

TOWN OF BAY ROBERTS
Financial Statements
December 31, 2015

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STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the TOWN OF BAY ROBERTS and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Professional Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Council of the Municipality met with management and its external auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.

Byron Smith, Chartered Professional Accountant as the Municipality's appointed external auditor, has audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted accounting standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian generally accepted accounting principles.



Mayor



Deputy Mayor



BYRON D. SMITH
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of:
Town of Bay Roberts

Report on the Financial Statements

I have audited the accompanying financial statements of the Town of Bay Roberts which is comprised of the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets (Net Debt), the Consolidated Statement of Cash Flows, a summary of significant accounting policies and other explanatory information for the year ended December 31, 2015.

Municipality's Responsibility for the Consolidated Financial Statements

It is the responsibility of the management of the Town of Bay Roberts to ensure the accompanying Consolidated Financial Statements have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles as established by the Public Sector Accounting Board of The Canadian Institute of Chartered Professional Accountants. It is also management's responsibility to ensure appropriate systems of internal and administrative controls are maintained to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Bay Roberts as at December 31, 2015 and the results of its operations and the changes in its cash flows for the year then ended in accordance with the standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Professional Accountants.

Other Matters

In compliance with the requirements of Section 91 of the Municipalities Act, 1999, my report on statutory requirements is included herewith. The comparative amounts were audited by another Chartered Professional Accounting Firm.

Spaniard's Bay, NL
December 14, 2016

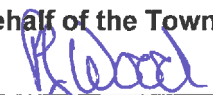

CHARTERED PROFESSIONAL ACCOUNTANT

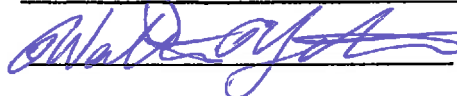
TOWN OF BAY ROBERTS
Consolidated Statement of Financial Position

As at December 31,	2015	2014
FINANCIAL ASSETS		
Cash (Note 5)	\$ 203,989	
Accounts receivable (Note 6)	1,867,021	\$ 1,763,639
Due from Government, Provincial share of long term debt	388,503	516,417
Real estate properties held for sale (Note 1)	<u>701,333</u>	<u>701,333</u>
	<u>3,160,846</u>	<u>2,981,389</u>
LIABILITIES		
Bank Indebtness	53,307	
Operating line of credit (Note 10)	750,000	614,043
Accounts payable and accrued liabilities (Note 7)	1,241,437	716,003
Severance payable	123,163	66,740
Long term debt (Note 8)	<u>4,003,428</u>	<u>4,373,636</u>
	<u>6,171,335</u>	<u>5,770,422</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(3,010,489)</u>	<u>(2,789,033)</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 1)	30,415,183	29,110,138
Prepaid expenses	<u>16,708</u>	<u>22,089</u>
	<u>30,431,891</u>	<u>29,132,227</u>
ACCUMULATED SURPLUS	<u>\$ 27,421,402</u>	<u>\$ 26,343,194</u>

Commitments (Note 12)

On Behalf of the Town:


 _____ Mayor


 _____ Deputy Mayor

The accompanying notes are an integral part of these financial statements.

TOWN OF BAY ROBERTS
Consolidated Statement of Operations

For the Year Ended December 31,	PSAB Budget	Actual	
		2015	2014
Revenue			
Taxation			
Taxation Revenue (Schedule 2)	\$ 5,696,986	\$ 5,697,827	\$ 5,465,346
Sales of Goods and Services (Schedule 2)	482,549	267,751	247,207
Grants and Transfers (Schedule 2)	275,655	1,178,934	874,050
Other Revenue (Schedule 2)			<u>2,362</u>
Total Revenue	<u>6,455,190</u>	<u>7,144,512</u>	<u>6,588,965</u>
Expenditures			
General Government Services (Schedule 3)	828,705	979,633	1,009,582
Protective Services (Schedule 3)	240,445	226,951	207,176
Transportation Services (Schedule 3)	1,438,753	1,697,119	1,418,122
Environmental Health Services (Schedule 3)	1,643,642	1,762,108	2,192,323
Regional development and planning (Schedule 3)	437,504	383,966	377,992
Recreation and Cultural Services (Schedule 3)	490,128	775,643	792,187
Fiscal Services (Schedule 3)	<u>174,973</u>	<u>240,884</u>	<u>310,741</u>
Total Expenditures	<u>5,254,150</u>	<u>6,066,304</u>	<u>6,308,123</u>
Surplus for the year	<u>\$ 1,201,040</u>	<u>\$ 1,078,208</u>	<u>\$ 280,842</u>
<hr/>			
Accumulated surplus, beginning of the year		\$ 26,343,194	\$ 26,062,352
Surplus for the year		<u>1,078,208</u>	<u>280,842</u>
Accumulated surplus, end of the year		<u>\$ 27,421,402</u>	<u>\$ 26,343,194</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BAY ROBERTS
Consolidated Statement of Change in Net Financial Assets (Net Debt)

For the Year Ended December 31,	Actual	
	2015	2014
ANNUAL SURPLUS	\$ 1,078,208	\$ 280,842
Acquisition of tangible capital assets	(2,351,309)	(1,337,984)
Amortization of tangible capital assets	1,041,514	1,132,733
Loss (Gain) on sale of tangible capital assets	4,750	
Decrease (increase) in prepaid expenses	<u>5,381</u>	<u>1,592</u>
CHANGE IN NET FINANCIAL ASSETS	(221,456)	77,183
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>(2,789,033)</u>	<u>(2,866,216)</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	\$ <u>(3,010,489)</u>	\$ <u>(2,789,033)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BAY ROBERTS
Consolidated Statement of Cash Flows

For the Year Ended December 31,

2015

2014

CASH FLOWS FROM OPERATING ACTIVITIES

Cash provided From (Used For):

Operating activities

Surplus for the year	\$ 1,078,208	\$ 280,842
Amortization - non cash item	1,041,514	1,132,733
Loss on disposals	4,750	

Changes in:

Receivables	(103,382)	505,105
Prepaid expenses	5,381	1,592
Payables and accruals	525,434	(93,749)
Severance pay	56,423	
Real estate properties for resale		<u>(256,991)</u>

	<u>2,608,328</u>	<u>1,569,532</u>
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Cash Flows from Financing Activities

Repayment of long-term debt	(995,208)	(951,424)
Decrease (Increase) in Due from the Province of Newfoundland	127,914	
Loans obtained during the year	<u>625,000</u>	

	<u>(242,294)</u>	<u>(951,424)</u>
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Cash Flows from Investing Activities

Capital asset purchases - net	<u>(2,351,309)</u>	<u>(1,337,984)</u>
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Net cash provided (used)	14,725	(719,876)
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Cash, beginning of year	<u>(614,043)</u>	<u>105,833</u>
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Cash, end of year	\$ <u>(599,318)</u>	\$ <u>(614,043)</u>
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Consists of:

Cash	\$ 203,989	
Bank indebtedness	(53,307)	
Operating line of credit	<u>(750,000)</u>	\$ <u>(614,043)</u>

	\$ <u>(599,318)</u>	\$ <u>(614,043)</u>
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Other items:

Interest paid	\$ <u>125,340</u>	\$ <u>154,198</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF BAY ROBERTS
Notes to the Financial Statements

December 31, 2015

1. Status of the Town of Bay Roberts

The incorporated Town of Bay Roberts is a municipal government that was incorporated in 1951 pursuant to the Province of Newfoundland and Labrador's Municipalities Act. The Municipality provides or funds municipal services such as fire, public works, parks and recreation, library, tourism and other general government operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants and reflect the following significant accounting policies:

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

Investments

Temporary investments are accounted for at the lower of cost and market. Portfolio investments are accounted for at cost.

Real Estate Properties Held for Sale

Real estate properties held for sale are recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees and improvements to prepare the properties for sale or servicing. Land and development costs are being amortized against the cost of lot sales.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the balance sheet date.

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 ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

TOWN OF BAY ROBERTS
Notes to the Financial Statements

December 31, 2015

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is put into use and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 50 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Term of lease
Vehicles and Equipment	
Vehicles	5 - 10 years
Machinery, equipment and furniture	5 - 10 years
Maintenance and road construction equipment	10 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	5 to 20 years
Road grade	30 years
Bridges	30 to 50 years
Traffic lights and equipment	10 to 15 years
Marine structures	25 years
Water and Sewer	
Land	Indefinite
Land improvements	50 years
Buildings	25 to 40 years
Underground networks	15 to 100 years
Machinery and equipment	15 years
Dams and other surface water structures	25 to 50 years

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of the property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Revenue Recognition

Revenues are recognized as earned and when collection is reasonably assured. Tax rates are approved annually by Council.

TOWN OF BAY ROBERTS
Notes to the Financial Statements

December 31, 2015

Expenditure Recognition

Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

Interest on long term debt is accrued at year end.

Use of Estimates

The preparation of the Town's financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements and the reported amounts of revenues during the reporting period. Actual results could differ from those estimates.

Inventories

Inventories held for sale are recorded at the lower of cost and net realizable value. Inventories held for consumption are recorded at the lower of cost and replacement value.

Severance Pay

The Town records severance pay liability for both management and union employees. Management employees are entitled to one week of pay for each year of service after ten years of service to a maximum of 25 years. Bargaining unit employees are entitled to one week of pay for each year of service after five years of service to a maximum of \$15,000.

Donated Materials

Donated materials are recorded at fair market value at the date of receipt.

3. The manner in which the accounts have been kept and the safeguards against fraud

The Municipality's position in these respects was considered satisfactory.

4. Sufficiency of Bonds

Fidelity bond coverage of \$ 50,000 is carried on employees of the municipality who are in a position of trust and this coverage is considered to be accurate.

5. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

Cash and bank

	<u>2015</u>	<u>2014</u>
	\$ <u>203,989</u>	\$ <u>NIL</u>

TOWN OF BAY ROBERTS
Notes to the Financial Statements

December 31, 2015

6. Accounts Receivable	<u>2015</u>	<u>2014</u>
Taxes:		
Business	\$ 305,267	\$ 264,010
Property	1,037,470	912,028
Water and sewer	<u>387,329</u>	<u>348,018</u>
	1,730,066	1,524,056
GST Rebate	217,930	177,430
Interest on taxation accounts	462,735	363,298
Due from provincial government - grants	176,841	357,514
Other	<u>18,512</u>	<u>13,319</u>
	<u>876,018</u>	<u>911,561</u>
	2,606,084	2,435,617
Allowance for doubtful accounts	<u>(739,063)</u>	<u>(671,978)</u>
	<u><u>\$ 1,867,021</u></u>	<u><u>\$ 1,763,639</u></u>

7. Accounts Payable and Accrued Liabilities	<u>2015</u>	<u>2014</u>
Accounts payable	\$ 581,858	\$ 499,378
Source deductions overpayment	48,723	
Capital accounts payable	553,025	150,686
Prepaid taxes	<u>57,831</u>	<u>65,939</u>
	<u><u>\$ 1,241,437</u></u>	<u><u>\$ 716,003</u></u>

8. Long Term Debt	<u>2015</u>	<u>2014</u>
Bank of Montreal		
Loan bearing interest at a rate of prime per annum, repayable in monthly blended payments of \$61,167. The loan is reviewed annually and consolidated with any loan drawdowns for the previous year.	\$ 229,699	\$ 946,167
Loan bearing interest at a rate of prime per annum and repayment terms have not yet been established.	<u>350,000</u>	<u>350,000</u>
	<u>579,699</u>	<u>1,296,167</u>

TOWN OF BAY ROBERTS
Notes to the Financial Statements

December 31, 2015

8. Long Term Debt (continued)	<u>2015</u>	<u>2014</u>
Balance forward	579,699	1,296,167
Loan bearing interest at a rate of prime per annum and repayment terms have not yet been established.	250,000	250,000
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$893, maturing of December 31, 2027.	108,230	114,944
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,330, maturing on December 31, 2027.	399,771	427,870
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,366, maturing on December 31, 2027.	407,765	433,061
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$2,244, maturing on December 31, 2027.	269,599	288,708
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,143, maturing on December 31, 2027.	501,932	533,071
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,960, maturing on December 31, 2027.	475,722	513,398
Fixed rate loan at rate at 2.86%, repayable in blended monthly installments of \$55,163, maturing on October 31, 2017.	215,032	316,996
Fixed rate loan at prime plus 3.00%, repayable in blended monthly installments of \$17,821, maturing on February 29, 2016.	<u>173,471</u>	<u>199,421</u>
	<u>3,381,221</u>	<u>4,373,636</u>

TOWN OF BAY ROBERTS
Notes to the Financial Statements

December 31, 2015

8. Long Term Debt (continued)	<u>2015</u>	<u>2014</u>
Balance forward	3,381,221	4,373,636
Fixed rate loan at 3.27%, repayable in blended monthly installments of \$3,372, maturing in 2021.	<u>622,207</u>	<u> </u>
Total Bank of Montreal	<u>4,003,428</u>	<u>4,373,636</u>
Total long-term debt	<u>\$ 4,003,428</u>	<u>\$ 4,373,636</u>

The annual principal repayments estimated over next 5 years on existing long-term debt are as follows:

2016	\$ 662,129
2017	\$ 271,939
2018	\$ 167,833
2019	\$ 174,433
2020	\$ 181,033

9. Budget

In accordance with the Province of Newfoundland and Labrador's Municipalities Act, every council must adopt a financial plan for each fiscal period in a form approved by the Minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations of PSAB.

For comparative purposes, the Town has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results.

The budget figures used in these financial statements have been approved by Council and the Minister.

The reconciliation between the Municipality's cash based financial plan and the PSAB accrual based budget figures used in these statements is disclosed in Schedule 4 - Reconciliation of the Financial Plan to the Budget.

10. CREDIT FACILITIES

The company has a \$750,000 revolving demand credit arrangement with the Bank of Nova Scotia. This line of credit was \$750,000 at year-end. This credit arrangement is secured by a general security agreement of the Town's assets held by the bank.

11. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current years presentation.

TOWN OF BAY ROBERTS
Notes to the Financial Statements

December 31, 2015

12. Commitments

During 2015, Council approved various capital projects and purchases that will be completed during 2016, approved costs are summarized as follows:

Barrack's Road Street Upgrades - Phase 1	\$ <u>235,595</u>
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These projects will be funded by capital grants and loans when approvals are finalized.

13. Financial Instruments

Transactions in financial instruments may result in the Municipality assuming or transferring to another party one or more of the financial risks described below. The disclosures below provide information that assists users of these financial statements in assessing the extent of risk related to financial instruments.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Municipality is exposed to credit risk on the accounts receivable from its customers. The Municipality has a significant number of customers which minimizes concentration of credit risk.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by changes in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipality manages exposure through its normal operating and financing activities. The Municipality is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Fair Value

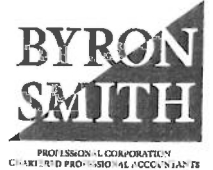
The carrying value of the Municipality's financial assets and financial liabilities as at December 31, 2015 approximate their fair value.

TOWN OF BAY ROBERTS
Consolidated Schedule of Tangible Capital Assets

Schedule 1

December 31, 2015

	General Capital Assets						Totals		
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Infrastructure Roads, Streets and Bridges	Water and Sewer		Recreational Facilities	
Cost									
Opening Costs	\$ 276,162	\$ 3,417,441	\$ 2,675,046		\$ 4,482,292	\$ 39,539,420	\$ 645,051	\$ 51,035,412	\$ 49,697,428
Additions during the year	219,433	96,623	434,605		491,140	936,482	173,026	2,351,309	1,337,984
Disposals and adjustments			(14,957)					(14,957)	
Closing Costs	495,595	3,514,064	3,094,694		4,973,432	40,475,902	818,077	53,371,764	51,035,412
Accumulated Amortization									
Opening accum'd amortization		3,031,145	1,472,846		2,732,509	14,629,658	59,115	21,925,273	20,792,541
Amortization		16,053	140,299		94,188	759,161	31,813	1,041,514	1,132,733
Disposals and write downs			(10,206)					(10,206)	
Closing accum'd amortization		3,047,198	1,602,939		2,826,697	15,388,819	90,928	22,956,581	21,925,274
Net Book Value of Tangible Capital Assets	\$ 495,595	\$ 466,866	\$ 1,491,755	\$ NIL	\$ 2,146,735	\$ 25,087,083	\$ 727,149	\$ 30,415,183	\$ 29,110,138



TOWN OF BAY ROBERTS
Consolidated Schedule of Revenues

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual	
		2015	2014
Taxation			
Property tax	\$ 3,240,044	\$ 3,677,864	\$ 3,508,158
Poll tax	48,000	23,717	32,452
Business tax	1,091,544	1,120,885	1,087,819
Water and sewer tax	1,317,398	869,427	849,222
Penalties and interest on taxes receivable		136,648	113,518
Discounts		(130,714)	(125,823)
	<u>5,696,986</u>	<u>5,697,827</u>	<u>5,465,346</u>
Sales of goods and services			
Permits and certificates	28,000	18,795	31,200
Recreation and cultural services	84,000	174,454	148,236
Fire protection service fees	42,000	42,015	33,056
Water supply	20,000	20,000	21,200
Other sales of goods and services	<u>308,549</u>	<u>12,487</u>	<u>13,515</u>
	<u>482,549</u>	<u>267,751</u>	<u>247,207</u>
Grants and transfers			
Government of Canada			
Other federal revenue	60,000	132,590	56,322
Government transfers - Provincial			
Municipal operating grant	198,600	198,483	198,484
Municipal capital grant	242,361	709,295	357,513
Gas tax revenue			116,028
Interest on government loans	306,000	18,055	
Other provincial grants and/or subsidies		<u>120,511</u>	<u>145,703</u>
	<u>806,961</u>	<u>1,178,934</u>	<u>874,050</u>
Other revenue			
Sundry			<u>2,362</u>
			<u>2,362</u>
Total Revenue	\$ <u>6,986,496</u>	\$ <u>7,144,512</u>	\$ <u>6,588,965</u>

TOWN OF BAY ROBERTS
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2015	2014
General Government Services			
Salaries and benefits	\$ 366,452	\$ 444,638	\$ 562,632
Office	86,280	91,946	105,068
Other general expenses	213,620	290,081	186,184
Insurance - General	56,000	54,157	54,490
Council	90,300	82,758	85,155
Amortization		16,053	16,053
	<u>\$ 812,652</u>	<u>\$ 979,633</u>	<u>\$ 1,009,582</u>
Protective Services			
Fire protection	\$ 127,600	\$ 129,613	\$ 163,718
Enforcement officer	83,405	69,079	8,265
Animal control	3,000	1,819	1,422
Amortization		26,440	33,771
	<u>\$ 214,005</u>	<u>\$ 226,951</u>	<u>\$ 207,176</u>
Transportation Services			
Road maintenance	\$ 636,717	\$ 1,003,705	\$ 624,694
Snow clearing	169,639	127,137	153,797
Street lighting	173,000	182,254	182,033
Equipment maintenance	251,350	171,225	160,348
Amortization		208,047	297,250
Loss on disposal of assets		4,751	
	<u>\$ 1,230,706</u>	<u>\$ 1,697,119</u>	<u>\$ 1,418,122</u>
Fiscal Services			
Doubtful Accounts	\$ 119,133	\$ 67,085	\$ 115,960
Capital expenditures from own revenue and grants	1,530,200		1,492
Debt charges	1,256,000	125,340	154,198
Bank charges	43,500	48,459	39,091
	<u>\$ 2,948,833</u>	<u>\$ 240,884</u>	<u>\$ 310,741</u>
Environmental Health Services			
Garbage and waste collection and disposal	\$ 521,481	\$ 711,870	\$ 590,723
Water and sewage utility, operation and maintenance	363,000	291,077	847,753
Amortization		759,161	753,847
	<u>\$ 884,481</u>	<u>\$ 1,762,108</u>	<u>\$ 2,192,323</u>

TOWN OF BAY ROBERTS
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,

Financial Plan

Actual
2015 **2014**

Regional planning and development

Community improvement and development	\$ 78,000	\$ 104,374	\$ 220,139
Tourism and marketing	<u>359,504</u>	<u>279,592</u>	<u>157,853</u>
	<u>\$ 437,504</u>	<u>\$ 383,966</u>	<u>\$ 377,992</u>

Recreation and Cultural Services

Swimming Pool	\$ 173,898	\$ 181,802	\$ 132,350
Parks and playgrounds	195,075	309,389	344,138
Other recreation and cultural service	89,342	252,639	283,886
Amortization	<u> </u>	<u>31,813</u>	<u>31,813</u>
	<u>\$ 458,315</u>	<u>\$ 775,643</u>	<u>\$ 792,187</u>
 Total Expenses	 <u>\$ 6,986,496</u>	 <u>\$ 6,066,304</u>	 <u>\$ 6,308,123</u>

TOWN OF BAY ROBERTS

Reconciliation of Financial Plan to Budget (PSAB)

For The Year Ended December 31, 2015

Schedule 4

	<u>Financial Plan</u>	<u>Amortization - Town</u>	<u>Interest Expense</u>	<u>Transfers</u>	<u>Long Term Accruals</u>	<u>Actual Amounts Consolidated Entities</u>	<u>PSAB Budget</u>
REVENUE							
Taxation	\$ 5,696,986					\$ 5,696,986	
Sales of goods and services	482,549					482,549	
Grants and transfers	<u>806,961</u>			\$ (531,306)		<u>275,655</u>	
Total revenue	<u>\$ 6,986,496</u>			<u>(531,306)</u>		<u>6,455,190</u>	
EXPENSES							
General government services	\$ 812,652	\$ 16,053				828,705	
Protective services	214,005	26,440				240,445	
Transportation services	1,230,706	208,047	\$			1,438,753	
Environmental health services	884,481	759,161				1,643,642	
Recreation and cultural services	458,315	31,813				490,128	
Regional planning and development	437,504					437,504	
Fiscal Services - other	<u>2,948,833</u>		(1,243,660)	(1,530,200)		<u>174,973</u>	
Total expenses	<u>\$ 6,986,496</u>	<u>1,041,514</u>	<u>(1,243,660)</u>	<u>(1,530,200)</u>		<u>5,254,150</u>	
Surplus(Deficit)		<u>\$ (1,041,514)</u>	<u>\$ 1,243,660</u>	<u>\$ 998,894</u>	<u>\$ NIL</u>	<u>\$ NIL</u>	<u>\$ 1,201,040</u>

December 14, 2016

To the Mayor and Councillors of:
TOWN OF BAY ROBERTS

In compliance with the requirements of section 91 of the Municipalities Act, my report as follows on the audit of the accounts of the Council for the year ended December 31, 2015.

Expenditures in relation to budget:

Actual expenditures of \$6,066,304 were within the limits of the adopted budget by \$920,192. Section 81 of the Act provides that except with the approval of the Minister, the Council's expenditures shall not exceed the estimated amount of expenditures set out in an approved budget.

Arrears on revenue:

Taxes and interest receivable totaled \$2,192,801 at December 31, 2015. Of this amount, \$1,513,206 has been outstanding for one year or longer, while the balance of \$679,595 represents arrears on account of taxes and rates levied in 2015.

The manner in which the accounts have been kept and the adequacy of safeguards against fraud:

The position in this respect was considered satisfactory, however there are some control weaknesses which are inherent with the municipalities of this size.

Sufficiency of bonds:

Fidelity bond coverage of \$ 50,000 is carried on employees of the Council who are in a position of trust. In my opinion, the coverage provided is sufficient.

BYRON D. SMITH
CHARTERED PROFESSIONAL ACCOUNTANT
Spaniard's Bay, Newfoundland

**Auditor's Report
On Compliance with Federal Gas Tax Funding Agreement**

To: Mayor and Councillors,
TOWN OF BAY ROBERTS, NL

I have audited the Annual Expenditure Report - Gas Tax Funding Agreement for the TOWN OF BAY ROBERTS and the Town's compliance as at December 31, 2015 with the criteria established for eligible expenditures as outlined in the Agreement signed September 10, 2014. Compliance with the criteria established by the agreement is the responsibility of the management of the Town. My responsibility is to express an opinion on this overall compliance based on my audit.

I conducted my audit in accordance with the Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the Town complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting the compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In my opinion, as at December 31, 2015, the amounts disclosed in the Annual Expenditure Report by the TOWN OF BAY ROBERTS is not materially misstated and is in compliance, in all material respects, with the criteria established for eligible expenditures as set out under the terms and conditions of the Gas Tax Funding Agreement.

Spaniard's Bay, NL
December 14, 2016

CHARTERED PROFESSIONAL ACCOUNTANT

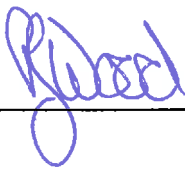
TOWN OF BAY ROBERTS
Annual Expenditures Report - Gas Tax Agreement

For the Year Ended December 31, 2015

	<u>2015</u>	<u>Cumulative</u>
Balance available, beginning of year	\$ NIL	\$ NIL
Spent on eligible projects		(1,575,535)
Received from Newfoundland and Labrador		<u>1,575,535</u>
Balance available, end of year	<u>\$ NIL</u>	<u>\$ NIL</u>

Certification

This is to certify that for the year ended December 31, 2015 the TOWN OF BAY ROBERTS has complied with the terms and conditions of the Gas Tax Funding Agreement.



Mayor