



# Consolidated Financial Statements

Town of Shediac

December 31, 2020

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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, 2020, 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, 2020, 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 26, 2021

*Grant Thornton LLP*

Chartered Professional Accountants

# Town of Shediac

## Consolidated Statement of Financial Position

Year Ended December 31

2020

2019

### Financial assets

Cash and cash equivalents	\$ 5,790,226	\$ 4,143,457
Receivables (Note 3)	1,733,215	1,204,143
Unamortized debenture discounts	122,533	134,152
	<u>7,645,974</u>	<u>5,481,752</u>

### Liabilities

Bank loans (Note 4)	2,445,000	320,000
Payables and accruals (Note 5)	2,787,467	2,040,779
Long-term debt (Note 6)	14,171,760	15,487,760
	<u>19,404,227</u>	<u>17,848,539</u>

### Net debt

	<u>(11,758,253)</u>	<u>(12,366,787)</u>
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### Non-financial assets

Tangible capital assets (Note 8)	45,792,553	45,720,057
Inventory of supplies	19,668	19,668
Prepays	2,850	5,657
	<u>45,815,071</u>	<u>45,745,382</u>

### Accumulated surplus

	<u>\$ 34,056,818</u>	<u>\$ 33,378,595</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.

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**Town of Shediac****Consolidated Statement of Operations and Accumulated Surplus**

Year Ended December 31

2020

2019

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	PSAB (Budget) (Page 26)	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Warrant of assessment	\$ 10,585,231	\$ 10,585,232	\$ 10,183,166
Unconditional transfers from Provincial Government	591,983	603,718	660,981
Other contributions and government transfers (Page 16)	492,217	790,739	1,102,452
Other revenue from own sources (Page 16)	1,139,293	881,534	1,199,615
Water services	1,633,778	1,657,159	1,661,713
Gain on disposal of tangible capital assets	30,000	61,879	500
Interest	95,000	159,256	138,176
	<u>14,567,502</u>	<u>14,739,517</u>	<u>14,946,603</u>
<b>Expenditures (Pages 17-21)</b>			
General government services	1,925,047	1,898,000	1,966,713
Protection services	2,166,994	2,182,395	2,077,254
Transportation services	4,402,854	4,499,751	4,251,103
Environmental health and development services	2,331,443	2,323,991	1,707,063
Recreation and cultural services	2,769,805	2,264,853	2,693,231
Water services	959,828	892,304	754,722
	<u>14,555,971</u>	<u>14,061,294</u>	<u>13,450,086</u>
Annual surplus	\$ 11,531	678,223	1,496,517
Accumulated surplus, beginning of year		<u>33,378,595</u>	<u>31,882,078</u>
Accumulated surplus, end of year		<u>\$ 34,056,818</u>	<u>\$ 33,378,595</u>

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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	2020	2019
<b>Annual surplus</b>	\$ 11,531	\$ 678,223	\$ 1,496,517
Acquisition of tangible capital assets	(3,021,000)	(3,201,272)	(2,843,629)
Proceeds on disposal of tangible capital assets	-	54,700	500
Amortization of tangible capital assets	3,135,955	3,135,955	3,017,584
Gain on sale of tangible capital assets	(30,000)	(61,879)	(500)
	<u>84,955</u>	<u>(72,496)</u>	<u>173,955</u>
Change in prepaid expenses	-	2,807	2,973
Decrease in net debt	96,486	608,534	1,673,445
Net debt, beginning of year	(12,366,787)	(12,366,787)	(14,040,232)
<b>Net debt, end of year</b>	<b>\$ (12,270,301)</b>	<b>\$ (11,758,253)</b>	<b>\$ (12,366,787)</b>

See accompanying notes and schedules to the consolidated financial statements.

# Town of Shediac

## Consolidated Statement of Cash Flows

Year Ended December 31

2020

2019

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

#### Operating activities

<b>Annual surplus</b>	\$ 678,223	\$ 1,496,517
<b>Items not affecting cash:</b>		
Amortization of tangible capital assets	3,135,955	3,017,584
Gain on sale of tangible capital assets	(61,879)	(500)
<b>Changes in non-cash working capital:</b>		
Change in receivables	(529,072)	328,763
Change in payables and accruals	746,688	(193,173)
Change in prepaid expenses	2,807	2,973
Change in debenture discounts	11,619	(286)
<b>Net cash provided by operating activities</b>	<u>3,984,341</u>	<u>4,651,878</u>

#### Capital activities

Acquisition of tangible capital assets	(3,201,272)	(2,843,629)
Proceeds on sale of tangible capital assets	54,700	500
<b>Net cash used for capital activities</b>	<u>(3,146,572)</u>	<u>(2,843,129)</u>

#### Financing activities

Issuance of long-term debt	-	1,400,000
Repayment of long-term debt	(1,316,000)	(1,235,000)
Repayment of bank loans	2,125,000	(4,430,000)
<b>Net cash provided for financing activities</b>	<u>809,000</u>	<u>(4,265,000)</u>

<b>Increase (decrease) in cash and cash equivalents</b>	1,646,769	(2,456,251)
<b>Cash and cash equivalents at beginning of year</b>	<u>4,143,457</u>	<u>6,599,708</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 5,790,226</u>	<u>\$ 4,143,457</u>

See accompanying notes and schedules to the consolidated financial statements.



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# Town of Shediac

## Notes to the Consolidated Financial Statements

December 31, 2020

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### 1. Nature of operations

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.

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.

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**Town of Shediac**  
**Notes to the Consolidated Financial Statements**  
 December 31, 2020

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

**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:

<b>Asset type</b>	<b>Years</b>
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.

**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 3, 2019 and the Minister of Environment and Local Government approved the General Operating Budget on December 18, 2019, Capital Budget was approved by the Council on December 3, 2019.

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# Town of Shediac

## Notes to the Consolidated Financial Statements

December 31, 2020

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

#### 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.

##### 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.

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# Town of Shediac

## Notes to the Consolidated Financial Statements

December 31, 2020

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

#### 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.

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3. Receivables	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 691,703	\$ 157,220
Water receivable	602,443	510,962
Capital receivable	272,910	501,286
Sales tax receivable	<u>166,159</u>	<u>34,675</u>
	<u>\$ 1,733,215</u>	<u>\$ 1,204,143</u>

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### 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.

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5. Payables and accruals	<u>2020</u>	<u>2019</u>
Accounts payable and accrued charges	\$ 1,679,225	\$ 960,077
Capital payables	680,073	643,980
Employee benefit obligations (Note 7)	379,477	384,709
Accrued interest on long-term debt	<u>48,692</u>	<u>52,013</u>
	<u>\$ 2,787,467</u>	<u>\$ 2,040,779</u>

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# Town of Shediac

## Notes to the Consolidated Financial Statements

December 31, 2020

6. Long-term debt	<u>2020</u>	<u>2019</u>
<u>New Brunswick Municipal Financing Corporation</u>		
Debentures:		
BC16 1.5% - 4.55%, due 2020	\$ -	\$ 61,000
BG22 1.65% - 3.8%, due 2027	817,000	951,000
BH28 1.35% - 3.8%, due 2022	63,000	93,000
BI23 1.35% - 4%, due 2023	293,000	386,000
BK15 1.15% - 4.15%, due 2029	746,000	836,000
BM21 .95% - 3.5%, due 2030	841,000	915,000
BN23 1.05% - 3.9%, due 2030	282,000	306,000
BO25 1.45% - 3.75%, due 2031	1,392,000	1,509,000
BP22 1.2% - 3.8%, due 2031	832,000	908,000
BC17 1.5% - 4.55%, due 2020	-	15,000
BH29 1.35% - 3.8%, due 2022	48,000	71,000
BI24 1.35% - 4%, due 2023	78,000	103,000
BO26 1.45% - 3.75%, due 2031	245,000	264,000
BQ22 1.20% - 3.55%, due 2032	436,000	488,000
BT20 2.10% - 3.7%, due 2038	6,680,000	7,037,000
BV19 2.00% - 3.35%, due 2029	1,274,000	1,400,000
	<u>14,027,000</u>	<u>15,343,000</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>\$ 14,171,760</u>	<u>\$ 15,487,760</u>

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

2021	\$ 1,272,000	2024	\$ 1,083,000
2022	1,300,000	2025	1,074,000
2023	1,176,000		

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, 2020, the Town has an approval to borrow an additional \$ 5,525,000.

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**Town of Shediac**  
**Consolidated Statement Notes to the Financial Statements**  
December 31, 2020

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**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>2020</u>	<u>2019</u>
<b>Employee benefit obligations:</b>		
Vested benefits	\$ 437,700	\$ 416,020
Unamortized actuary losses	<u>(58,223)</u>	<u>(31,311)</u>
<b>Accrued employee benefit obligation</b>	<b><u>\$ 379,477</u></b>	<b><u>\$ 384,709</u></b>
<b>Accrued employee benefit obligation</b>	<b>\$ 379,477</b>	<b>\$ 384,709</b>
Less funded amount	<u>(379,477)</u>	<u>(384,709)</u>
<b>Vested benefits to be funded from future revenue</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Benefit expense in the year</b>	<b><u>\$ 45,100</u></b>	<b><u>\$ 45,100</u></b>

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.

# Town of Shediac Notes to the Consolidated Financial Statements

December 31, 2020

## 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
Cost									
Opening cost	\$ 2,856,881	\$ 12,380,972	\$ 5,521,360	\$ 186,631	\$ 4,953,048	\$ 39,285,662	\$ 76,681	\$ 1,069,512	\$ 12,411,155
Additions	31,285	-	421,454	-	-	1,241,901	-	-	1,506,632
Disposals	-	-	249,296	-	-	-	-	-	-
<b>Closing cost</b>	<b>2,888,166</b>	<b>12,380,972</b>	<b>5,693,518</b>	<b>186,631</b>	<b>4,953,048</b>	<b>40,527,563</b>	<b>76,681</b>	<b>1,069,512</b>	<b>13,917,787</b>
2020									
2019									
Opening cost	-	3,695,919	2,698,065	186,631	2,053,957	19,079,392	-	774,293	4,533,588
Amortization	-	408,994	369,470	-	346,888	1,560,556	-	28,906	421,141
Disposals	-	-	256,475	-	-	-	-	-	-
Closing accumulated-amortization	-	4,104,913	2,811,060	186,631	2,400,845	20,639,948	-	803,199	4,954,729
Asset net book value	\$ 2,888,166	\$ 8,276,059	\$ 2,882,458	\$ -	\$ 2,552,203	\$ 19,887,615	\$ 76,681	\$ 266,313	\$ 8,963,058
2020									
2019									
Opening cost	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Closing accumulated-amortization	-	-	-	-	-	-	-	-	-
Asset net book value	\$ 2,888,166	\$ 8,276,059	\$ 2,882,458	\$ -	\$ 2,552,203	\$ 19,887,615	\$ 76,681	\$ 266,313	\$ 8,963,058
2020									
2019									
Opening cost	\$ 2,856,881	\$ 12,411,155	\$ 5,521,360	\$ 186,631	\$ 4,953,048	\$ 39,285,662	\$ 76,681	\$ 1,069,512	\$ 12,411,155
Additions	31,285	-	421,454	-	-	1,241,901	-	-	1,506,632
Disposals	-	-	249,296	-	-	-	-	-	-
<b>Closing cost</b>	<b>2,888,166</b>	<b>12,380,972</b>	<b>5,693,518</b>	<b>186,631</b>	<b>4,953,048</b>	<b>40,527,563</b>	<b>76,681</b>	<b>1,069,512</b>	<b>13,917,787</b>
2020									
2019									
Opening cost	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Closing accumulated-amortization	-	-	-	-	-	-	-	-	-
Asset net book value	\$ 2,888,166	\$ 8,276,059	\$ 2,882,458	\$ -	\$ 2,552,203	\$ 19,887,615	\$ 76,681	\$ 266,313	\$ 8,963,058
2020									
2019									
Opening cost	\$ 2,856,881	\$ 12,411,155	\$ 5,521,360	\$ 186,631	\$ 4,953,048	\$ 39,285,662	\$ 76,681	\$ 1,069,512	\$ 12,411,155
Additions	31,285	-	421,454	-	-	1,241,901	-	-	1,506,632
Disposals	-	-	249,296	-	-	-	-	-	-
<b>Closing cost</b>	<b>2,888,166</b>	<b>12,380,972</b>	<b>5,693,518</b>	<b>186,631</b>	<b>4,953,048</b>	<b>40,527,563</b>	<b>76,681</b>	<b>1,069,512</b>	<b>13,917,787</b>
2020									
2019									
Opening cost	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Closing accumulated-amortization	-	-	-	-	-	-	-	-	-
Asset net book value	\$ 2,888,166	\$ 8,276,059	\$ 2,882,458	\$ -	\$ 2,552,203	\$ 19,887,615	\$ 76,681	\$ 266,313	\$ 8,963,058

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# Town of Shediac

## Consolidated Statement Notes to the Financial Statements

December 31, 2020

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### 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 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.

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### 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>2020</u>	<u>2019</u>
2020 Surplus	\$ 52,428	\$ -
2019 Surplus	162,588	162,588
2018 Surplus	<u>-</u>	<u>135,640</u>
	<u>\$ 215,016</u>	<u>\$ 298,228</u>

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### 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 \$237,108. Minimum payments payable over the next three years are as follows:

2021	\$ 234,258	2022	\$ 2,850
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### 13. Pension plan

The Town has a contributory pension plan for its employees and its share of the pension plan contributions for 2020 were \$162,383 (2019 - \$146,381).

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# Town of Shediac

## Consolidated Statement Notes to the Financial Statements

December 31, 2020

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### 14. Impacts of COVID-19

Since early 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Town experienced a loss in revenues as a result of restrictions and closures during the pandemic. During the year, revenues from Recreation and Cultural Activities were down by approximately \$300,000 compared to budgeted amounts, however that loss was largely compensated by savings in the Recreation and Cultural Services expenses of approximately \$500,000.

The Town also received an amount of \$150,500 from the Province of New Brunswick under the Safe Restart Agreement Funding.

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## Town of Shediac

### Schedule 1: Consolidated Schedule of Revenues

Year ended December 31	2020	2020	2019
	Budget	Actual	Actual
<b>Other contributions and government transfers</b>			
Provincial government	\$ 33,000	\$ 331,522	\$ 155,771
Gas tax program	459,217	459,217	910,176
Clean Water and Wastewater Fund	-	-	36,505
	<u>\$ 492,217</u>	<u>\$ 790,739</u>	<u>\$ 1,102,452</u>
<b>Other revenue from own sources</b>			
Firefighting services	\$ 338,960	\$ 338,965	\$ 351,897
Recreation	44,900	7,851	97,257
Arena	269,000	163,206	261,739
Multipurpose centre	188,300	38,222	174,426
Licenses and permits	1,500	732	1,159
Building permits	100,000	153,544	84,443
Road maintenance	53,333	54,048	53,333
Rent	41,800	28,679	41,821
Allocation for green space	-	33,600	8,720
Sundry	101,500	62,687	124,820
	<u>\$ 1,139,293</u>	<u>\$ 881,534</u>	<u>\$ 1,199,615</u>

# Town of Shediac

## Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31

	2020	2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>General government services</b>			
Legislative			
Mayor	\$ 20,800	\$ 21,601	\$ 20,193
Mayor – other	18,000	9,023	18,000
Councilors	80,000	81,103	77,862
Councilors – other	55,400	30,301	50,529
Development seminars	20,000	-	21,829
Other	30,000	29,518	27,290
	<u>224,200</u>	<u>171,546</u>	<u>215,703</u>
Administrative			
Salaries and fringe benefits	694,942	687,218	702,303
Traveling expenses – Town manager	15,000	4,189	14,152
Building – rent and maintenance	303,000	385,477	302,926
Equipment rental	5,400	4,077	5,299
Telecommunications	25,000	27,651	25,192
External audit	31,500	31,181	28,131
Legal and other professional fees	30,000	57,231	36,715
Computer systems	60,000	51,129	50,511
Advertising and promotion	7,000	4,795	11,230
Special project	-	-	40,000
Association fees	18,000	18,011	17,670
Office and postage expenses	35,000	37,228	34,573
Cost of assessment	137,593	137,593	132,340
Simultaneous translation	9,000	9,417	9,353
	<u>1,371,435</u>	<u>1,455,197</u>	<u>1,410,395</u>
Other general government services			
Public liability insurance	70,600	81,574	60,977
Grant	87,655	48,273	100,566
By-law	81,507	67,508	87,196
Human resources	51,300	31,548	49,171
Property taxes	8,900	14,695	8,745
Bond discounts	9,450	9,449	9,807
Bank charges	20,000	14,053	18,923
Bad debts	-	4,157	5,230
	<u>329,412</u>	<u>271,257</u>	<u>340,615</u>
	<u>\$ 1,925,047</u>	<u>\$ 1,898,000</u>	<u>\$ 1,966,713</u>

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

Year Ended December 31	2020	2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Protection services</b>			
Police			
Contract	\$ 1,425,415	\$ 1,425,415	\$ 1,376,203
Sundry	11,370	12,116	8,406
	<u>1,436,785</u>	<u>1,437,531</u>	<u>1,384,609</u>
Fire			
Vehicles	34,700	29,128	26,598
Firefighting association	32,700	32,700	32,700
Fees	114,310	115,793	113,716
Firefighting equipment	86,600	78,345	79,359
Vaccine	1,000	-	-
Garment	23,000	18,041	18,755
Travel	4,500	276	1,054
Fire prevention	3,300	1,644	2,264
Salaries and fringe benefits	147,041	144,510	136,431
Fire alarm system	25,000	24,171	24,620
Workers compensation and group insurance	27,400	27,267	29,322
Training	9,100	6,822	8,187
Sundry	8,100	5,723	5,766
Building – repair and maintenance	55,110	49,363	55,497
	<u>571,861</u>	<u>533,783</u>	<u>534,269</u>
Other protection services			
Animal and pest control	27,000	33,945	28,233
Emergency and safety measures	2,600	48,517	2,535
	<u>29,600</u>	<u>82,462</u>	<u>30,768</u>
Interest on bonds	<u>21,138</u>	<u>21,009</u>	<u>22,819</u>
Amortization	<u>107,610</u>	<u>107,610</u>	<u>104,789</u>
	<u>\$ 2,166,994</u>	<u>\$ 2,182,395</u>	<u>\$ 2,077,254</u>

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

Year Ended December 31	2020	2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Transportation services</b>			
Common services			
Salaries and fringe benefits	\$ 922,894	\$ 840,640	\$ 807,207
Overtime	120,000	135,009	130,339
General supplies			
Gas and oil	77,000	63,212	80,869
Repair and maintenance	110,000	107,857	104,302
Insurance and licenses	22,900	24,088	20,312
Shop, yard and building			
Repair and maintenance	42,000	41,153	42,141
Heat and light	34,500	31,864	34,090
Municipal taxes, sewer and insurance	62,600	62,709	61,593
Communication services	7,000	9,148	7,152
Engineering services	115,000	109,666	60,658
	<u>1,513,894</u>	<u>1,425,346</u>	<u>1,348,663</u>
Road transportation			
Roads and streets	269,000	486,184	307,335
Snow and ice removal	113,500	102,459	119,515
Street lighting	173,000	172,175	170,414
Traffic services	69,700	74,621	73,925
	<u>625,200</u>	<u>835,439</u>	<u>671,189</u>
Interest			
Interest on short-term borrowing	31,000	8,560	22,304
Interest on bonds	342,971	340,617	360,394
	<u>373,971</u>	<u>349,177</u>	<u>382,698</u>
Amortization	<u>1,889,789</u>	<u>1,889,789</u>	<u>1,848,553</u>
	<u>\$ 4,402,854</u>	<u>\$ 4,499,751</u>	<u>\$ 4,251,103</u>
<b>Environmental health and development services</b>			
Environmental health services			
Garbage and waste collection	\$ 228,900	\$ 272,382	\$ 266,224
Solid waste disposal WASWC	129,556	129,556	127,546
	<u>358,456</u>	<u>401,938</u>	<u>393,770</u>
Environmental development services			
Town planning	236,943	235,618	227,085
Economic development	474,032	391,020	338,841
Salaries and fringe benefits	280,952	315,916	263,814
Tourism and municipal development	915,560	938,468	414,443
Pascal Poirier Historical House	27,700	11,739	30,935
Former train station	37,800	29,292	38,175
	<u>1,972,987</u>	<u>1,922,053</u>	<u>1,313,293</u>
	<u>\$ 2,331,443</u>	<u>\$ 2,323,991</u>	<u>\$ 1,707,063</u>

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

Year Ended December 31	2020	2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Recreation and cultural services</b>			
Arena			
Salaries and fringe benefits	\$ 154,206	\$ 146,448	\$ 173,666
Buildings			
Property taxes and insurance	9,800	9,822	8,982
Electricity	121,700	96,114	122,325
General maintenance	110,000	115,793	126,680
	<u>395,706</u>	<u>368,177</u>	<u>431,653</u>
Parks and playgrounds			
Salaries and fringe benefits	134,276	75,928	126,162
Professional fees	30,000	18,037	26,415
Equipment maintenance	41,600	31,981	39,415
Parks and playground maintenance	154,820	142,127	87,886
Building – repair and maintenance	4,900	2,685	2,194
	<u>365,596</u>	<u>270,758</u>	<u>282,072</u>
Community services			
Salaries and fringe benefits	270,596	219,634	219,686
Multipurpose Centre	555,180	448,120	451,635
Conventions	13,000	3,197	6,646
Advertising and promotion	40,000	26,968	35,072
Activities	90,200	17,949	82,307
Special events	275,597	160,416	424,600
	<u>1,244,573</u>	<u>876,284</u>	<u>1,219,946</u>
Library	36,130	22,100	31,345
Interest			
Interest on bonds	39,291	39,025	44,072
Amortization	<u>688,509</u>	<u>688,509</u>	<u>684,143</u>
	<u>\$ 2,769,805</u>	<u>\$ 2,264,853</u>	<u>\$ 2,693,231</u>

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

Year Ended December 31	2020	2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Water services</b>			
Electricity	\$ 97,000	\$ 109,061	\$ 96,205
Amortization	450,047	450,047	380,099
Repairs and maintenance	108,000	148,318	128,196
Interest on long-term debt	55,311	54,738	46,925
Bond discounts	2,170	2,170	1,139
Interim financing	20,000	10,844	37,049
Engineering services	110,000	50,701	28,144
Sundry	32,000	29,045	30,368
Water testing	20,000	9,495	17,023
Insurance	15,300	16,755	15,903
Bad debts (recovery)	50,000	11,130	(26,329)
	<u>\$ 959,828</u>	<u>\$ 892,304</u>	<u>\$ 754,722</u>

# Town of Shediac Schedule 3: Schedule of Segment Disclosure

December 31, 2020

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water Services	2020 Consolidated	2019 Consolidated
<b>Revenues</b>								
Property tax warrant*	\$ 3,796,878	\$ 1,803,429	\$ 1,494,671	\$ 2,103,788	\$ 1,386,466	\$ -	\$ 10,585,232	\$ 10,183,166
Other revenue from own sources	82,137	339,697	54,048	153,544	237,958	14,150	881,534	1,199,615
Unconditional transfers from Provincial Government*	216,551	102,857	85,247	119,987	79,076	-	603,718	660,981
Gain (loss) on disposal of capital assets	-	-	58,679	-	3,200	-	61,879	500
Other contributions and government transfers	189,503	-	459,217	97,123	44,896	-	790,739	1,102,452
Water user fees	-	-	-	-	-	1,657,159	1,657,159	1,661,713
Interest	33,430	-	-	-	-	125,826	159,256	138,176
	4,318,499	2,245,983	2,151,862	2,474,442	1,751,596	1,797,135	14,739,517	14,946,603
<b>Expenses</b>								
Salaries and benefits	848,801	293,003	975,648	447,107	602,987	-	3,167,546	3,141,449
Goods and services	1,049,199	1,760,773	1,285,137	1,876,884	934,332	376,675	7,283,000	6,757,490
Amortization	-	107,610	1,889,789	-	688,509	450,047	3,135,955	3,017,584
Interest	-	21,009	349,177	-	39,025	65,582	474,793	533,563
	1,898,000	2,182,395	4,499,751	2,323,991	2,264,853	892,304	14,061,294	13,450,086
<b>Surplus for the year</b>	\$ 2,420,499	\$ 63,588	\$ (2,347,889)	\$ 150,451	\$ (513,257)	\$ 904,831	\$ 678,223	\$ 1,496,517

\*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, 2020

	General Operating Reserve	General Capital Reserve	Water Operating Reserve	Water Capital Reserve	2020 Total	2019 Total
Accumulated surplus, beginning of year	\$ 618,252	\$ 1,041,351	\$ 95,919	\$ 1,354,485	\$ 3,110,007	\$ 2,112,470
Transfers to/from Water and General Operating Funds						
Allocation from General Operating Fund	30,000	200,000	-	-	230,000	139,600
Allocation to General Capital Fund	-	(30,000)	-	-	(30,000)	-
Allocation to Water Capital Fund	-	-	-	(350,000)	(350,000)	-
Allocation from Water Operating Fund	-	-	-	-	-	-
	30,000	170,000	-	(350,000)	(150,000)	802,800
Interest						
Allocation for green spaces	6,776	11,430	1,055	14,169	33,430	46,417
	-	33,600	-	-	33,600	8,720
	6,776	45,030	1,055	14,169	67,030	55,137
Annual surplus (deficit)	36,776	215,030	1,055	(335,831)	(82,970)	997,537
<b>Accumulated surplus, end of year</b>	<b>\$ 655,028</b>	<b>\$ 1,256,381</b>	<b>\$ 96,974</b>	<b>\$ 1,018,654</b>	<b>\$ 3,027,037</b>	<b>\$ 3,110,007</b>

## Town of Shediac Schedule 5: Schedule of Reconciliation of Annual Surplus

December 31, 2020

	General		General		General		Water		Water		2020	
	Operating Fund	Capital Fund	Operating Reserve Fund	Capital Reserve Fund	Operating Fund	Capital Reserve Fund	Operating Reserve Fund	Capital Reserve Fund	Operating Reserve Fund	Capital Reserve Fund	Operating Reserve Fund	Total All Fund
2020 annual fund surplus (deficit) <sup>1</sup>	\$ 625,958	\$ 2,054,859	\$ 36,776	\$ 215,030	\$ 52,428	\$ 1,485,590	\$ 1,055	\$ (335,831)	\$	\$	\$	\$ 4,135,865
<b>Adjustment to annual surplus (deficit) for funding requirements</b>												
Second previous year's surplus	(193,226)	-	-	-	(135,640)	-	-	-	-	-	-	(328,866)
Long-term debt principal repayment - general	1,056,000	(1,056,000)	-	-	-	-	-	-	-	-	-	-
Long-term debt principal repayment - water	-	-	-	-	260,000	(260,000)	-	-	-	-	-	-
Amortization of tangible assets	-	(2,685,908)	-	-	-	(450,047)	-	-	-	-	-	(3,135,955)
Proceed on sale of capital assets	(54,700)	-	-	-	-	-	-	-	-	-	-	(54,700)
Gain on disposal of capital assets	-	61,879	-	-	-	-	-	-	-	-	-	61,879
Capital expenditures paid out of operating funds	509,642	(509,642)	-	-	875,590	(875,590)	-	-	-	-	-	-
<b>Total adjustments to 2020 annual surplus</b>	<b>1,317,716</b>	<b>(4,189,671)</b>	<b>-</b>	<b>-</b>	<b>999,950</b>	<b>(1,585,637)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,457,642)</b>
<b>2020 annual surplus per PSAB for the year</b>	<b>\$ 1,943,674</b>	<b>\$ (2,134,812)</b>	<b>\$ 36,776</b>	<b>\$ 215,030</b>	<b>\$ 1,052,378</b>	<b>\$ (100,047)</b>	<b>\$ 1,055</b>	<b>\$ (335,831)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 678,223</b>

<sup>1</sup> 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, 2020

	Operating Budget General	Operating Budget Water	Capital Fund Budget	Reallocation of interest	Amortization & adjustments	Transfers	2020 Total
<b>Revenue</b>							
Province of New Brunswick:							
Warrant for property taxes	\$ 10,585,231	-	-	-	-	-	10,585,231
Unconditional grant	591,983	-	-	-	-	-	591,983
Other revenue from own sources	1,129,293	10,000	-	-	-	-	1,139,293
Water rates	33,000	-	459,217	-	-	-	492,217
Recovery from water operating fund	507,500	1,633,778	-	-	-	-	1,633,778
Water supply for fire protection	-	205,000	-	-	-	(507,500)	-
Gain on disposal of tangible capital assets	30,000	-	-	-	-	(205,000)	-
Interest	193,228	95,000	-	-	-	-	30,000
Second previous year's surplus	13,070,235	135,640	459,217	-	-	(328,868)	95,000
	<u>13,070,235</u>	<u>2,079,418</u>	<u>459,217</u>	<u>-</u>	<u>-</u>	<u>(1,041,368)</u>	<u>14,567,502</u>
<b>Expenditure</b>							
General government services	1,925,047	-	-	-	-	-	1,925,047
Protective services	2,243,246	-	-	21,138	107,610	-	2,166,994
Transportation services	2,139,094	-	-	373,971	1,889,789	(205,000)	4,402,854
Environmental health & development services	2,331,443	-	-	-	-	-	2,331,443
Recreation and cultural services	2,042,005	-	-	39,291	688,509	-	2,769,805
Water services	-	434,470	-	75,311	450,047	-	959,828
Fiscal services	-	-	-	-	-	-	-
Long-term debt repayments	1,056,000	260,000	-	-	-	(1,316,000)	-
Interest	434,400	75,311	-	(509,711)	-	-	-
Transfers from the General Operating Fund	699,000	-	-	-	-	(699,000)	-
Transfer to the General Operating Fund	-	507,500	-	-	-	(507,500)	-
Transfers from the Operating Water Fund	-	582,037	-	-	-	(582,037)	-
Transfers to the General Capital Reserve Fund	200,000	-	-	-	-	(200,000)	-
Transfers to the Water Capital Reserve Fund	-	220,100	-	-	-	(220,100)	-
	<u>13,070,235</u>	<u>2,079,418</u>	<u>-</u>	<u>-</u>	<u>3,135,955</u>	<u>(3,729,637)</u>	<u>14,555,971</u>
<b>Surplus (deficit) for the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,217</u>	<u>\$ -</u>	<u>\$ (3,135,955)</u>	<u>\$ 2,688,269</u>	<u>\$ 11,531</u>