



Consolidated Financial Statements

Town of Shediac

December 31, 2018

Contents

	Page
Independent Auditors' Report	1, 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Changes in Net Debt	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 15
Schedule 1: Consolidated Schedule of Revenues	16
Schedule 2: Consolidated Schedule of Expenditures	17 - 21
Schedule 3: Schedule of Segment Disclosure	22
Schedule 4: Schedule of Reserve Funds	23
Schedule 5: Schedule of Reconciliation of Annual Surplus	24
Schedule 6: Schedule of Operating and Capital Budgets to PSAB Budget	25

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, 2018, 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, 2018, 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 29, 2019

Grant Thornton LLP

Chartered Professional Accountants

Town of Shediac
Consolidated Statement of Financial Position

Year Ended December 31

2018

2017

Financial assets

Cash and cash equivalents	\$ 6,599,708	\$ 5,628,343
Receivables (Note 3)	1,532,906	2,984,223
Unamortized debenture discounts	133,866	65,221
	<u>8,266,480</u>	<u>8,677,787</u>

Liabilities

Bank loans (Note 4)	4,750,000	8,075,000
Payables and accruals (Note 5)	2,233,952	4,449,340
Long-term debt (Note 6)	15,322,760	8,808,760
	<u>22,306,712</u>	<u>21,333,100</u>

Net debt

	<u>(14,040,232)</u>	<u>(12,655,313)</u>
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Non-financial assets

Tangible capital assets (Note 8)	45,894,012	43,541,629
Inventory of supplies	19,668	19,668
Prepays	8,630	9,015
	<u>45,922,310</u>	<u>43,570,312</u>

Accumulated surplus

	<u>\$ 31,882,078</u>	<u>\$ 30,914,999</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

2018

2017

	PSAB (Budget) (Page 25)	Actual	Actual
Revenues			
Warrant of assessment	\$ 9,779,743	\$ 9,779,743	\$ 9,653,563
Unconditional transfers from Provincial Government	742,060	756,515	148,584
Other contributions and government transfers (Page 16)	727,055	727,055	4,352,427
Other revenue from own sources (Page 16)	1,088,915	1,199,991	1,157,078
Water services	1,545,275	1,618,075	1,619,590
Gain on disposal of tangible capital assets	32,000	18,795	24,683
Interest	35,000	202,038	155,272
	<u>13,950,048</u>	<u>14,302,212</u>	<u>17,111,197</u>
Expenditures (Pages 17-21)			
General government services	1,966,450	1,882,000	2,069,862
Protection services	2,090,776	2,074,459	1,929,886
Transportation services	4,638,351	4,458,973	3,819,365
Environmental health and development services	1,692,161	1,587,188	1,425,983
Recreation and cultural services	2,616,399	2,537,713	2,460,011
Water services	716,568	794,800	640,551
	<u>13,720,705</u>	<u>13,335,133</u>	<u>12,345,658</u>
Annual surplus	\$ <u>229,343</u>	<u>967,079</u>	4,765,539
Accumulated surplus, beginning of year		<u>30,914,999</u>	<u>26,149,460</u>
Accumulated surplus, end of year		<u>\$ 31,882,078</u>	<u>\$ 30,914,999</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

2018

2017

Annual surplus	\$ 229,343	\$ 967,079	\$ 4,765,539
Acquisition of tangible capital assets	(5,667,000)	(5,345,073)	(10,333,461)
Proceeds on disposal of tangible capital assets	-	71,960	54,650
Amortization of tangible capital assets	2,939,525	2,939,525	2,825,982
Gain on sale of tangible capital assets	(32,000)	(18,795)	(24,683)
	<u>(2,759,475)</u>	<u>(2,352,383)</u>	<u>(7,477,512)</u>
Change in prepaid expenses	-	385	8,716
Increase in net debt	(2,530,132)	(1,384,919)	(2,703,257)
Net debt, beginning of year	(12,655,313)	(12,655,313)	(9,952,056)
Net debt, end of year	<u>\$ (15,185,445)</u>	<u>\$ (14,040,232)</u>	<u>\$ (12,655,313)</u>

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Consolidated Statement of Cash Flows

Year Ended December 31

2018

2017

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

Operating activities

Annual surplus	\$ 967,079	\$ 4,765,539
Items not affecting cash:		
Amortization of tangible capital assets	2,939,525	2,825,982
Gain on sale of tangible capital assets	(18,795)	(24,683)
Changes in non-cash working capital:		
Change in receivables	1,451,317	(1,585,961)
Change in payables and accruals	(2,215,388)	1,092,677
Change in prepaid expenses	385	8,716
Change in debenture discounts	(68,645)	3,865
Net cash provided by operating activities	<u>3,055,478</u>	<u>7,086,135</u>

Capital activities

Acquisition of tangible capital assets	(5,345,073)	(10,333,461)
Proceeds on sale of tangible capital assets	71,960	54,650
Net cash used for capital activities	<u>(5,273,113)</u>	<u>(10,278,811)</u>

Financing activities

Issuance of long-term debt	7,385,000	590,000
Issuance of bank loans	-	4,665,000
Repayment of long-term debt	(871,000)	(1,078,000)
Repayment of bank loans	(3,325,000)	-
Net cash provided for financing activities	<u>3,189,000</u>	<u>4,177,000</u>

Increase in cash and cash equivalents	971,365	984,324
Cash and cash equivalents at beginning of year	<u>5,628,343</u>	<u>4,644,019</u>
Cash and cash equivalents at end of year	<u>\$ 6,599,708</u>	<u>\$ 5,628,343</u>

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2018

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, 2018

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, 2018

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 12, 2017 and the Minister of Environment and Local Government approved the General Operating Budget on January 11, 2018, Capital Budget was approved by the Council on December 12, 2017.

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, 2018

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, 2018

3. Receivables	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 778,160	\$ 218,920
Water receivable	434,142	415,170
Capital receivable	183,136	1,974,070
Sales tax receivable	<u>137,468</u>	<u>376,063</u>
	<u>\$ 1,532,906</u>	<u>\$ 2,984,223</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>2018</u>	<u>2017</u>
Accounts payable and accrued charges	\$ 885,372	\$ 796,257
Capital payables	930,714	3,257,554
Employee benefit obligations (Note 7)	367,472	365,123
Accrued interest on long-term debt	<u>50,394</u>	<u>30,406</u>
	<u>\$ 2,233,952</u>	<u>\$ 4,449,340</u>

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2018

6. Long-term debt

2018

2017

New Brunswick Municipal Financing Corporation

Debentures:

BA21	.95% - 5%, due 2019	\$	71,000	\$	141,000
BC16	1.5% - 4.55%, due 2020		121,000		179,000
BG22	1.65% - 3.8%, due 2027		1,082,000		1,209,000
BH28	1.35% - 3.8%, due 2022		122,000		150,000
BI23	1.35% - 4%, due 2023		476,000		564,000
BK15	1.15% - 4.15%, due 2029		924,000		1,010,000
BM21	.95% - 3.5%, due 2030		987,000		1,059,000
BN23	1.05% - 3.9%, due 2030		330,000		354,000
BQ25	1.45% - 3.75%, due 2031		1,624,000		1,738,000
BP22	1.2% - 3.8%, due 2031		983,000		1,057,000
BC17	1.5% - 4.55%, due 2020		30,000		45,000
BH29	1.35% - 3.8%, due 2022		94,000		116,000
BI24	1.35% - 4%, due 2023		127,000		150,000
BQ26	1.45% - 3.75%, due 2031		283,000		302,000
BQ22	1.20% - 3.55%, due 2032		539,000		590,000
BT20	2.10% - 3.7%, due 2038		7,385,000		-
			<u>15,178,000</u>		<u>8,664,000</u>

608402 NB Ltd.

Loan payable, 0%, repayable as per agreement based on development

	<u>144,760</u>	<u>144,760</u>
\$	<u>15,322,760</u>	\$ <u>8,808,760</u>

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

2019	\$	1,235,000	2022	\$	1,168,000
2020		1,190,000	2023		1,041,000
2021		1,143,000			

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, 2018, the Town has an approval to borrow an additional \$ 7,750,000.

Town of Shediac

Consolidated Statement Notes to the Financial Statements

December 31, 2018

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>2018</u>	<u>2017</u>
Employee benefit obligations:		
Vested benefits	\$ 401,983	\$ 402,800
Unamortized actuary losses	<u>(34,511)</u>	<u>(37,677)</u>
Accrued employee benefit obligation	<u>\$ 367,472</u>	<u>\$ 365,123</u>
Accrued employee benefit obligation	\$ 367,472	\$ 365,123
Less funded amount	<u>(367,472)</u>	<u>(365,123)</u>
Vested benefits to be funded from future revenue	<u>\$ -</u>	<u>\$ -</u>
Benefit expense in the year	<u>\$ 45,100</u>	<u>\$ -</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% 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, 2018

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	\$ 12,262,250	\$ 4,734,809	\$ 186,631	\$ 4,585,742	\$ 36,274,892	\$ 76,681	\$ 1,069,512	\$ 8,782,088	\$ 70,829,286
Additions	-	91,857	840,680	-	151,743	1,429,724	-	-	2,831,069	5,346,073
Disposals	-	-	276,086	-	-	-	-	-	-	276,086
Closing cost	2,856,881	12,354,107	5,299,203	186,631	4,737,485	37,704,616	76,681	1,069,512	11,613,157	75,898,273
Accumulated amortization										
Opening accumulated amortization	-	2,879,274	2,240,748	185,380	1,378,936	16,044,250	-	716,481	3,842,588	27,287,657
Amortization	-	407,651	338,461	1,251	326,732	1,498,727	-	28,906	339,807	2,939,525
Disposals	-	-	222,921	-	-	-	-	-	-	222,921
Closing accumulated amortization	-	3,286,925	2,356,278	186,631	1,705,668	17,540,977	-	745,387	4,182,395	30,004,261
Asset net book value	\$ 2,856,881	\$ 9,067,182	\$ 2,942,925	\$ -	\$ 3,031,817	\$ 20,163,639	\$ 76,681	\$ 324,125	\$ 7,430,762	\$ 45,894,012
										\$ 43,541,629

Town of Shediac

Consolidated Statement Notes to the Financial Statements

December 31, 2018

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 2018, 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>2018</u>	<u>2017</u>
2018 Surplus	\$ 135,640	\$ -
2017 Surplus	141,309	141,309
2016 Surplus	<u>-</u>	<u>124,325</u>
	<u>\$ 276,949</u>	<u>\$ 265,634</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 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 \$705,624. Minimum payments payable over the next four years are as follows:

2019	\$ 234,258	2021	\$ 234,258
2020	234,258	2022	2,850

13. Pension plan

The Town has a contributory pension plan for its employees and its share of the pension plan contributions for 2018 were \$144,959 (2017 - \$135,790).

14. Reclassification

Certain amounts in the prior year presented have been reclassified to conform to the current year financial statement presentation. These reclassifications have not any impact on previously reported surplus

Town of Shediac
Schedule 1: Consolidated Schedule of Revenues

Year ended December 31

2018 2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other contributions and government transfers			
Provincial government	\$ 117,550	\$ 117,550	\$ 1,159,405
Gas tax program	446,369	446,369	431,249
New Building Canada Fund	-	-	1,483,831
Clean Water and Wastewater Fund	163,136	163,136	1,277,942
	<u>\$ 727,055</u>	<u>\$ 727,055</u>	<u>\$ 4,352,427</u>
Other revenue from own sources			
Firefighting services	\$ 332,649	\$ 335,000	\$ 359,271
Recreation	36,000	52,982	38,671
Arena	239,400	251,109	242,101
Multipurpose centre	190,000	142,875	170,516
Licenses and permits	1,000	737	1,088
Building permits	100,000	153,427	102,026
Road maintenance	53,000	53,333	53,333
Rent	41,700	41,741	41,733
Allocation for green space	-	7,600	(1,120)
Sundry	95,166	161,187	149,459
	<u>\$ 1,088,915</u>	<u>\$ 1,199,991</u>	<u>\$ 1,157,078</u>

Town of Shediac
Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor	\$ 19,600	\$ 15,985	\$ 19,169
Mayor – other	16,500	14,031	15,318
Councilors	75,500	74,071	74,010
Councilors – other	43,400	36,200	37,042
Development seminars	27,500	19,568	22,450
Other	24,000	21,293	21,677
	<u>206,500</u>	<u>181,148</u>	<u>189,666</u>
Administrative			
Salaries and fringe benefits	673,900	665,209	643,945
Traveling expenses – Town manager	15,000	14,672	15,022
Building – rent and maintenance	308,000	302,926	329,265
Equipment rental	5,500	5,299	6,948
Telecommunications	26,000	23,592	25,689
External audit	36,000	36,845	27,146
Legal and other professional fees	50,000	37,636	100,613
Computer systems	45,000	36,259	46,613
Advertising and promotion	12,000	6,476	11,491
Branding project	23,000	41,065	67,353
Association fees	18,000	17,425	17,736
Office and postage expenses	40,000	32,776	35,820
Cost of assessment	127,049	127,049	127,079
Simultaneous translation	12,000	7,141	9,893
	<u>1,391,449</u>	<u>1,354,370</u>	<u>1,464,613</u>
Other general government services			
Public liability insurance	63,100	74,439	53,872
Grant	148,250	120,135	230,664
By-law	78,000	67,507	49,111
Human resources	46,200	42,385	34,952
Property taxes	8,500	8,257	8,215
Bond discounts	6,200	6,102	7,533
Bank charges	17,000	16,670	16,340
Bad debts	-	9,736	13,645
	<u>367,250</u>	<u>345,231</u>	<u>414,332</u>
Amortization	<u>1,251</u>	<u>1,251</u>	<u>1,251</u>
	<u>\$ 1,966,450</u>	<u>\$ 1,882,000</u>	<u>\$ 2,069,862</u>

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

Year Ended December 31	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protection services			
Police			
Contract	\$ 1,367,459	\$ 1,367,459	\$ 1,291,601
Sundry	8,100	8,060	7,900
	<u>1,375,559</u>	<u>1,375,519</u>	<u>1,299,501</u>
Fire			
Vehicles	33,000	32,595	24,939
Firefighting association	32,700	32,700	32,700
Fees	110,100	111,618	107,987
Firefighting equipment	76,600	70,042	27,546
Vaccine	1,000	-	-
Garment	23,000	19,430	30,401
Travel	4,300	3,740	1,733
Fire prevention	3,100	2,322	2,179
Salaries and fringe benefits	145,800	147,578	140,077
Fire alarm system	33,000	30,114	23,682
Workers compensation and group insurance	28,000	26,134	32,231
Training	14,100	11,222	8,788
Sundry	11,000	8,451	17,656
Building – repair and maintenance	55,200	52,956	80,007
	<u>570,900</u>	<u>548,902</u>	<u>529,926</u>
Other protection services			
Animal and pest control	27,000	26,764	26,702
Emergency measures	3,000	2,535	2,870
	<u>30,000</u>	<u>29,299</u>	<u>29,572</u>
Interest on bonds	<u>9,529</u>	<u>15,951</u>	<u>6,912</u>
Amortization	<u>104,788</u>	<u>104,788</u>	<u>63,975</u>
	<u>\$ 2,090,776</u>	<u>\$ 2,074,459</u>	<u>\$ 1,929,886</u>

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

Year Ended December 31	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Salaries and fringe benefits	\$ 877,900	\$ 820,455	\$ 720,701
Overtime	125,000	145,283	117,788
General supplies			
Gas and oil	80,000	78,751	64,381
Repair and maintenance	110,000	119,215	70,315
Insurance and licenses	27,000	25,351	26,659
Shop, yard and building			
Repair and maintenance	127,000	123,329	59,127
Heat and light	29,400	34,676	26,201
Municipal taxes, sewer and insurance	71,450	60,641	7,303
Communication services	7,800	7,123	5,528
Engineering services	95,000	82,182	56,217
	<u>1,550,550</u>	<u>1,497,006</u>	<u>1,154,220</u>
Road transportation			
Roads and streets	432,000	362,014	283,796
Snow and ice removal	110,000	96,600	81,235
Street lighting	172,400	164,634	160,479
Traffic services	72,000	56,682	56,908
	<u>786,400</u>	<u>679,930</u>	<u>582,418</u>
Interest			
Interest on short-term borrowing	320,025	186,777	124,962
Interest on bonds	169,374	283,258	171,929
	<u>489,399</u>	<u>470,035</u>	<u>296,891</u>
Amortization	<u>1,812,002</u>	<u>1,812,002</u>	<u>1,785,836</u>
	<u>\$ 4,638,351</u>	<u>\$ 4,458,973</u>	<u>\$ 3,819,365</u>
Environmental health and development services			
Environmental health services			
Garbage and waste collection	\$ 175,000	\$ 226,262	\$ 205,146
Solid waste disposal WASWC	133,552	133,551	132,177
	<u>308,552</u>	<u>359,813</u>	<u>337,323</u>
Environmental development services			
Town planning	221,148	220,948	217,958
Economic development	405,705	241,271	269,935
Salaries and fringe benefits	264,114	254,726	233,770
Tourism and municipal development	424,842	438,591	282,355
Pascal Poirier Historical House	29,400	33,880	38,668
Former train station	38,400	37,959	45,775
	<u>1,383,609</u>	<u>1,227,375</u>	<u>1,088,461</u>
Interest on bonds	-	-	199
	<u>\$ 1,692,161</u>	<u>\$ 1,587,188</u>	<u>\$ 1,425,983</u>

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

Year Ended December 31	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Arena			
Salaries and fringe benefits	\$ 168,990	\$ 140,191	\$ 153,454
Buildings			
Property taxes and insurance	9,000	8,799	10,788
Electricity	114,000	118,644	109,873
General maintenance	82,000	71,055	102,387
	<u>373,990</u>	<u>338,689</u>	<u>376,502</u>
Parks and playgrounds			
Salaries and fringe benefits	120,000	91,238	101,058
Frais professionnels	50,000	53,065	30,328
Equipment maintenance	32,300	42,413	33,552
Parks and playground maintenance	190,450	166,255	124,431
Building – repair and maintenance	4,800	4,050	7,119
	<u>397,550</u>	<u>357,021</u>	<u>296,488</u>
Community services			
Salaries and fringe benefits	226,045	224,415	217,641
Multipurpose Centre	446,764	433,678	403,611
Conventions	9,000	4,193	7,123
Advertising and promotion	78,500	77,806	81,315
Activities	88,800	82,314	54,912
Special events	281,100	284,322	264,801
	<u>1,130,209</u>	<u>1,106,728</u>	<u>1,029,403</u>
Library	30,900	30,677	30,455
Interest			
Interest on bonds	30,979	51,827	54,689
Amortization	652,771	652,771	672,474
	<u>\$ 2,616,399</u>	<u>\$ 2,537,713</u>	<u>\$ 2,460,011</u>

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

Year Ended December 31	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Water services			
Electricity	\$ 96,000	\$ 89,817	\$ 95,918
Amortization	368,713	368,713	302,446
Repairs and maintenance	105,500	104,468	147,336
Interest on long-term debt	28,555	28,362	28,574
Bond discounts	4,000	1,120	1,224
Interim financing	10,000	44,310	184
Engineering services	20,000	24,482	15,989
Sundry	35,500	38,336	31,891
Water testing	15,000	14,195	13,580
Insurance	13,300	13,090	13,349
Bad debts (recovery)	20,000	67,907	(9,940)
	<u>\$ 716,568</u>	<u>\$ 794,800</u>	<u>\$ 640,551</u>

Town of Shediac

Schedule 3: Schedule of Segment Disclosure

December 31, 2018

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water Services	2018 Consolidated	2017 Consolidated
Revenues								
Property tax warrant*	\$ 3,223,666	\$ 1,718,421	\$ 1,651,164	\$ 1,871,715	\$ 1,314,787	\$ -	\$ 9,779,743	\$ 9,653,563
Other revenue from own sources	168,787	335,737	53,333	153,427	488,707	-	1,199,991	1,157,078
Unconditional transfers from Provincial Government*	249,367	132,929	127,726	144,787	101,706	-	756,515	148,584
Gain (loss) on disposal of capital assets	5,460	28,000	-	-	(14,665)	-	18,795	24,883
Other contributions and government transfers	69,353	-	609,505	-	48,197	-	727,055	4,352,427
Water user fees	-	-	-	-	-	1,618,075	1,618,075	1,619,590
Interest	22,377	-	-	-	-	179,661	202,038	155,272
	<u>3,739,000</u>	<u>2,215,087</u>	<u>2,441,728</u>	<u>2,169,929</u>	<u>1,938,732</u>	<u>1,797,736</u>	<u>14,302,212</u>	<u>17,111,197</u>
Expenses								
Salaries and benefits	755,264	287,121	947,601	374,942	661,446	-	3,026,374	2,855,947
Goods and services	1,125,485	1,666,599	1,229,335	1,212,246	1,171,669	353,415	6,758,749	6,276,280
Amortization	1,251	104,788	1,812,002	-	662,771	368,713	2,939,625	2,825,982
Interest	-	15,951	470,035	-	51,927	72,672	610,485	387,449
	<u>1,882,000</u>	<u>2,074,459</u>	<u>4,458,973</u>	<u>1,587,188</u>	<u>2,537,713</u>	<u>794,800</u>	<u>13,335,133</u>	<u>12,345,658</u>
Surplus for the year	<u>\$ 1,857,000</u>	<u>\$ 140,628</u>	<u>\$ (2,017,245)</u>	<u>\$ 582,741</u>	<u>\$ (698,981)</u>	<u>\$ 1,002,936</u>	<u>\$ 967,079</u>	<u>\$ 4,765,539</u>

*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, 2018

	General Operating Reserve	General Capital Reserve	Water Operating Reserve	Water Capital Reserve	2018 Total	2017 Total
Accumulated surplus, beginning of year	\$ 556,596	\$ 732,817	\$ 89,570	\$ 1,515,676	\$ 2,894,659	\$ 1,955,184
Transfers to/from Water and General Operating Funds						
Allocation from General Operating Fund	-	160,000	-	-	160,000	300,000
Allocation to Water Capital Fund	-	-	-	(1,000,000)	(1,000,000)	-
Allocation from Water Operating Fund	-	160,000	-	(1,000,000)	(840,000)	620,000
Interest						
Allocation for green spaces	9,760	12,617	1,571	26,263	50,211	20,595
Annual surplus (deficit)	-	7,600	-	-	7,600	(1,120)
	9,760	20,217	1,571	26,263	57,811	19,475
	9,760	180,217	1,571	(973,737)	(782,189)	939,475
Accumulated surplus, end of year	\$ 566,356	\$ 913,034	\$ 91,141	\$ 541,939	\$ 2,112,470	\$ 2,894,659

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

December 31, 2018

	General			Water			2018		
	General Operating Fund	General Capital Fund	General Reserve Fund	Water Operating Fund	Water Capital Fund	Water Reserve Fund	Water Operating Fund	Water Capital Fund	Total All Fund
2018 annual fund surplus (deficit) ¹	\$ 193,228	\$ 2,723,097	\$ 9,760	\$ 135,640	\$ 2,030,000	\$ 1,571	\$ (973,737)	\$ 4,299,776	
Adjustment to annual surplus (deficit) for funding requirements									
Second previous year's surplus	(215,682)	-	-	(124,325)	-	-	-	-	(340,007)
Long-term debt principal repayment - general	741,000	(741,000)	-	-	-	-	-	-	-
Long-term debt principal repayment - water	-	-	-	130,000	(130,000)	-	-	-	-
Amortization of tangible assets	-	(2,570,812)	-	-	(368,713)	-	-	-	(2,939,525)
Proceed on sale of capital assets	(71,960)	-	-	-	-	-	-	-	(71,960)
Gain on disposal of capital assets	-	18,795	-	-	-	-	-	-	18,795
Capital expenditures paid out of operating funds	1,372,592	(1,372,592)	-	900,000	(900,000)	-	-	-	-
Total adjustments to 2018 annual surplus	1,825,950	(4,655,609)	-	905,675	(1,398,713)	-	-	(3,332,697)	
2018 annual surplus per PSAB for the year	\$ 2,019,178	\$ (1,942,512)	\$ 9,760	\$ 1,041,315	\$ 631,287	\$ 1,571	\$ (973,737)	\$ 967,079	

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, 2018

	Operating Budget General	Operating Budget Water	Capital Fund Budget	Reallocation of interest	Amortization & adjustments	Transfers	2018 Total
Revenue							
Province of New Brunswick:							
Warrant for property taxes	\$ 9,779,743	-	-	-	-	-	9,779,743
Unconditional grant	742,060	-	-	-	-	-	742,060
Other revenue from own sources	1,079,915	9,000	-	-	-	-	1,088,915
Other contributions and government transfers	10,000	-	717,055	-	-	-	727,055
Water rates	-	1,545,275	-	-	-	-	1,545,275
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	32,000	-	-	-	-	-	32,000
Interest	-	35,000	-	-	-	-	35,000
Second previous year's surplus	215,682	124,325	-	-	-	(340,007)	-
	<u>12,366,900</u>	<u>1,918,600</u>	<u>717,055</u>	<u>-</u>	<u>-</u>	<u>(1,052,507)</u>	<u>13,950,048</u>
Expenditure							
General government services	1,965,199	-	-	-	1,251	-	1,966,450
Protective services	2,181,459	-	-	9,529	104,788	-	2,090,776
Transportation services	2,338,950	-	-	489,399	1,812,002	(205,000)	4,638,351
Environmental health & development services	1,692,161	-	-	-	-	-	1,692,161
Recreation and cultural services	1,932,649	-	-	30,979	652,771	-	2,616,399
Water services	-	309,300	-	38,555	368,713	-	716,568
Fiscal services							
Long-term debt repayments	741,000	130,000	-	-	-	(871,000)	-
Interest	529,907	38,555	-	(568,462)	-	-	-
Transfers from the General Operating Fund	762,575	-	-	-	-	(762,575)	-
Transfer to the General Operating Fund	-	507,500	-	-	-	(507,500)	-
Transfers from the Operating Water Fund	-	623,245	-	-	-	(623,245)	-
Transfers to the General Capital Reserve Fund	225,000	-	-	-	-	(225,000)	-
Transfers to the Water Capital Reserve Fund	-	310,000	-	-	-	(310,000)	-
	<u>12,366,900</u>	<u>1,918,600</u>	<u>-</u>	<u>-</u>	<u>2,939,525</u>	<u>(3,504,320)</u>	<u>13,720,705</u>
Surplus (deficit) for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,055</u>	<u>\$ -</u>	<u>\$ (2,939,525)</u>	<u>\$ 2,451,813</u>	<u>\$ 229,343</u>