

**TOWN OF BAY ROBERTS**  
**Financial Statements**  
December 31, 2016

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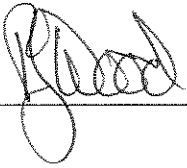
## STATEMENT OF RESPONSIBILITY

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 Chartered Professional Accountants of Canada.

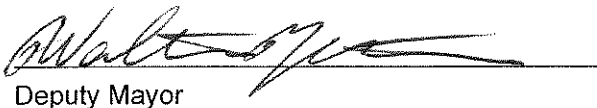
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

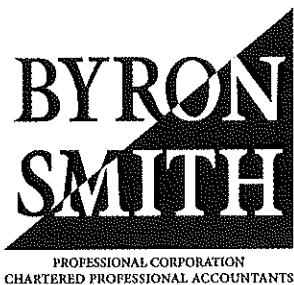
Byron Smith, Chartered Professional Accountant as the Municipality's appointed external auditor, has audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted 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, 2016.

### 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 Chartered Professional Accountants of Canada. 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, 2016 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 Chartered Professional Accountants of Canada.

### Other Matters

In compliance with the requirements of Section 91 of the Municipalities Act, 1999, my report on statutory requirements is included herewith.

Spaniard's Bay, NL  
June 15, 2017

  
CHARTERED PROFESSIONAL ACCOUNTANT

**TOWN OF BAY ROBERTS**  
**Consolidated Statement of Financial Position**


As at December 31,	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash (Note 5)	\$ 114,242	\$ 203,989
Accounts receivable (Note 6)	2,993,586	1,867,021
Due from Government, Provincial share of long term debt	256,905	388,503
Due from Government, Gas Tax Program	735,733	
Real estate properties held for sale (Note 1)	<u>703,029</u>	<u>701,333</u>
	<u>4,803,495</u>	<u>3,160,846</u>
<b>LIABILITIES</b>		
Bank indebtedness		53,307
Operating line of credit (Note 10)	900,000	750,000
Accounts payable and accrued liabilities (Note 7)	2,493,604	1,241,437
Severance payable	118,709	123,163
Deferred revenue - gas tax funds (Note 14)	343,114	
Long term debt (Note 8)	<u>3,455,223</u>	<u>4,003,428</u>
	<u>7,310,650</u>	<u>6,171,335</u>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<u>(2,507,155)</u>	<u>(3,010,489)</u>


<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule 1)	33,395,473	30,415,183
Prepays and other assets	<u>25,188</u>	<u>16,708</u>
	<u>33,420,661</u>	<u>30,431,891</u>

**ACCUMULATED SURPLUS** \$ 30,913,506    \$ 27,421,402

**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	
		2016	2015
<b>Revenue</b>			
Taxation			
Taxation Revenue (Schedule 2)	\$ 6,122,414	\$ 6,158,412	\$ 5,697,827
Sales of Goods and Services (Schedule 2)	507,843	510,068	267,751
Grants and Transfers (Schedule 2)	<u>2,832,601</u>	<u>2,832,602</u>	<u>1,178,934</u>
Total Revenue	<u>9,462,858</u>	<u>9,501,082</u>	<u>7,144,512</u>
<b>Expenditures</b>			
General Government Services (Schedule 3)	836,085	868,087	979,633
Protective Services (Schedule 3)	269,227	216,682	226,951
Transportation Services (Schedule 3)	1,928,596	1,787,140	1,697,119
Environmental Health Services (Schedule 3)	1,692,551	1,621,357	1,762,108
Regional development and planning (Schedule 3)	509,908	389,245	383,966
Recreation and Cultural Services (Schedule 3)	828,077	937,772	775,643
Fiscal Services (Schedule 3)	<u>272,250</u>	<u>274,668</u>	<u>240,884</u>
Total Expenditures	<u>6,336,694</u>	<u>6,094,951</u>	<u>6,066,304</u>
<b>Surplus for the year</b>	<u>\$ 3,126,164</u>	<u>\$ 3,406,131</u>	<u>\$ 1,078,208</u>
<hr/>			
<b>Accumulated surplus, beginning of the year</b>		\$ 27,421,402	\$ 26,343,194
<b>Net assets from the Bay Arena</b>		85,973	
<b>Surplus for the year</b>		<u>3,406,131</u>	<u>1,078,208</u>
<b>Accumulated surplus, end of the year</b>		<u>\$ 30,913,506</u>	<u>\$ 27,421,402</u>

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

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

For the Year Ended December 31,	Actual	
	2016	2015
<b>ANNUAL SURPLUS</b>	\$ 3,406,131	\$ 1,078,208
Acquisition of tangible capital assets	(4,169,610)	(2,351,309)
Amortization of tangible capital assets	1,257,925	1,041,514
Loss (Gain) on sale of tangible capital assets	1,700	4,750
Proceeds on sale of tangible capital assets	9,300	
Net book value of assets from the Bay Arena assumed	6,368	
Decrease (increase) in prepaid expenses	<u>(8,480)</u>	<u>5,381</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	503,334	(221,456)
<b>NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR</b>	<u>(3,010,489)</u>	<u>(2,789,033)</u>
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	\$ <u>(2,507,155)</u>	\$ <u>(3,010,489)</u>

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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,

2016

2015

**CASH FLOWS FROM OPERATING ACTIVITIES**

**Cash provided From (Used For):**

<b>Operating activities</b>		
Surplus for the year	\$ 3,406,131	\$ 1,078,208
Amortization - non cash item	1,257,925	1,041,514
Loss on disposals	1,700	4,750
Changes in:		
Receivables	(1,862,298)	(103,382)
Prepaid expenses	(8,480)	5,381
Payables and accruals	1,252,167	525,434
Severance pay	(4,454)	56,423
Consolidation of Bay Arena	6,368	
Deferred revenue	343,114	
Real estate properties for resale	(1,696)	
	<u>4,390,477</u>	<u>2,608,328</u>

**Cash Flows from Financing Activities**

Repayment of long-term debt	(548,205)	(995,208)
Decrease (Increase) in Due from the Province of Newfoundland	131,598	127,914
Loans obtained during the year		625,000
	<u>(416,607)</u>	<u>(242,294)</u>

**Cash Flows from Investing Activities**

Capital asset purchases - net	(4,169,610)	(2,351,309)
Proceeds on disposal of capital assets	9,300	
	<u>(4,160,310)</u>	<u>(2,351,309)</u>

Net cash provided (used) (186,440) 14,725

Cash, beginning of year (599,318) (614,043)

Cash, end of year \$ (785,758) \$ (599,318)

**Consists of:**

Cash	\$ 114,242	\$ 203,989
Bank indebtedness		(53,307)
Operating line of credit	(900,000)	(750,000)
	<u>\$ (785,758)</u>	<u>\$ (599,318)</u>

Other items:

Interest paid \$ 112,048 \$ 125,340

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



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**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**

**December 31, 2016**

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**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 Chartered Professional Accountants of Canada 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.

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**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**

**December 31, 2016**

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**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.

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**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**

**December 31, 2016**

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**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:

	<u>2016</u>	<u>2015</u>
Cash and bank	\$ <u>114,242</u>	\$ <u>203,989</u>

**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**

**December 31, 2016**

<b>6. Accounts Receivable</b>	<u>2016</u>	<u>2015</u>
Taxes:		
Business	\$ 391,521	\$ 305,267
Property	1,147,206	1,037,470
Water and sewer	<u>425,143</u>	<u>387,329</u>
	1,963,870	1,730,066
GST Rebate	593,803	217,930
Interest on taxation accounts	588,794	462,735
Due from provincial government - grants	672,381	176,841
Other	<u>19,515</u>	<u>18,512</u>
	<u>1,874,493</u>	<u>876,018</u>
	3,838,363	2,606,084
Allowance for doubtful accounts	<u>(844,777)</u>	<u>(739,063)</u>
	<u>\$ 2,993,586</u>	<u>\$ 1,867,021</u>

<b>7. Accounts Payable and Accrued Liabilities</b>	<u>2016</u>	<u>2015</u>
Accounts payable	\$ 365,789	\$ 581,858
Source deductions overpayment	701	48,723
Capital accounts payable (Note 11)	2,032,898	553,025
Prepaid taxes	<u>94,216</u>	<u>57,831</u>
	<u>\$ 2,493,604</u>	<u>\$ 1,241,437</u>

<b>8. Long Term Debt</b>	<u>2016</u>	<u>2015</u>
<b>Bank of Montreal</b>		
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
Loan bearing interest at a rate of 2.97% per annum, repayable in blended monthly installments of \$7,030 commencing January 31, 2017, maturing on December 31, 2024.	\$ 600,000	<u>600,000</u>
	<u>600,000</u>	<u>829,699</u>

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**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**

**December 31, 2016**

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<b>8. Long Term Debt (continued)</b>	<b>2016</b>	<b>2015</b>
Balance forward	600,000	829,699
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$893, maturing of December 31, 2027.	100,309	108,230
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,330, maturing on December 31, 2027.	370,513	399,771
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,366, maturing on December 31, 2027.	377,922	407,765
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$2,244, maturing on December 31, 2027.	251,946	269,599
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,143, maturing on December 31, 2027.	465,197	501,932
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,960, maturing on December 31, 2027.	444,573	475,722
Fixed rate loan at rate at 2.86%, repayable in blended monthly installments of \$55,163, maturing on October 31, 2017.	110,134	215,032
Fixed rate loan at 2.49%, repayable in blended semi-annual installments of \$13,249, maturing on February 28, 2023.	<u>146,771</u>	<u>173,471</u>
	<u>2,867,365</u>	<u>3,381,221</u>

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**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**

**December 31, 2016**

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<b>8. Long Term Debt (continued)</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Balance forward	2,867,365	3,381,221
Fixed rate loan at 3.27%, repayable in blended monthly installments of \$3,372, maturing in 2021.	<u>587,858</u>	<u>622,207</u>
Total long-term debt	<u>\$ 3,455,223</u>	<u>\$ 4,003,428</u>

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

2017	\$ 368,902
2018	\$ 290,609
2019	\$ 299,207
2020	\$ 310,171
2021	\$ 309,616

#### **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 \$900,000 revolving demand credit arrangement with the Bank of Nova Scotia. This line of credit was \$900,000 at year-end. This credit arrangement is secured by a general security agreement of the Town's assets held.

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**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**

**December 31, 2016**

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**11. Commitments**

During 2016, Council approved various capital projects and purchases that will be completed during 2017, approved costs are summarized as follows:

Klondyke Bridge	\$ 366,182
Road Improvements, Water, Sewer System and Lift Station Upgrades	\$ 1,435,204
Recreation Complex Upgrades	\$ 1,400,000

These projects will be funded 80% by the Province and 20% by the Town. The Town's portion is being financed by long term loans when approvals are finalized.

**12. 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, 2016 approximate their fair value.

**TOWN OF BAY ROBERTS**

**Consolidated Schedule of Tangible Capital Assets**

**Schedule 1**

December 31, 2016

	General Capital Assets					Infrastructure		Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets and Bridges	Water and Sewer		Recreational Facilities
Cost							2016	2015	
Opening Costs	\$ 495,595	\$ 3,514,064	\$ 3,094,694		\$ 4,973,432	\$ 40,475,902	\$ 818,077	\$ 53,371,764	\$ 51,035,412
Additions during the year		58,421	652,720		673,082	2,282,392	502,995	4,169,610	2,351,309
(Disposals) and original cost of Bay Arena assets assumed		928,091	(254,975)				283,384	956,500	(14,957)
Closing Costs	495,595	4,500,576	3,492,439		5,646,514	42,758,294	1,604,456	58,487,874	53,371,764
<b>Accumulated Amortization</b>									
Opening amortization		3,047,198	1,602,939		2,826,697	15,388,819	90,928	22,956,581	21,925,273
Amortization		24,529	249,691		123,335	809,571	50,799	1,257,925	1,041,514
(Disposals) and amortization of Bay Arena assets assumed		912,207	(288,709)				264,397	887,895	(10,206)
Closing amortization		3,983,934	1,563,921		2,950,032	16,198,390	406,124	25,102,401	22,956,581
<b>Net Book Value of Tangible Capital Assets</b>	\$ 495,595	\$ 516,642	\$ 1,928,518	\$ NIL	\$ 2,696,482	\$ 26,559,904	\$ 1,198,332	\$ 33,395,473	\$ 30,415,183



**TOWN OF BAY ROBERTS**  
**Consolidated Schedule of Revenues**

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual	
		2016	2015
<b>Taxation</b>			
Property tax	\$ 3,605,823	\$ 4,005,008	\$ 3,677,864
Poll tax	48,000	8,321	23,717
Business tax	1,152,474	1,217,170	1,120,885
Water and sewer tax	1,316,117	863,007	869,427
Penalties and interest on taxes receivable		167,829	136,648
Discounts		(102,923)	(130,714)
	<u>6,122,414</u>	<u>6,158,412</u>	<u>5,697,827</u>
<b>Sales of goods and services</b>			
Permits and certificates	30,000	38,146	18,795
Recreation and cultural services	115,000	120,477	91,622
Arena		192,166	
Fire protection service fees	40,000	42,350	42,015
Swimming pool		67,235	82,832
Water supply	20,000	23,500	20,000
Other sales of goods and services	<u>110,677</u>	<u>26,194</u>	<u>12,487</u>
	<u>315,677</u>	<u>510,068</u>	<u>267,751</u>
<b>Grants and transfers</b>			
Government of Canada			
Other federal revenue	457,694	112,573	132,590
Government transfers - Provincial			
Municipal operating grant	198,600	198,490	198,483
Municipal capital grant		1,846,627	709,295
Gas tax revenue - Federal		392,619	
Gas tax revenue - Provincial		28,808	
Interest on government loans	305,999	14,371	18,055
Other provincial grants and/or subsidies		<u>239,114</u>	<u>120,511</u>
	<u>962,293</u>	<u>2,832,602</u>	<u>1,178,934</u>
<b>Total Revenue</b>	<b>\$ <u>7,400,384</u></b>	<b>\$ <u>9,501,082</u></b>	<b>\$ <u>7,144,512</u></b>

**TOWN OF BAY ROBERTS**  
**Consolidated Schedule of Expenses**

**Schedule 3**

For the Year Ended December 31,	Financial Plan	Actual	
		2016	2015
<b>General Government Services</b>			
Salaries and benefits	\$ 368,866	\$ 402,722	\$ 444,638
Office	80,500	65,271	91,946
Other general expenses	221,410	221,322	290,081
Insurance - General	57,680	64,162	54,157
Council	83,100	90,081	82,758
Amortization		<u>24,529</u>	<u>16,053</u>
	<u>\$ 811,556</u>	<u>\$ 868,087</u>	<u>\$ 979,633</u>
<b>Protective Services</b>			
Fire protection	\$ 151,408	\$ 101,063	\$ 129,613
Enforcement officer	82,857	82,399	69,079
Animal control	3,000	1,258	1,819
Amortization		<u>31,962</u>	<u>26,440</u>
	<u>\$ 237,265</u>	<u>\$ 216,682</u>	<u>\$ 226,951</u>
<b>Transportation Services</b>			
Road maintenance	\$ 1,309,452	\$ 963,194	\$ 1,003,705
Snow clearing	173,617	117,981	127,137
Street lighting	178,190	178,292	182,254
Equipment maintenance	272,531	184,909	175,976
Amortization		341,064	208,047
Loss on disposal of assets		<u>1,700</u>	
	<u>\$ 1,933,790</u>	<u>\$ 1,787,140</u>	<u>\$ 1,697,119</u>
<b>Fiscal Services</b>			
Doubtful Accounts	\$ 117,261	\$ 105,715	\$ 67,085
Capital expenditures from own revenue and grants			
Debt charges	1,306,000	112,048	125,340
Bank charges	<u>42,940</u>	<u>56,905</u>	<u>48,459</u>
	<u>\$ 1,466,201</u>	<u>\$ 274,668</u>	<u>\$ 240,884</u>
<b>Environmental Health Services</b>			
Garbage and waste collection and disposal	\$ 542,690	\$ 631,187	\$ 711,870
Water and sewage utility, operation and maintenance	340,290	180,599	291,077
Amortization		<u>809,571</u>	<u>759,161</u>
	<u>\$ 882,980</u>	<u>\$ 1,621,357</u>	<u>\$ 1,762,108</u>

**TOWN OF BAY ROBERTS  
Consolidated Schedule of Expenses**

**Schedule 3**

For the Year Ended December 31,	Financial Plan	Actual	
		2016	2015
<b>Regional planning and development</b>			
Community improvement and development	\$ 219,000	\$ 61,458	\$ 104,374
Tourism and marketing	<u>290,908</u>	<u>327,787</u>	<u>279,592</u>
	<u>\$ 509,908</u>	<u>\$ 389,245</u>	<u>\$ 383,966</u>
<b>Recreation and Cultural Services</b>			
Swimming Pool	\$ 160,458	\$ 153,553	\$ 181,802
Parks and playgrounds	1,263,126	286,523	309,389
Arena		215,100	
Other recreation and cultural service	135,100	231,797	252,639
Amortization	<u></u>	<u>50,799</u>	<u>31,813</u>
	<u>\$ 1,558,684</u>	<u>\$ 937,772</u>	<u>\$ 775,643</u>
<b>Total Expenses</b>	<u>\$ 7,400,384</u>	<u>\$ 6,094,951</u>	<u>\$ 6,066,304</u>

**TOWN OF BAY ROBERTS**  
**Reconciliation of Financial Plan to Budget (PSAB)**

**Schedule 4**

For The Year Ended December 31, 2016

	<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>
<b>REVENUE</b>							
Taxation	\$ 6,122,414					\$ 6,122,414	\$ 6,122,414
Sales of goods and services	315,677					192,166	507,843
Grants and transfers	<u>962,293</u>			\$ 1,870,308			<u>2,832,601</u>
Total revenue	\$ <u>7,400,384</u>			<u>1,870,308</u>		<u>192,166</u>	<u>9,462,858</u>
<b>EXPENSES</b>							
General government services	\$ 811,556	\$ 24,529					836,085
Protective services	237,265	31,962					269,227
Transportation services	1,933,790	341,064		(346,258)			1,928,596
Environmental health services	882,980	809,571					1,692,551
Recreation and cultural services	1,558,684	50,799		(1,000,000)		218,594	828,077
Regional planning and development	509,908						509,908
Fiscal Services - other	<u>1,466,201</u>		\$ (1,193,951)				<u>272,250</u>
Total expenses	\$ <u>7,400,384</u>	<u>1,257,925</u>	<u>(1,193,951)</u>	<u>(1,346,258)</u>		<u>218,594</u>	<u>6,336,694</u>
Surplus(Deficit)		\$ <u>(1,257,925)</u>	\$ <u>1,193,951</u>	\$ <u>3,216,566</u>	\$ <u>NIL</u>	\$ <u>(26,428)</u>	\$ <u>3,126,164</u>

June 15, 2017

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, 2016.

**Expenditures in relation to budget:**

Actual expenditures of \$6,094,951 were within the limits of the adopted budget by \$1,305,433. 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 \$2,552,664 at December 31, 2016. Of this amount, \$1,725,263 has been outstanding for one year or longer, while the balance of \$827,401 represents arrears on account of taxes and rates levied in 2016.

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, 2016 with the criteria established for eligible expenditures as outlined in the Agreement signed September 25, 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, 2016, 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  
June 15, 2017

  
CHARTERED PROFESSIONAL ACCOUNTANT

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**TOWN OF BAY ROBERTS**  
**Annual Expenditures Report - Gas Tax Agreement**

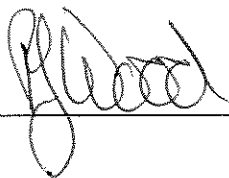
**For the Year Ended December 31, 2016**

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	<u>2016</u>	<u>Cumulative</u>
Balance available, beginning of year	\$ NIL	\$ NIL
Spent on eligible projects	(392,619)	(1,968,154)
Received from Newfoundland and Labrador	<u>735,733</u>	<u>2,311,268</u>
Balance available, end of year	<u>\$ 343,114</u>	<u>\$ 343,114</u>

**Certification**

This is to certify that for the year ended December 31, 2016 the TOWN OF BAY ROBERTS has complied with the terms and conditions of the Gas Tax Funding Agreement.



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Mayor