Allocation for green spaces	12,296	19,597	1,978	12,546	46,417	50,211
	-	8,720	-	-	8,720	7,600
	12,296	28,317	1,978	12,546	55,137	57,811
Annual surplus (deficit)	51,896	128,317	4,778	812,546	997,537	(782,189)
Accumulated surplus, end of year	\$ 618,252	\$ 1,041,351	\$ 95,919	\$ 1,354,485	\$ 3,110,007	\$ 2,112,470

Town of Shediac

Schedule 5: Schedule of Reconciliation of Annual Surplus

December 31, 2019

	General		General		Water		Water		2019	
	Operating Fund	Capital Fund	Operating Reserve Fund	Capital Reserve Fund	Operating Fund	Capital Fund	Operating Reserve Fund	Capital Reserve Fund	Total All Fund	
2019 annual fund surplus (deficit) ¹	\$ 379,179	\$ 2,955,690	\$ 51,896	\$ 128,317	\$ 162,588	\$ 261,445	\$ 4,778	\$ 812,546	\$ 4,756,439	
Adjustment to annual surplus (deficit) for funding requirements										
Second previous year's surplus	(101,029)				(141,309)				(242,338)	
Long-term debt principal repayment - general	1,103,000	(1,103,000)								
Long-term debt principal repayment - water					132,000	(132,000)				
Amortization of tangible assets		(2,637,485)				(380,099)			(3,017,584)	
Proceed on sale of capital assets	(500)								(500)	
Gain on disposal of capital assets		500							500	
Capital expenditures paid out of operating funds	906,009	(906,009)			(153,589)	(153,589)				
Total adjustments to 2019 annual surplus	1,907,480	(4,645,994)			144,280	(665,688)			(3,269,922)	
2019 annual surplus per PSAB for the year	\$ 2,286,659	\$ (1,690,304)	\$ 51,896	\$ 128,317	\$ 306,868	\$ (404,243)	\$ 4,778	\$ 812,546	\$ 1,496,517	

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, 2019

	Operating Budget General	Operating Budget Water	Capital Fund Budget	Reallocation of interest	Amortization & adjustments	Transfers	2019 Total
Revenue							
Province of New Brunswick:							
Warrant for property taxes	\$ 10,183,166	-	-	-	-	-	10,183,166
Unconditional grant	646,898	-	-	-	-	-	646,898
Other revenue from own sources	1,093,797	12,000	-	-	-	-	1,105,797
Other contributions and government transfers	31,000	-	946,681	-	-	-	977,681
Water rates	-	1,612,277	-	-	-	-	1,612,277
Recovery from water operating fund	507,500	-	-	-	-	(507,500)	-
Water supply for fire protection	-	205,000	-	-	-	(205,000)	-
Gain on disposal of tangible capital assets	25,000	-	-	-	-	-	25,000
Interest	101,029	160,000	-	-	-	-	160,000
Second previous year's surplus	141,309	-	-	-	-	(242,338)	-
	<u>12,588,390</u>	<u>2,130,586</u>	<u>946,681</u>	<u>-</u>	<u>-</u>	<u>(954,838)</u>	<u>14,710,819</u>
Expenditure							
General government services	1,928,105	-	-	-	-	-	1,928,105
Protective services	2,187,296	-	-	22,957	104,789	(205,000)	2,110,042
Transportation services	1,981,508	-	-	452,578	1,848,553	-	4,282,639
Environmental health & development services	1,765,923	-	-	-	-	-	1,765,923
Recreation and cultural services	1,970,143	-	-	44,339	684,143	-	2,698,625
Water services	-	361,100	-	75,886	380,099	-	817,085
Fiscal services							
Long-term debt repayments	1,103,000	132,000	-	-	-	(1,235,000)	-
Interest	519,874	75,886	-	(595,760)	-	-	-
Transfers from the General Operating Fund	1,132,541	-	-	-	-	(1,132,541)	-
Transfer to the General Operating Fund	-	507,500	-	-	-	(507,500)	-
Transfers from the Operating Water Fund	-	834,000	-	-	-	(834,000)	-
Transfers to the General Capital Reserve Fund	-	-	-	-	-	-	-
Transfers to the Water Capital Reserve Fund	-	220,100	-	-	-	(220,100)	-
	<u>12,588,390</u>	<u>2,130,586</u>	<u>-</u>	<u>-</u>	<u>3,017,584</u>	<u>(4,134,141)</u>	<u>13,602,419</u>
Surplus (deficit) for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946,681</u>	<u>\$ -</u>	<u>\$ (3,017,584)</u>	<u>\$ 3,179,303</u>	<u>\$ 1,108,400</u>