

**TOWN OF BAY ROBERTS**  
**Financial Statements**  
December 31, 2017

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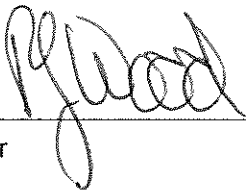
## STATEMENT OF RESPONSIBILITY

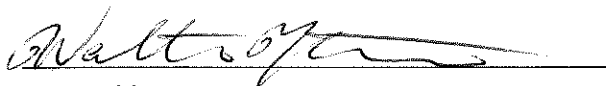
The accompanying Consolidated Financial Statements are the responsibility of the management of the TOWN OF BAY ROBERTS and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Chartered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

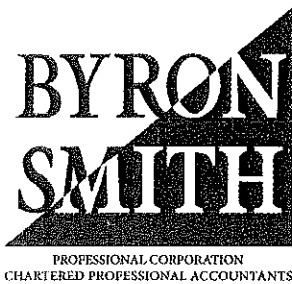
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial 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, 2017.

### 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, 2017 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  
August 16, 2018

  
CHARTERED PROFESSIONAL ACCOUNTANT

**TOWN OF BAY ROBERTS**  
**Consolidated Statement of Financial Position**  
**As at December 31,**

**2017**

**2016**

**FINANCIAL ASSETS**

Cash (Note 5)	\$ 393,956	\$ 114,242
Accounts receivable (Note 6)	2,580,518	2,993,586
Due from Government, Provincial share of long term debt	121,940	256,905
Due from Government, Gas Tax Program		735,733
Real estate properties held for sale (Note 1)	<u>703,029</u>	<u>703,029</u>
	<u>\$ 3,799,443</u>	<u>\$ 4,803,495</u>

**LIABILITIES**

Operating line of credit (Note 10)		\$ 900,000
Accounts payable and accrued liabilities (Note 7)	\$ 1,087,671	2,493,604
Severance payable	149,207	118,709
Deferred revenue - gas tax funds	348,225	343,114
Long term debt (Note 8)	<u>5,803,324</u>	<u>3,455,223</u>
	<u>7,388,427</u>	<u>7,310,650</u>

**NET FINANCIAL ASSETS (NET DEBT)** **\$ (3,588,984) \$ (2,507,155)**

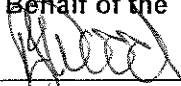
**NON-FINANCIAL ASSETS**


Tangible Capital Assets (Schedule 1)	\$ 36,430,772	\$ 33,395,473
Prepays and other assets	<u>23,833</u>	<u>25,188</u>
	<u>\$ 36,454,605</u>	<u>\$ 33,420,661</u>

**ACCUMULATED SURPLUS** **\$ 32,865,621 \$ 30,913,506**

**Commitments (Note 11)**

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	
		2017	2016
<b>Revenue</b>			
Taxation			
Taxation Revenue (Schedule 2)	\$ 6,259,754	\$ 6,233,982	\$ 6,158,412
Sales of Goods and Services (Schedule 2)	754,000	916,123	510,068
Grants and Transfers (Schedule 2)	<u>2,196,400</u>	<u>1,927,753</u>	<u>2,832,602</u>
Total Revenue	<u>9,210,154</u>	<u>9,077,858</u>	<u>9,501,082</u>
<b>Expenditures</b>			
General Government Services (Schedule 3)	881,852	929,720	868,087
Protective Services (Schedule 3)	303,529	241,086	216,682
Transportation Services (Schedule 3)	1,802,551	1,753,446	1,787,140
Environmental Health Services (Schedule 3)	1,660,026	1,938,305	1,621,357
Regional development and planning (Schedule 3)	554,179	438,732	389,245
Recreation and Cultural Services (Schedule 3)	976,963	1,459,877	937,772
Fiscal Services (Schedule 3)	<u>287,542</u>	<u>364,577</u>	<u>274,668</u>
Total Expenditures	<u>6,466,642</u>	<u>7,125,743</u>	<u>6,094,951</u>
<b>Surplus for the year</b>	<b>\$ <u>2,743,512</u></b>	<b>\$ <u>1,952,115</u></b>	<b>\$ <u>3,406,131</u></b>
<b>Accumulated surplus, beginning of the year</b>		<b>\$ 30,913,506</b>	<b>\$ 27,421,402</b>
<b>Net assets from the Bay Arena</b>			<b>85,973</b>
<b>Surplus for the year</b>		<b><u>1,952,115</u></b>	<b><u>3,406,131</u></b>
<b>Accumulated surplus, end of the year</b>		<b>\$ <u>32,865,621</u></b>	<b>\$ <u>30,913,506</u></b>

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	
	2017	2016
<b>ANNUAL SURPLUS</b>	\$ 1,952,115	\$ 3,406,131
Acquisition of tangible capital assets	(4,355,055)	(4,169,610)
Amortization of tangible capital assets	1,319,756	1,257,925
Loss (Gain) on sale of tangible capital assets		1,700
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>1,355</u>	<u>(8,480)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(1,081,829)	503,334
<b>NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR</b>	<u>(2,507,155)</u>	<u>(3,010,489)</u>
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	\$ <u>(3,588,984)</u>	\$ <u>(2,507,155)</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,**

2017

2016

**CASH FLOWS FROM OPERATING ACTIVITIES**

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

**Operating activities**

Surplus for the year	\$ 1,952,115	\$ 3,406,131
Amortization - non cash item	1,319,756	1,257,925
Loss on disposals		1,700

**Changes in:**

Receivables	1,148,801	(1,862,298)
Prepaid expenses	1,355	(8,480)
Payables and accruals	(1,405,933)	1,252,167
Severance pay	30,498	(4,454)
Consolidation of Bay Arena		6,368
Deferred revenue	5,111	343,114
Real estate properties for resale		(1,696)

3,051,703	4,390,477
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**Cash Flows from Financing Activities**

Repayment of long-term debt	(487,103)	(548,205)
Decrease (Increase) in Due from the Province of Newfoundland	134,965	131,598
Loans obtained during the year	2,835,204	

2,483,066	(416,607)
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**Cash Flows from Investing Activities**

Capital asset purchases - net	(4,355,055)	(4,169,610)
Proceeds on disposal of capital assets		9,300

(4,355,055)	(4,160,310)
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Net cash provided (used)	1,179,714	(186,440)
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Cash, beginning of year	(785,758)	(599,318)
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Cash, end of year	\$ <u>393,956</u>	\$ <u>(785,758)</u>
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**Consists of:**

Cash	\$ 393,956	\$ 114,242
Operating line of credit		(900,000)

\$ 393,956	\$ (785,758)
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The accompanying notes are an integral part of these financial statements.



**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.

### 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.

**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**

	<u>2017</u>	<u>2016</u>
Cash and temporary investments are comprised of the following:		
Cash and bank	\$ <u>393,956</u>	\$ <u>114,242</u>

**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**  
**December 31, 2017**

<b>6. Accounts Receivable</b>	<u>2017</u>	<u>2016</u>
Taxes:		
Business	\$ 342,429	\$ 391,521
Property	1,245,984	1,147,206
Water and sewer	<u>437,328</u>	<u>425,143</u>
	2,025,741	1,963,870
GST Rebate	306,755	593,803
Interest on taxation accounts	677,423	588,794
Due from provincial government - grants	410,126	672,381
Other	<u>45,033</u>	<u>19,515</u>
	<u>1,439,337</u>	<u>1,874,493</u>
	3,465,078	3,838,363
Allowance for doubtful accounts	<u>(884,560)</u>	<u>(844,777)</u>
	<u>\$ 2,580,518</u>	<u>\$ 2,993,586</u>

<b>7. Accounts Payable and Accrued Liabilities</b>	<u>2017</u>	<u>2016</u>
Accounts payable	\$ 183,704	\$ 365,789
Source deductions overpayment	1,897	701
Capital accounts payable (Note 11)	825,027	2,032,898
Prepaid taxes	<u>77,043</u>	<u>94,216</u>
	<u>\$ 1,087,671</u>	<u>\$ 2,493,604</u>

<b>8. Long Term Debt</b>	<u>2017</u>	<u>2016</u>
<b>Bank of Montreal</b>		
Fixed rate loan at a rate of 2.97%, repayable in blended monthly installments of \$7,030 commencing January 31, 2017, maturing in 2027.	\$ <u>532,037</u>	<u>600,000</u>
	<u>532,037</u>	<u>600,000</u>

**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**  
**December 31, 2017**

<b>8. Long Term Debt (continued)</b>	<u>2017</u>	<u>2016</u>
Balance forward	532,037	600,000
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$893, maturing of December 31, 2027.	92,356	100,309
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,330, maturing on December 31, 2027.	341,142	370,513
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,366, maturing on December 31, 2027.	347,957	377,922
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$2,244, maturing on December 31, 2027.	231,973	251,946
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,143, maturing on December 31, 2027.	428,320	465,197
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,960, maturing on December 31, 2027.	409,324	444,573
Fixed rate loan at a rate of 2.97%, repayable in blended monthly installments of \$5,169 maturing in 2032.	709,070	
Fixed rate loan at rate at 2.86%, repayable in blended monthly installments of \$55,163, maturing on October 31, 2017.		110,134
Fixed rate loan at 2.49%, repayable in blended semi-annual installments of \$17,821, maturing on February 28, 2023.	<u>121,940</u>	<u>146,771</u>
	<u>3,214,119</u>	<u>2,867,365</u>

**TOWN OF BAY ROBERTS**  
**Notes to the Financial Statements**  
**December 31, 2017**

<b>8. Long Term Debt (continued)</b>	<u>2017</u>	<u>2016</u>
Balance forward	3,214,119	2,867,365
Fixed rate loan at 2.97%, repayable in blended monthly installments of \$4,722, maturing in 2032.	647,810	
Fixed rate loan at 3.31%, repayable in blended monthly installments of \$9,878 maturing in 2032.	1,387,713	
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,227, maturing in 2021.	<u>553,682</u>	<u>587,858</u>
<b>Total long-term debt</b>	<b><u>\$ 5,803,324</u></b>	<b><u>\$ 3,455,223</u></b>

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

2018	\$	347,355
2019	\$	359,306
2020	\$	413,968
2021	\$	405,407
2022	\$	355,942

**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 \$NIL at year-end. This credit arrangement is secured by a general security agreement over the Town's assets.

### 11. Commitments

Council has approved various capital projects and purchases that will be completed during 2018, approved costs are summarized as follows:

Klondyke Bridge	\$	817,856
Bareneed Intersection Improvement Project	\$	282,820

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, 2017 approximate their fair value.

**TOWN OF BAY ROBERTS**

**Consolidated Schedule of Tangible Capital Assets**  
December 31, 2017

**Schedule 1**

	General Capital Assets						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	2017	2016
Cost										
Opening Costs	\$ 495,595	\$ 4,500,576	\$ 3,492,439			\$ 5,646,514	\$ 42,758,294	\$ 1,604,456	\$ 58,497,874	\$ 53,371,764
Additions during the year		1,718,467	426,519			1,295,131	914,938		4,355,055	4,169,610
(Disposals) and original cost of Bay Arena assets assumed										956,500
Closing Costs	495,595	6,219,043	3,918,958			6,941,645	43,673,232	1,604,456	62,852,929	58,497,874
Accumulated Amortization										
Opening amortization		3,983,934	1,563,921			2,950,032	16,198,390	406,124	25,102,401	22,956,581
Amortization		27,450	213,982			160,879	856,414	61,031	1,319,756	1,257,925
(Disposals) and amortization of Bay Arena assets assumed										887,895
Closing amortization		4,011,384	1,777,903			3,110,911	17,054,804	467,155	26,422,157	25,102,401
Net Book Value of Tangible Capital Assets	\$ 495,595	\$ 2,207,659	\$ 2,141,055	\$ NIL	\$ NIL	\$ 3,830,734	\$ 26,618,428	\$ 1,137,301	\$ 36,430,772	\$ 33,395,473



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

**Schedule 2**

For the Year Ended December 31,	Financial Plan	Actual	
		2017	2016
<b>Taxation</b>			
Property tax	\$ 3,632,491	\$ 4,129,452	\$ 4,005,008
Poll tax	48,000		8,321
Business tax	1,215,356	1,167,212	1,217,170
Water and sewer tax	1,281,523	876,804	863,007
Penalties and interest on taxes receivable	130,000	170,863	167,829
Discounts	<u>(47,616)</u>	<u>(110,349)</u>	<u>(102,923)</u>
	<u>6,259,754</u>	<u>6,233,982</u>	<u>6,158,412</u>
<b>Sales of goods and services</b>			
Permits and certificates	33,000	27,505	38,146
Recreation and cultural services	105,000	155,938	120,477
Arena	463,000	573,250	192,166
Fire protection service fees	40,000	38,250	42,350
Swimming pool	68,000	66,447	67,235
Water supply	20,000	30,000	23,500
Other sales of goods and services	<u>25,000</u>	<u>24,733</u>	<u>26,194</u>
	<u>754,000</u>	<u>916,123</u>	<u>510,068</u>
<b>Grants and transfers</b>			
Government of Canada			
Other federal revenue	78,396	89,681	112,573
Government transfers - Provincial			
Municipal operating grant	198,600	198,486	198,490
Municipal capital grant		1,566,189	1,846,627
Gas tax revenue - Federal	251,011		392,619
Gas tax revenue - Provincial	57,615	28,808	28,808
Interest on government loans	145,968	11,004	14,371
Other provincial grants and/or subsidies		<u>33,585</u>	<u>239,114</u>
	<u>731,590</u>	<u>1,927,753</u>	<u>2,832,602</u>
<b>Total Revenue</b>	<b>\$ <u>7,745,344</u></b>	<b>\$ <u>9,077,858</u></b>	<b>\$ <u>9,501,082</u></b>

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

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2017	2016
<b>General Government Services</b>			
Salaries and benefits	\$ 389,634	\$ 429,690	\$ 402,722
Office	82,500	62,434	65,271
Other general expenses	220,168	248,810	221,322
Insurance - General	69,000	73,102	64,162
Council	93,100	88,234	90,081
Amortization		27,450	24,529
	<u>\$ 854,402</u>	<u>\$ 929,720</u>	<u>\$ 868,087</u>
<b>Protective Services</b>			
Fire protection	\$ 164,000	\$ 112,090	\$ 101,063
Enforcement officer	87,542	77,900	82,399
Animal control	2,000	1,109	1,258
Amortization		49,987	31,962
	<u>\$ 253,542</u>	<u>\$ 241,086</u>	<u>\$ 216,682</u>
<b>Transportation Services</b>			
Road maintenance	\$ 883,261	\$ 928,021	\$ 963,194
Snow clearing	179,753	134,507	117,981
Street lighting	180,000	167,317	178,292
Equipment maintenance	234,663	198,727	184,909
Amortization		324,874	341,064
Loss on disposal of assets			1,700
	<u>\$ 1,477,677</u>	<u>\$ 1,753,446</u>	<u>\$ 1,787,140</u>
<b>Fiscal Services</b>			
Doubtful Accounts	\$ 97,427	\$ 169,404	\$ 105,715
Capital expenditures from own revenue and grants	2,013,011		
Debt charges	732,368	146,921	112,048
Bank charges	43,194	48,252	56,905
	<u>\$ 2,886,000</u>	<u>\$ 364,577</u>	<u>\$ 274,668</u>
<b>Environmental Health Services</b>			
Garbage and waste collection and disposal	\$ 526,923	\$ 777,001	\$ 631,187
Water and sewage utility, operation and maintenance	276,689	304,890	180,599
Amortization		856,414	809,571
	<u>\$ 803,612</u>	<u>\$ 1,938,305</u>	<u>\$ 1,621,357</u>

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

Schedule 3

For the Year Ended December 31,

Financial Plan

Actual

2017

2016

**Regional planning and development**

Community improvement and development	\$ 201,900	\$ 63,798	\$ 61,458
Tourism and marketing	<u>352,279</u>	<u>374,934</u>	<u>327,787</u>
	\$ <u>554,179</u>	\$ <u>438,732</u>	\$ <u>389,245</u>

**Recreation and Cultural Services**

Swimming Pool	\$ 139,182	\$ 140,144	\$ 153,553
Parks and playgrounds	190,833	364,528	286,523
Arena	456,323	614,325	215,100
Other recreation and cultural service	129,594	279,849	231,797
Amortization	<u>                    </u>	<u>61,031</u>	<u>50,799</u>
	\$ <u>915,932</u>	\$ <u>1,459,877</u>	\$ <u>937,772</u>
Total Expenses	\$ <u>7,745,344</u>	\$ <u>7,125,743</u>	\$ <u>6,094,951</u>

TOWN OF BAY ROBERTS

Reconciliation of Financial Plan to Budget (PSAB)

For The Year Ended December 31, 2017

Schedule 4

	Financial Plan	Amortization - Town	Interest Expense	Transfers	Long Term Accruals	Actual Amounts Consolidated Entities	PSAB Budget
<b>REVENUE</b>							
Taxation	\$ 6,259,754						\$ 6,259,754
Sales of goods and services	754,000						754,000
Grants and transfers	731,590		(134,964)	1,599,774			2,196,400
<b>Total revenue</b>	<u>\$ 7,745,344</u>		<u>(134,964)</u>	<u>1,599,774</u>			<u>9,210,154</u>
<b>EXPENSES</b>							
General government services	\$ 854,402	\$ 27,450					881,852
Protective services	253,542	49,987					303,529
Transportation services	1,477,677	324,874					1,802,551
Environmental health services	803,612	856,414					1,660,026
Recreation and cultural services	915,932	61,031					976,963
Regional planning and development	554,179						554,179
Fiscal Services - other	2,886,000		(585,447)	(2,013,011)			287,542
<b>Total expenses</b>	<u>\$ 7,745,344</u>	<u>1,319,756</u>	<u>(585,447)</u>	<u>(2,013,011)</u>			<u>6,466,642</u>
<b>Surplus(Deficit)</b>		<u>\$ (1,319,756)</u>	<u>\$ 450,483</u>	<u>\$ 3,612,785</u>	<u>\$ NIL</u>	<u>\$ NIL</u>	<u>\$ 2,743,512</u>

August 16, 2018

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, 2017.

**Expenditures in relation to budget:**

Actual expenditures of \$7,125,743 were within the limits of the adopted budget by \$619,601. 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 \$2,703,164 at December 31, 2017. Of this amount, \$1,875,804 has been outstanding for one year or longer, while the balance of \$827,360 represents arrears on account of taxes and rates levied in 2017.

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, 2017 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, 2017, 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  
August 16, 2018

  
CHARTERED PROFESSIONAL ACCOUNTANT

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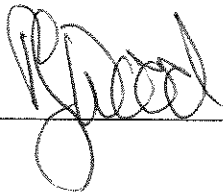
TOWN OF BAY ROBERTS  
Annual Expenditures Report - Gas Tax Agreement  
For the Year Ended December 31, 2017

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	<u>2017</u>	<u>Cumulative</u>
Balance available, beginning of year	\$ 343,114	\$ NIL
Spent on eligible projects		(1,968,154)
Received from Newfoundland and Labrador	<u>5,111</u>	<u>2,316,379</u>
Balance available, end of year	<u>\$ 348,225</u>	<u>\$ 348,225</u>

**Certification**

This is to certify that for the year ended December 31, 2017 the TOWN OF BAY ROBERTS has complied with the terms and conditions of the Gas Tax Funding Agreement.



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Mayor