

TOWN OF BAY ROBERTS
Financial Statements
December 31, 2018

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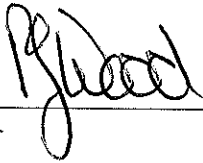
STATEMENT OF RESPONSIBILITY

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.

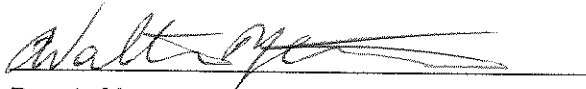
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of:
Town of Bay Roberts

**BYRON
SMITH**

PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

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Qualified Opinion

I have audited the financial statements of the Town of Bay Roberts (Town), which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Operations, Consolidated Statement of Change in Net Financial Assets, Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and adjustments, if any, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada.

Basis for Qualified Opinion

The Town's events, the Seafood Festival and Light the Lamp, derives revenue from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of revenue was limited to the amounts recorded in the records and I was not able to determine whether any adjustments might be necessary for revenue, surplus for the year and net assets of this entity.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Town in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other Matters

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I will communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Spaniard's Bay, NL
August 30, 2019


CHARTERED PROFESSIONAL ACCOUNTANT

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

2018 **2017**

FINANCIAL ASSETS

Cash (Note 5)	\$ 324,490	\$ 393,956
Accounts receivable (Note 6)	3,218,371	2,580,518
Due from Government, Provincial share of long term debt	98,327	121,940
Due from Government, Gas Tax Program	164,296	
Real estate properties held for sale (Note 1)	<u>703,029</u>	<u>703,029</u>
	<u>\$ 4,508,513</u>	<u>\$ 3,799,443</u>

LIABILITIES

Operating line of credit (Note 10)	\$ 500,000	
Accounts payable and accrued liabilities (Note 7)	3,026,629	\$ 1,087,671
Severance payable	236,401	149,207
Deferred revenue - gas tax funds		348,225
Long term debt (Note 8)	<u>6,023,456</u>	<u>5,803,324</u>
	<u>9,786,486</u>	<u>7,388,427</u>

NET FINANCIAL ASSETS (NET DEBT) \$ (5,277,973) \$ (3,588,984)

NON-FINANCIAL ASSETS


Tangible Capital Assets (Schedule 1)	\$ 42,149,131	\$ 36,430,772
Prepays and other assets	<u>24,813</u>	<u>23,833</u>
	<u>\$ 42,173,944</u>	<u>\$ 36,454,605</u>

ACCUMULATED SURPLUS \$ 36,895,971 \$ 32,865,621

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	
		2018	2017
Revenue			
Taxation			
Taxation Revenue (Schedule 2)	\$ 6,347,542	\$ 6,287,373	\$ 6,233,982
Sales of Goods and Services (Schedule 2)	762,000	841,930	916,123
Grants and Transfers (Schedule 2)	<u>4,688,753</u>	<u>4,740,074</u>	<u>1,927,753</u>
Total Revenue	<u>11,798,295</u>	<u>11,869,377</u>	<u>9,077,858</u>
Expenditures			
General Government Services (Schedule 3)	958,818	981,310	929,720
Protective Services (Schedule 3)	327,663	321,228	241,086
Transportation Services (Schedule 3)	2,134,429	2,059,398	1,753,446
Environmental Health Services (Schedule 3)	1,884,027	1,971,669	1,938,305
Regional development and planning (Schedule 3)	583,101	473,712	438,732
Recreation and Cultural Services (Schedule 3)	1,140,546	1,615,564	1,459,877
Fiscal Services (Schedule 3)	<u>335,884</u>	<u>416,146</u>	<u>364,577</u>
Total Expenditures	<u>7,364,468</u>	<u>7,839,027</u>	<u>7,125,743</u>
Surplus for the year	<u>\$ 4,433,827</u>	<u>\$ 4,030,350</u>	<u>\$ 1,952,115</u>
Accumulated surplus, beginning of the year			
		\$ 32,865,621	\$ 30,913,506
Surplus for the year			
		<u>4,030,350</u>	<u>1,952,115</u>
Accumulated surplus, end of the year			
		<u>\$ 36,895,971</u>	<u>\$ 32,865,621</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	
	2018	2017
ANNUAL SURPLUS	\$ 4,030,350	\$ 1,952,115
Acquisition of tangible capital assets	(7,510,159)	(4,355,055)
Amortization of tangible capital assets	1,791,800	1,319,756
Decrease (increase) in prepaid expenses	<u>(980)</u>	<u>1,355</u>
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	(1,688,989)	(1,081,829)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>(3,588,984)</u>	<u>(2,507,155)</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u>\$ (5,277,973)</u>	<u>\$ (3,588,984)</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,

2018

2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash provided From (Used For):

Operating activities

Surplus for the year	\$ 4,030,350	\$ 1,952,115
Amortization - non cash item	1,791,800	1,319,756
Changes in:		
Receivables	(802,149)	1,148,801
Prepaid expenses	(980)	1,355
Payables and accruals	1,938,957	(1,405,933)
Severance pay	87,194	30,498
Deferred revenue	(348,225)	5,111
	<u>6,696,947</u>	<u>3,051,703</u>

Cash Flows from Financing Activities

Repayment of long-term debt	(454,867)	(487,103)
Decrease (Increase) in Due from the Province of Newfoundland	23,613	134,965
Loans obtained during the year	<u>675,000</u>	<u>2,835,204</u>
	<u>243,746</u>	<u>2,483,066</u>

Cash Flows from Investing Activities

Capital asset purchases - net	<u>(7,510,159)</u>	<u>(4,355,055)</u>
Net cash provided (used)	(569,466)	1,179,714
Cash, beginning of year	<u>393,956</u>	<u>(785,758)</u>
Cash, end of year	\$ <u>(175,510)</u>	\$ <u>393,956</u>

Consists of:

Cash	\$ 324,490	\$ 393,956
Operating line of credit	<u>(500,000)</u>	<u> </u>
	\$ <u>(175,510)</u>	\$ <u>393,956</u>

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 established 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>2018</u>	<u>2017</u>
Cash and temporary investments are comprised of the following:		
Cash and bank	\$ <u>324,490</u>	\$ <u>393,956</u>

TOWN OF BAY ROBERTS
Notes to the Financial Statements
December 31, 2018

6. Accounts Receivable

	<u>2018</u>	<u>2017</u>
Taxes:		
Business	\$ 482,312	\$ 342,429
Property	1,487,959	1,245,984
Water and sewer	<u>483,001</u>	<u>437,328</u>
	2,453,272	2,025,741
GST Rebate	270,205	306,755
Interest on taxation accounts	841,568	677,423
Due from provincial government - grants	647,759	410,126
Other	<u>63,439</u>	<u>45,033</u>
	1,822,971	1,439,337
	4,276,243	3,465,078
Allowance for doubtful accounts	<u>(1,057,872)</u>	<u>(884,560)</u>
	<u>\$ 3,218,371</u>	<u>\$ 2,580,518</u>

7. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 476,646	\$ 183,704
Source deductions overpayment	16,633	1,897
Capital accounts payable	2,397,217	825,027
Prepaid taxes	<u>136,133</u>	<u>77,043</u>
	<u>\$ 3,026,629</u>	<u>\$ 1,087,671</u>

8. Long Term Debt

Bank of Montreal

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>2018</u>	<u>2017</u>
	<u>\$ 462,527</u>	<u>\$ 532,037</u>

TOWN OF BAY ROBERTS
Notes to the Financial Statements
December 31, 2018

8. Long Term Debt (continued)

	<u>2018</u>	<u>2017</u>
Balance forward	462,527	532,037
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$893, maturing of December 31, 2027.	83,851	92,356
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,330, maturing on December 31, 2027.	309,724	341,142
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,366, maturing on December 31, 2027.	316,204	347,957
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$2,244, maturing on December 31, 2027.	210,613	231,973
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,143, maturing on December 31, 2027.	388,879	428,320
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,960, maturing on December 31, 2027.	371,631	409,324
Fixed rate loan at a rate of 2.97%, repayable in blended monthly installments of \$5,169 maturing in 2032.	667,533	709,070
Fixed rate loan at rate at 4.26%, repayable in blended monthly installments of \$5082, maturing on October 31, 2038.	669,632	
Fixed rate loan at 2.49%, repayable in blended semi-annual installments of \$17,821, maturing on February 28, 2023.	<u>98,327</u>	<u>121,940</u>
	<u>3,578,921</u>	<u>3,214,119</u>

TOWN OF BAY ROBERTS
Notes to the Financial Statements
December 31, 2018

8. Long Term Debt (continued)

	<u>2018</u>	<u>2017</u>
Balance forward	3,578,921	3,214,119
Fixed rate loan at 2.97%, repayable in blended monthly installments of \$4,722, maturing in 2032.	609,868	647,810
Fixed rate loan at 3.31%, repayable in blended monthly installments of \$9,878 maturing in 2032.	1,313,984	1,387,713
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,227, maturing in 2032.	<u>520,683</u>	<u>553,682</u>
Total long-term debt	<u>\$ 6,023,456</u>	<u>\$ 5,803,324</u>

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

2019	\$ 403,836
2020	\$ 414,455
2021	\$ 461,966
2022	\$ 447,207
2023	\$ 411,420

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 Town has a \$1,400,000 revolving demand credit arrangement with the Bank of Nova Scotia. This line of credit balance was \$500,000 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 2019, approved costs are summarized as follows:

Side Load Waste Compactor	\$ 120,169
Multi-year Capital Works Projects - Watermain Upgrades and Road Upgrading and Paving	\$ 2,571,084

The Multi-year Capital Works Project will be financed by a long term loan when approvals are finalized. The multi-year capital works projects will be funded 50% by the Province and 50% 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, 2018 approximate their fair value.

TOWN OF BAY ROBERTS
Consolidated Schedule of Tangible Capital Assets
December 31, 2018

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	2018	2017
Cost										
Opening Costs	\$ 495,595	\$ 6,219,043	\$ 3,918,958			\$ 6,941,645	\$ 43,673,232	\$ 1,604,456	\$ 62,852,929	\$ 58,497,874
Additions during the year	102,291	65,699	660,474			2,878,898	3,802,797		7,510,159	4,355,055
(Disposals) and original cost of Bay Arena assets assumed										
Closing Costs	<u>597,886</u>	<u>6,284,742</u>	<u>4,579,432</u>			<u>9,820,543</u>	<u>47,476,029</u>	<u>1,604,456</u>	<u>70,363,088</u>	<u>62,852,929</u>
Accumulated Amortization										
Opening amortization			1,777,903			3,110,911	17,054,804	467,155	26,422,157	25,102,401
Amortization		38,037	319,722			330,987	956,083	146,971	1,791,800	1,319,756
(Disposals) and amortization of Bay Arena assets assumed										
Closing amortization		<u>4,049,421</u>	<u>2,097,625</u>			<u>3,441,898</u>	<u>18,010,887</u>	<u>614,126</u>	<u>28,213,957</u>	<u>26,422,157</u>
Net Book Value of Tangible Capital Assets	\$ <u>597,886</u>	\$ <u>2,235,321</u>	\$ <u>2,481,807</u>	\$ <u>NIL</u>	\$ <u>NIL</u>	\$ <u>6,378,645</u>	\$ <u>29,465,142</u>	\$ <u>990,330</u>	\$ <u>42,149,131</u>	\$ <u>36,430,772</u>



TOWN OF BAY ROBERTS
Consolidated Schedule of Revenues

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual	
		2018	2017
Taxation			
Property tax	\$ 3,717,792	\$ 4,174,226	\$ 4,129,452
Business tax	1,183,731	1,132,220	1,167,212
Water and sewer tax	1,416,019	886,307	876,804
Penalties and interest on taxes receivable	140,000	203,594	170,863
Discounts	<u>(110,000)</u>	<u>(108,974)</u>	<u>(110,349)</u>
	<u>6,347,542</u>	<u>6,287,373</u>	<u>6,233,982</u>
Sales of goods and services			
Permits and certificates	23,000	22,560	27,505
Recreation and cultural services	77,000	80,526	97,855
Seafood festival	80,000	66,795	58,083
Arena	432,000	468,110	573,250
Fire protection service fees	40,000	38,950	38,250
Swimming pool	70,000	62,672	66,447
Light the Lamp		52,546	
Water supply	30,000	28,400	30,000
Other sales of goods and services	<u>10,000</u>	<u>21,371</u>	<u>24,733</u>
	<u>762,000</u>	<u>841,930</u>	<u>916,123</u>
Grants and transfers			
Government of Canada			
Other federal revenue		32,811	89,681
Government transfers - Provincial			
Municipal operating grant	198,600	198,486	198,486
Municipal capital grant	750,000	3,660,712	1,566,189
Gas tax revenue - Federal	750,000	758,421	
Gas tax revenue - Provincial		57,615	28,808
Interest on government loans	145,968	12,029	11,004
Other provincial grants and/or subsidies	<u>34,601</u>	<u>20,000</u>	<u>33,585</u>
	<u>1,879,169</u>	<u>4,740,074</u>	<u>1,927,753</u>
Total Revenue	\$ <u>8,988,711</u>	\$ <u>11,869,377</u>	\$ <u>9,077,858</u>

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

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2018	2017
Regional planning and development			
Community improvement and development	\$ 211,000	\$ 80,817	\$ 63,798
Tourism and marketing	<u>372,101</u>	<u>392,895</u>	<u>374,934</u>
	<u>\$ 583,101</u>	<u>\$ 473,712</u>	<u>\$ 438,732</u>
Recreation and Cultural Services			
Swimming Pool	\$ 155,237	\$ 146,605	\$ 140,144
Parks and playgrounds	262,065	451,215	364,528
Arena	457,860	587,491	614,325
Other recreation and cultural service	118,413	283,282	279,849
Amortization	<u> </u>	<u>146,971</u>	<u>61,031</u>
	<u>\$ 993,575</u>	<u>\$ 1,615,564</u>	<u>\$ 1,459,877</u>
Total Expenses	<u>\$ 8,988,711</u>	<u>\$ 7,839,027</u>	<u>\$ 7,125,743</u>

TOWN OF BAY ROBERTS

Reconciliation of Financial Plan to Budget (PSAB)

For The Year Ended December 31, 2018

Schedule 4

	<u>Financial Plan</u>	<u>Amortization - Town</u>	<u>Interest</u>	<u>Transfers</u>	<u>Long Term Accruals</u>	<u>Actual Amounts Consolidated Entities</u>	<u>PSAB Budget</u>
REVENUE							
Taxation	\$ 6,347,542					\$ 6,347,542	
Sales of goods and services	762,000					762,000	
Grants and transfers	<u>1,879,169</u>		\$ (133,939)	\$ 2,943,523		<u>4,688,753</u>	
Total revenue	\$ <u>8,988,711</u>		<u>(133,939)</u>	<u>2,943,523</u>		<u>11,798,295</u>	
EXPENSES							
General government services	\$ 920,781	\$ 38,037				958,818	
Protective services	277,676	49,987				327,663	
Transportation services	1,533,706	600,723				2,134,429	
Environmental health services	927,944	956,083				1,884,027	
Recreation and cultural services	993,575	146,971				1,140,546	
Regional planning and development	583,101					583,101	
Fiscal Services - other	<u>3,751,928</u>		(621,044)	(2,795,000)		<u>335,884</u>	
Total expenses	\$ <u>8,988,711</u>	<u>1,791,801</u>	<u>(621,044)</u>	<u>(2,795,000)</u>		<u>7,364,468</u>	
Surplus(Deficit)	\$ (1,791,801)	\$ 487,105	\$ 5,738,523	\$ NIL	\$ 4,433,827	\$ NIL	\$ 4,433,827

August 30, 2019

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, 2018.

Expenditures in relation to budget:

Actual expenditures of \$7,839,027 were within the limits of the adopted budget by \$1,149,684. 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 \$3,294,840 at December 31, 2018. Of this amount, \$2,395,598 has been outstanding for one year or longer, while the balance of \$899,242 represents arrears on account of taxes and rates levied in 2018.

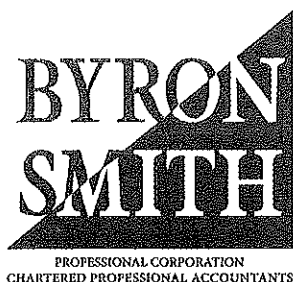
The manner in which the accounts have been kept and the adequacy of safeguards against fraud:

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



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

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

Opinion

I have audited the 2018 Ultimate Recipient Annual Expenditure Report (the "Report") for the Town of Bay Roberts ("the Municipality") for the year ended December 31, 2018.

In my opinion, this financial statement presents fairly, in all material respects, the results of operations in respect to the receipt and disbursement of Gas Tax funding for the year then ended, in accordance with the standards as established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada.

In my opinion, the Town of Bay Roberts has complied in all material respects, to the terms and conditions of the Ultimate Recipient Gas Tax Agreement, as prescribed under the Canada - Newfoundland and Labrador Administrative Agreement on the Federal Gas Tax Fund 2014-2024.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2018 Ultimate Recipient Annual Expenditure Report section of my report. I am independent of the Municipality in accordance with the ethical requirements that are relevant to my audit of the Report in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the 2018 Ultimate Recipient Annual Expenditure Report

Management is responsible for the preparation and fair presentation of the Report in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of a Report that is free from material misstatement, whether due to fraud or error.

In preparing the Report, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the 2018 Ultimate Recipient Annual Expenditure Report

My objectives are to obtain reasonable assurance about whether the Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Report. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I will also:

- Identify and assess the risks of material misstatement of the Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual expenditure report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Report, including the disclosures, and whether the Report represents the underlying transactions and events in a manner that achieves fair presentation.

I will communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Spaniard's Bay, NL
August 30, 2019


CHARTERED PROFESSIONAL ACCOUNTANT

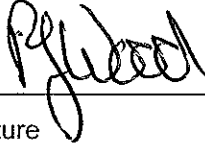
TOWN OF BAY ROBERTS
Annual Expenditures Report - Gas Tax Agreement
For the Year Ended December 31, 2018

	<u>2018</u>	<u>Cumulative</u>
Opening balance available	\$ 348,225	\$ NIL
Spent on eligible projects	(758,421)	(2,726,575)
Received from Newfoundland and Labrador	<u>245,900</u>	<u>2,562,279</u>
Closing balance receivable from future funding	<u>\$ 164,296</u>	<u>\$ 164,296</u>

Certification

I, Philip Wood, Mayor of the Town of Bay Roberts certify that the information reported is a true and accurate representation of the Municipality's position with respect to its federal gas tax revenues. I acknowledge and understand that any contravention of the terms and conditions of the Ultimate Recipient Gas Tax Funding Agreement may result in funding being withheld.

The Municipality does not maintain a separate bank account for Gas Tax Funding.



 Signature

OCTOBER 16, 2019

 Date

