



Grant Thornton

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Consolidated Financial Statements

Town of Shediac

December 31, 2022

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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, 2022, 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, 2022, 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
June 12, 2023

Grant Thornton LLP

Chartered Professional Accountants

Town of Shediac Consolidated Statement of Financial Position

Year Ended December 31

2022

2021

Financial assets

Cash and cash equivalents	\$ 4,513,277	\$ 5,578,588
Receivables (Note 3)	5,447,331	2,302,657
Unamortized debenture discounts	116,899	129,348
	<u>10,077,507</u>	<u>8,010,593</u>

Liabilities

Bank loans (Note 4)	2,500,000	-
Payables and accruals (Note 5)	4,715,086	3,370,011
Long-term debt (Note 6)	13,469,760	14,899,760
	<u>20,684,846</u>	<u>18,269,771</u>

Net debt

	<u>(10,607,339)</u>	<u>(10,259,178)</u>
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Non-financial assets

Tangible capital assets (Note 8)	48,331,540	46,688,055
Inventory of supplies	19,668	19,668
Prepays	7,891	5,097
	<u>48,359,099</u>	<u>46,712,820</u>

Accumulated surplus

	<u>\$ 37,751,760</u>	<u>\$ 36,453,642</u>
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Commitments (Note 12)

On behalf of the Council





See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31

2022

2021

	PSAB (Budget) (Page 25)	Actual	Actual
Revenues			
Warrant of assessment	\$ 11,733,744	\$ 11,733,744	\$ 10,832,530
Unconditional transfers from Provincial Government	155,040	155,040	575,919
Other contributions and government transfers (Page 16)	519,090	885,276	1,462,240
Other revenue from own sources (Page 16)	1,077,925	1,447,184	1,418,331
Water services	1,697,661	1,725,396	1,694,155
Gain on disposal of tangible capital assets	10,000	1,623	52,803
Interest	<u>150,000</u>	<u>279,491</u>	<u>213,146</u>
	<u>15,343,460</u>	<u>16,227,754</u>	<u>16,249,124</u>
Expenditures (Pages 17-21)			
General government services	2,046,796	2,036,621	2,150,647
Protection services	2,227,739	2,236,708	2,214,434
Transportation services	4,134,141	4,166,486	3,982,984
Environmental health and development services	2,768,916	2,979,847	1,844,309
Recreation and cultural services	2,773,681	2,653,574	2,803,176
Water services	<u>907,983</u>	<u>856,400</u>	<u>856,750</u>
	<u>14,859,256</u>	<u>14,929,636</u>	<u>13,852,300</u>
Annual surplus	<u>\$ 484,204</u>	<u>1,298,118</u>	<u>2,396,824</u>
Accumulated surplus, beginning of year		<u>36,453,642</u>	<u>34,056,818</u>
Accumulated surplus, end of year		<u>\$ 37,751,760</u>	<u>\$ 36,453,642</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	2022	2021
Annual surplus	\$ 484,204	\$ 1,298,118	\$ 2,396,824
Acquisition of tangible capital assets	(2,906,000)	(4,399,142)	(3,509,232)
Proceeds on disposal of tangible capital assets	-	55,272	52,803
Amortization of tangible capital assets	2,702,008	2,702,008	2,613,731
Gain on sale of tangible capital assets	<u>(10,000)</u>	<u>(1,623)</u>	<u>(52,803)</u>
	<u>(213,992)</u>	<u>(1,643,485)</u>	<u>(895,501)</u>
Change in prepaid expenses	<u>-</u>	<u>(2,794)</u>	<u>(2,248)</u>
Decrease (increase) in net debt	270,212	(348,161)	1,499,075
Net debt, beginning of year	<u>(10,259,178)</u>	<u>(10,259,178)</u>	<u>(11,758,253)</u>
Net debt, end of year	<u>\$ (9,988,966)</u>	<u>\$ (10,607,339)</u>	<u>\$ (10,259,178)</u>

See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Consolidated Statement of Cash Flows

Year Ended December 31

2022

2021

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

Operating activities

Annual surplus	\$ 1,298,118	\$ 2,396,824
Items not affecting cash:		
Amortization of tangible capital assets	2,702,008	2,613,731
Gain on sale of tangible capital assets	(1,623)	(52,803)
Changes in non-cash working capital:		
Change in receivables	(3,144,674)	(569,442)
Change in payables and accruals	1,345,075	582,544
Change in prepaid expenses	(2,794)	(2,248)
Change in debenture discounts	12,449	(6,815)
Net cash provided by operating activities	<u>2,208,559</u>	<u>4,961,791</u>

Capital activities

Acquisition of tangible capital assets	(4,399,142)	(3,509,232)
Proceeds on sale of tangible capital assets	55,272	52,803
Net cash used for capital activities	<u>(4,343,870)</u>	<u>(3,456,429)</u>

Financing activities

Issuance of long-term debt	-	2,000,000
Repayment of long-term debt	(1,430,000)	(1,272,000)
Issurance of bank loans	2,500,000	-
Repayment of bank loans	-	(2,445,000)
Net cash provided (used) for financing activities	<u>1,070,000</u>	<u>(1,717,000)</u>

Decrease in cash and cash equivalents	(1,065,311)	(211,638)
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Cash and cash equivalents at beginning of year	<u>5,578,588</u>	<u>5,790,226</u>
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Cash and cash equivalents at end of year	<u>\$ 4,513,277</u>	<u>\$ 5,578,588</u>
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See accompanying notes and schedules to the consolidated financial statements.

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2022

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, 2022

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, 2022

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 November 1, 2021 and the Minister of Environment and Local Government approved the General Operating Budget on December 8, 2021, Capital Budget was approved by the Council on February 28, 2022.

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, 2022

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, 2022

3. Receivables	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 378,721	\$ 538,488
Water receivable	723,434	613,982
Capital receivable	4,131,889	881,007
Sales tax receivable	<u>213,287</u>	<u>269,180</u>
	<u>\$ 5,447,331</u>	<u>\$ 2,302,657</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>2022</u>	<u>2021</u>
Accounts payable and accrued charges	\$ 1,723,195	\$ 1,575,935
Capital payables	2,504,293	1,343,679
Employee benefit obligations (Note 7)	444,680	403,638
Accrued interest on long-term debt	<u>42,918</u>	<u>46,759</u>
	<u>\$ 4,715,086</u>	<u>\$ 3,370,011</u>

Town of Shediac
Notes to the Consolidated Financial Statements
December 31, 2022

6. Long-term debt	<u>2022</u>	<u>2021</u>
<u>New Brunswick Municipal Financing Corporation</u>		
Debentures:		
BG22 1.65% - 3.8%, due 2027	\$ 536,000	\$ 678,000
BH28 1.35% - 3.8%, due 2022	-	32,000
BI23 1.35% - 4%, due 2023	100,000	198,000
BK15 1.15% - 4.15%, due 2029	558,000	653,000
BM21 .95% - 3.5%, due 2030	690,000	766,000
BN23 1.05% - 3.9%, due 2030	232,000	257,000
BO25 1.45% - 3.75%, due 2031	1,150,000	1,272,000
BP22 1.2% - 3.8%, due 2031	675,000	754,000
BH29 1.35% - 3.8%, due 2022	-	24,000
BI24 1.35% - 4%, due 2023	27,000	53,000
BO26 1.45% - 3.75%, due 2031	205,000	225,000
BQ22 1.20% - 3.55%, due 2032	331,000	384,000
BT20 2.10% - 3.7%, due 2038	5,938,000	6,314,000
BV19 2.00% - 3.35%, due 2029	1,013,000	1,145,000
BZ21 0.3% - 2.95%, due 2036	1,034,000	1,100,000
BZ22 0.3% - 2.95%, due 2036	<u>836,000</u>	<u>900,000</u>
	<u>13,325,000</u>	<u>14,755,000</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>\$ 13,469,760</u>	<u>\$ 14,899,760</u>

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

2023	\$ 1,307,000	2026	\$ 1,241,000
2024	1,215,000	2027	1,518,000
2025	1,207,000		

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, 2022, the Town has an approval to borrow an additional \$ 15,926,000.

Town of Shediac

Consolidated Statement Notes to the Financial Statements

December 31, 2022

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>2022</u>	<u>2021</u>
Employee benefit obligations:		
Vested benefits	\$ 494,743	\$ 457,800
Unamortized actuary losses	<u>(50,063)</u>	<u>(54,162)</u>
Accrued employee benefit obligation	<u>\$ 444,680</u>	<u>\$ 403,638</u>
Accrued employee benefit obligation	\$ 444,680	\$ 403,638
Less funded amount	<u>(444,680)</u>	<u>(403,638)</u>
Vested benefits to be funded from future revenue	<u>\$ -</u>	<u>\$ -</u>
Benefit expense in the year	<u>\$ 46,900</u>	<u>\$ 46,900</u>

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

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

The following summarizes the major assumptions in the valuation:

- annual salary increase is 2.5% per annum;
- the discount rate used to determine the accrued benefit obligation is 1.99%;
- retirement age is 60; and
- estimated net excess utilization of rate of sick leave varies with age.

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

Town of Shediac

Notes to the Consolidated Financial Statements

December 31, 2022

8. Tangible capital assets

Cost	General Capital Assets						Water Assets		2021		
	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	
Opening cost	\$ 2,903,462	\$ 13,061,033	\$ 5,659,910	\$ 186,630	\$ 5,035,881	\$ 42,583,755	\$ 76,682	\$ 1,069,512	\$ 14,435,769	\$ 85,011,634	\$ 81,693,678
Additions	8,060	292,645	489,562	110,232	243,655	1,978,948	-	15,579	1,280,461	4,399,142	3,509,232
Disposals	-	-	120,495	-	-	-	-	-	-	120,495	191,476
Closing cost	2,911,522	13,353,678	6,027,977	296,862	5,279,536	44,562,703	76,682	1,085,091	15,696,230	89,290,281	85,011,634
Accumulated amortization											
Opening accumulated amortization	-	4,547,910	2,977,768	188,630	2,746,717	21,665,161	-	832,103	5,367,288	38,323,579	35,901,324
Amortization	-	457,630	378,971	13,429	357,329	1,056,000	-	29,425	409,225	2,702,008	2,613,731
Disposals	-	-	66,846	-	-	-	-	-	-	66,846	191,476
Closing accumulated-amortization	-	5,005,540	3,289,895	200,059	3,104,045	22,721,161	-	861,528	5,776,513	40,958,741	38,323,579
Asset net book value	\$ 2,911,522	\$ 8,348,138	\$ 2,738,082	\$ 96,803	\$ 2,175,491	\$ 21,841,542	\$ 76,682	\$ 223,563	\$ 9,919,717	\$ 48,331,540	\$ 46,688,055

Town of Shediac

Consolidated Statement Notes to the Financial Statements

December 31, 2022

9. Short-term borrowings compliance

Operating borrowing

As prescribed in the *Municipalities Act*, borrowing to finance General Fund operations is limited to 5% of the Municipality's operating budget. Borrowing to finance water services is limited to 50% of the operating budget for the year. In 2022, 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>2022</u>	<u>2021</u>
2022 Surplus	\$ 96,350	\$ -
2021 Surplus	582,597	582,597
2020 Surplus	-	52,428
	<u>\$ 678,947</u>	<u>\$ 635,025</u>

11. Water cost transfer

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

12. Commitments

The Town has lease commitments until 2028 for the rental of equipment, and office space. The balance of the commitments under such leases excluding property taxes and other escalator clauses is \$2,156,061. Minimum payments payable over the next five years are as follows:

2023	\$ 362,441
2024	\$ 362,441
2025	\$ 357,795
2026	\$ 357,795
2027	\$ 357,795

13. Pension plan

The Town has a contributory pension plan for its employees and its share of the pension plan contributions for 2022 were \$159,980 (2021 - \$160,591).

14. Subsequent event

Subsequent to year end, the Town of Shediac amalgamated with the local service districts of Shediac Cape, Scoudouc Road, Pointe-du-Chêne and a portion of Scoudouc as part of the local governance reform. The 2023 consolidated financial statements will include assets, liabilities, accumulated surplus, revenues and expenses of the amalgamated local services districts. Management is not expecting any significant tangible capital assets to be acquired as part of the local government reform. The operating budgets for 2023 which were approved by the Province of New Brunswick includes the amalgamated local service districts.

Town of Shediac

Schedule 1: Consolidated Schedule of Revenues

Year ended December 31	2022	2022	2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other contributions and government transfers			
Provincial government	\$ 39,000	\$ 405,186	\$ 516,649
Gas tax program	480,090	480,090	945,591
	<u>\$ 519,090</u>	<u>\$ 885,276</u>	<u>\$ 1,462,240</u>
Other revenue from own sources			
Firefighting services	\$ 338,575	\$ 341,643	\$ 333,638
Recreation	44,900	76,665	285,759
Arena	215,750	226,215	188,506
Multipurpose centre	125,000	134,026	93,432
Licenses and permits	1,000	580	1,454
Building permits	200,000	427,197	327,255
Road maintenance	54,000	54,064	54,064
Rent	41,800	31,202	40,586
Allocation for green space	-	8,720	-
Sundry	56,900	146,871	93,637
	<u>\$ 1,077,925</u>	<u>\$ 1,447,183</u>	<u>\$ 1,418,331</u>

Town of Shediac

Schedule 2: Consolidated Schedule of Expenditures

Year Ended December 31	2022	2022	2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Legislative			
Mayor	\$ 22,644	\$ 22,119	\$ 21,459
Mayor – other	18,000	15,210	9,923
Councilors	84,762	84,251	81,652
Councilors – other	55,400	47,434	39,553
Development seminars	5,000	29,258	4,794
Other	30,000	20,114	23,350
	<u>215,806</u>	<u>218,386</u>	<u>180,731</u>
Administrative			
Salaries and fringe benefits	697,840	641,308	677,107
Traveling expenses – Town manager	7,500	8,648	5,468
Building – rent and maintenance	358,000	357,795	544,500
Equipment rental	5,400	4,077	4,485
Telecommunications	28,000	25,467	25,775
External audit	37,000	35,830	36,865
Legal and other professional fees	30,000	96,105	82,325
Computer systems	37,872	37,358	71,695
Advertising and promotion	7,000	7,383	11,881
Association fees	18,500	18,323	17,749
Office and postage expenses	35,000	27,163	35,853
Cost of assessment	157,791	157,791	140,395
Simultaneous translation	25,000	15,504	11,251
	<u>1,444,903</u>	<u>1,432,752</u>	<u>1,665,346</u>
Other general government services			
Public liability insurance	88,059	87,079	59,509
Grant	102,850	94,030	66,507
By-law	85,500	59,251	82,153
Human resources	51,300	55,583	43,039
Property taxes	15,500	16,533	14,992
Bond discounts	9,450	9,806	8,998
Bank charges	20,000	20,360	16,507
Bad debts	-	29,413	12,865
	<u>372,659</u>	<u>372,055</u>	<u>304,570</u>
Amortization	13,428	13,428	-
	<u>\$ 2,046,796</u>	<u>\$ 2,036,621</u>	<u>\$ 2,150,647</u>

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

Year Ended December 31	2022	2022	2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Protection services			
Police			
Contract	\$ 1,498,239	\$ 1,498,240	\$ 1,463,160
Sundry	11,800	9,063	12,350
	<u>1,510,039</u>	<u>1,507,303</u>	<u>1,475,510</u>
Fire			
Vehicles	41,100	51,010	44,535
Firefighting association	32,700	32,700	32,700
Fees	118,544	120,619	118,452
Firefighting equipment	31,600	28,716	74,599
Vaccine	1,000	-	-
Garment	25,000	20,173	18,684
Travel	4,500	14	-
Fire prevention	3,300	-	1,347
Salaries and fringe benefits	152,557	157,029	149,690
Fire alarm system	25,500	21,996	23,546
Workers compensation and group insurance	28,500	22,837	25,438
Training	9,500	6,654	8,764
Sundry	8,100	5,562	6,300
Building – repair and maintenance	56,340	57,595	53,015
	<u>538,241</u>	<u>524,905</u>	<u>557,070</u>
Other protection services			
Animal and pest control	30,000	45,150	26,645
Emergency and safety measures	8,600	18,491	28,112
	<u>38,600</u>	<u>63,641</u>	<u>54,757</u>
Interest on bonds	<u>17,706</u>	<u>17,706</u>	<u>19,487</u>
Amortization	<u>123,153</u>	<u>123,153</u>	<u>107,610</u>
	<u>\$ 2,227,739</u>	<u>\$ 2,236,708</u>	<u>\$ 2,214,434</u>

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

Year Ended December 31	2022	2022	2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transportation services			
Common services			
Salaries and fringe benefits	\$ 991,095	\$ 855,158	\$ 836,994
Overtime	120,000	169,771	129,031
General supplies			
Gas and oil	75,000	121,900	77,457
Repair and maintenance	110,000	135,124	116,358
Insurance and licenses	30,000	32,052	26,998
Shop, yard and building			
Repair and maintenance	47,000	85,834	50,629
Heat and light	34,500	42,347	35,508
Municipal taxes, sewer and insurance	65,570	63,504	64,168
Communication services	9,000	7,474	8,500
Engineering services	45,000	110,026	40,105
	<u>1,527,165</u>	<u>1,623,190</u>	<u>1,385,748</u>
Road transportation			
Roads and streets	494,500	434,310	549,487
Snow and ice removal	108,500	114,571	73,345
Street lighting	177,480	194,330	178,160
Traffic services	89,000	63,056	86,168
	<u>869,480</u>	<u>806,267</u>	<u>887,160</u>
Interest			
Interest on short-term borrowing	25,000	27,691	20,067
Interest on bonds	324,171	321,013	332,027
	<u>349,171</u>	<u>348,704</u>	<u>352,094</u>
Amortization	<u>1,388,325</u>	<u>1,388,325</u>	<u>1,357,982</u>
	<u>\$ 4,134,141</u>	<u>\$ 4,166,486</u>	<u>\$ 3,982,984</u>
Environmental health and development services			
Environmental health services			
Garbage and waste collection	\$ 239,900	\$ 272,835	\$ 258,722
Solid waste disposal WASWC	131,493	131,493	127,505
	<u>371,393</u>	<u>404,328</u>	<u>386,227</u>
Environmental development services			
Town planning	254,259	253,161	237,760
Economic development	966,947	1,394,184	417,158
Salaries and fringe benefits	308,736	284,502	291,375
Tourism and municipal development	787,881	594,328	474,666
Pascal Poirier Historical House	49,500	23,689	10,829
Former train station	30,200	25,655	26,294
	<u>2,397,523</u>	<u>2,575,519</u>	<u>1,458,082</u>
	<u>\$ 2,768,916</u>	<u>\$ 2,979,847</u>	<u>\$ 1,844,309</u>

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

Year Ended December 31	2022	2022	2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Arena			
Salaries and fringe benefits	\$ 156,500	\$ 151,051	\$ 166,457
Buildings			
Property taxes and insurance	12,450	12,250	11,071
Electricity	119,000	121,317	109,431
General maintenance	84,700	89,368	141,407
	<u>372,650</u>	<u>373,986</u>	<u>428,362</u>
Parks and playgrounds			
Salaries and fringe benefits	139,000	122,679	91,394
Professional fees	30,000	19,711	61,908
Equipment maintenance	44,120	53,019	39,846
Parks and playground maintenance	158,590	124,778	198,420
Building – repair and maintenance	23,800	5,797	94,794
	<u>395,510</u>	<u>325,984</u>	<u>486,362</u>
Community services			
Salaries and fringe benefits	314,007	317,966	273,664
Multipurpose Centre	438,753	447,328	522,464
Conventions	7,000	7,981	2,594
Advertising and promotion	66,500	37,098	23,081
Activities	96,500	77,186	76,353
Special events	280,097	272,085	226,976
	<u>1,202,857</u>	<u>1,159,644</u>	<u>1,125,132</u>
Library	36,855	28,151	23,108
Interest			
Interest on bonds	27,357	27,357	33,533
Amortization	738,452	738,452	706,675
	<u>\$ 2,773,681</u>	<u>\$ 2,653,574</u>	<u>\$ 2,803,176</u>

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

Year Ended December 31	2022	2022	2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Water services			
Electricity	\$ 108,700	\$ 105,769	\$ 97,322
Amortization	438,650	438,650	441,463
Repairs and maintenance	171,000	92,942	122,326
Interest on long-term debt	59,334	58,850	57,568
Bond discounts	2,170	2,643	2,036
Interim financing	20,000	-	12,203
Engineering services	10,000	20,811	10,015
Sundry	33,000	29,702	30,230
Water testing	15,000	15,070	18,742
Insurance	20,129	19,098	18,423
Bad debts (recovery)	30,000	72,865	46,422
	<u>\$ 907,983</u>	<u>\$ 856,400</u>	<u>\$ 856,750</u>

Town of Shediac

Schedule 3: Schedule of Segment Disclosure

December 31, 2022

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water Services	2022 Consolidated	2021 Consolidated
Revenues								
Property tax warrant*	\$ 3,872,899	\$ 1,982,115	\$ 1,811,213	\$ 2,537,314	\$ 1,530,203	\$ -	\$ 11,733,744	\$ 10,832,530
Other revenue from own sources	122,957	342,223	54,064	427,197	476,828	23,915	1,447,184	1,418,331
Unconditional transfers from Province								
Government*	51,173	26,190	23,932	33,526	20,219	-	155,040	575,919
Gain (loss) on disposal of capital assets	-	-	1,623	-	-	-	1,623	52,803
Other contributions and government transfers	-	-	529,636	-	355,640	-	885,276	1,462,240
Water user fees	-	-	-	-	-	1,725,396	1,725,396	1,694,155
Interest	-	-	-	-	77,223	202,268	279,491	213,146
	4,047,029	2,350,528	2,420,468	2,998,037	2,460,113	1,951,579	16,227,754	16,249,124
Expenses								
Salaries and benefits	806,326	310,348	1,024,929	478,411	815,641	-	3,435,655	3,272,254
Goods and services	1,216,868	1,785,503	1,404,527	2,501,436	1,072,123	356,256	8,336,711	7,489,394
Amortization	13,428	123,153	1,386,325	-	738,452	438,650	2,702,008	2,613,731
Interest	-	17,706	348,704	-	27,357	61,493	455,260	476,921
	2,036,622	2,236,710	4,166,485	2,979,847	2,653,573	856,399	14,929,636	13,852,900
Surplus for the year	\$ 2,010,407	\$ 113,818	\$ (1,746,017)	\$ 18,190	\$ (193,460)	\$ 1,095,180	\$ 1,298,118	\$ 2,396,824

*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, 2022

	General Operating Reserve	General Capital Reserve	Water Operating Reserve	Water Capital Reserve	2022 Total	2021 Total
Accumulated surplus, beginning of year	\$ 659,294	\$ 2,014,556	\$ 97,606	\$ 1,025,295	\$ 3,796,751	\$ 3,027,037
Transfers to/from Water and General Operating Funds Allocation (from) to General Operating Fund	(30,000)	200,000	-	-	170,000	750,000
	(30,000)	200,000	-	-	170,000	750,000
Interest Allocation for green spaces	12,923	41,566	1,976	20,757	77,222	19,714
	-	8,720	-	-	8,720	-
	12,923	50,286	1,976	20,757	85,942	19,714
Annual surplus (deficit)	(17,077)	250,286	1,976	20,757	255,942	769,714
Accumulated surplus, end of year	\$ 642,217	\$ 2,264,842	\$ 99,582	\$ 1,046,052	\$ 4,052,693	\$ 3,796,751

Council Resolutions regarding transfers to and from reserves:

Moved by Councillor Boudreau, seconded by Councillor Bertin that \$30,000 be transferred from to the General Operating Reserve Fund from the General Operating Fund to cover expenses for the multisport infrastructure. These funds were transferred from the General Operating Reserve Fund from the 2020 budget

Moved by Councillor Boudreau, seconded by Councillor Gallant that \$200,000 be transferred from the General Operating Fund to the General Capital Reserve Fund for future economic developments as stipulated in Section 4(1) of Regulation 97-145 and as specified in Section 7(1) of said Regulation.

I hereby certify that the above are true and exact copies of resolutions adopted at a regular meetings of Council on March 28th, 2022 and November 14th, 2022.

Victor Boudreau
Chief Administrative Officer
Town of Shediac

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

December 31, 2022

	General		General		Water		Water		Water		2022 Total All Fund
	General Operating Fund	General Capital Fund	General Operating Fund	General Capital Fund	Water Operating Fund	Water Capital Fund	Water Operating Fund	Water Capital Fund	Water Operating Fund	Water Capital Fund	
2022 annual fund surplus (deficit) ¹	\$ 42,274	\$ 3,150,189	\$ (17,077)	\$ 250,286	\$ 96,350	\$ 1,187,407	\$ 1,976	\$ 20,757	\$ 4,732,162		
Adjustment to annual surplus (deficit) for funding requirements											
Second previous year's surplus	(625,959)	-	-	-	(52,428)	-	-	-	-	-	(678,387)
Long-term debt principal repayment - general	1,111,000	(1,111,000)	-	-	-	-	-	-	-	-	-
Long-term debt principal repayment - water	-	-	-	-	319,000	(319,000)	-	-	-	-	-
Amortization of tangible assets	-	(2,263,358)	-	-	-	(438,650)	-	-	-	-	(2,702,008)
Proceed on sale of capital assets	(55,272)	-	-	-	-	-	-	-	-	-	(55,272)
Gain on disposal of capital assets	-	1,623	-	-	-	-	-	-	-	-	1,623
Capital expenditures paid out of operating funds	1,509,553	(1,509,553)	-	-	868,407	(868,407)	-	-	-	-	-
Total adjustments to 2022 annual surplus	1,939,322	(4,882,288)	-	-	1,134,979	(1,626,057)	-	-	(3,434,044)		
2022 annual surplus per PSAB for the year	\$ 1,981,596	\$ (1,732,099)	\$ (17,077)	\$ 250,286	\$ 1,231,329	\$ (438,650)	\$ 1,976	\$ 20,757	\$ 1,298,118		

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, 2022

	Operating Budget General	Operating Budget Water	Capital Fund Budget	Reallocation of interest	Amortization & adjustments	Transfers	2022 Total
Revenue							
Province of New Brunswick:							
Warrant for property taxes	\$ 11,733,744	-	-	-	-	-	11,733,744
Unconditional grant	155,040	-	-	-	-	-	155,040
Other revenue from own sources	1,062,925	15,000	-	-	-	-	1,077,925
Other contributions and government transfers	39,000	-	480,090	-	-	-	519,090
Water rates	-	1,697,661	-	-	-	-	1,697,661
Recovery from water operating fund	507,500	-	-	-	-	(507,500)	-
Water supply for fire protection	-	205,000	-	-	-	-	-
Gain on disposal of tangible capital assets	10,000	-	-	-	-	-	10,000
Interest	625,959	150,000	-	-	-	-	150,000
Second previous year's surplus	52,427	-	-	-	-	(678,386)	-
	<u>14,134,168</u>	<u>2,120,088</u>	<u>480,090</u>	<u>-</u>	<u>-</u>	<u>(1,390,886)</u>	<u>15,343,460</u>
Expenditure							
General government services	2,033,368	-	-	-	13,428	-	2,046,796
Protective services	2,291,980	-	-	17,706	123,153	-	2,227,739
Transportation services	2,396,645	-	-	349,171	1,388,325	(205,000)	4,134,141
Environmental health & development services	2,768,916	-	-	-	-	-	2,768,916
Recreation and cultural services	2,007,872	-	-	27,357	738,452	-	2,773,681
Water services	-	387,829	-	81,504	438,650	-	907,983
Fiscal services							
Long-term debt repayments	1,111,000	319,000	-	-	-	(1,430,000)	-
Interest	394,234	81,504	-	(475,738)	-	-	-
Transfers from the General Operating Fund	930,253	-	-	-	-	(930,253)	-
Transfers to the General Operating Fund	-	507,500	-	-	-	(507,500)	-
Transfers from the Operating Water Fund	-	703,500	-	-	-	(703,500)	-
Transfers to the General Capital Reserve Fund	200,000	-	-	-	-	(200,000)	-
Transfers to the Water Capital Reserve Fund	-	120,755	-	-	-	(120,755)	-
	<u>14,134,168</u>	<u>2,120,088</u>	<u>-</u>	<u>-</u>	<u>2,702,008</u>	<u>(4,097,008)</u>	<u>14,859,256</u>
Surplus (deficit) for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 480,090</u>	<u>\$ -</u>	<u>\$ (2,702,008)</u>	<u>\$ 2,706,122</u>	<u>\$ 484,204</u>