

TOWN OF BAY ROBERTS
Financial Statements
December 31, 2019

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STATEMENT OF RESPONSIBILITY

The accompanying 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 Canadian accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

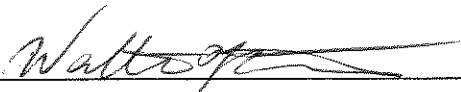
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

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

Byron Smith, Chartered Professional Accountant as the Municipality's appointed external auditor, has audited the Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. His opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as he considers necessary to obtain reasonable assurance that the Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.



Mayor



Deputy Mayor

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of:
Town of Bay Roberts

Qualified Opinion

I have audited the financial statements of the Town of Bay Roberts (Town), which comprise the Statement of Financial Position, Statement of Operations, Statement of Change in Net Financial Assets (Net Debt), 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 financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards as 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 the Town.

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 financial statements in accordance with Canadian accounting standards as 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.



BYRON D. SMITH
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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 judgment 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

October 15, 2020


CHARTERED PROFESSIONAL ACCOUNTANT

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

	2019	2018
FINANCIAL ASSETS		
Cash (Note 5)	\$ 498,622	\$ 324,490
Accounts receivable (Note 6)	2,996,690	2,922,879
Due from Government, Provincial share of long term debt	74,124	98,327
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>\$ 4,272,465</u>	<u>\$ 4,213,021</u>
LIABILITIES		
Operating line of credit (Note 10)	\$ 1,300,000	\$ 500,000
Accounts payable and accrued liabilities (Note 7)	2,220,450	3,026,629
Severance payable	277,562	236,401
Deferred revenue - gas tax funds	15,065	
Deferred revenue - summer games (Note 13)	98,535	
Long term debt (Note 8)	<u>6,778,494</u>	<u>6,023,456</u>
	<u>10,690,106</u>	<u>9,786,486</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (6,417,641)</u>	<u>\$ (5,573,465)</u>

NON-FINANCIAL ASSETS


Tangible Capital Assets (Schedule 1)	\$ 43,181,243	\$ 42,149,131
Prepays and other assets	<u>25,304</u>	<u>24,813</u>
	<u>\$ 43,206,547</u>	<u>\$ 42,173,944</u>

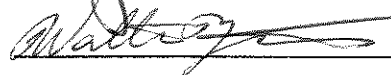
ACCUMULATED SURPLUS

\$ 36,788,906 \$ 36,600,479

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
Statement of Operations

For the Year Ended December 31,	PSAB Budget	Actual	
		2019	2018
Revenue			
Taxation Revenue (Schedule 2)	\$ 6,530,717	\$ 6,262,124	\$ 6,287,373
Sales of Goods and Services (Schedule 2)	804,500	834,897	841,930
Grants and Transfers (Schedule 2)	<u>1,375,916</u>	<u>1,421,498</u>	<u>4,444,582</u>
Total Revenue	<u>8,711,133</u>	<u>8,518,519</u>	<u>11,573,885</u>
Expenditures			
General Government Services (Schedule 3)	1,020,041	1,053,739	987,512
Protective Services (Schedule 3)	323,140	275,543	321,228
Transportation Services (Schedule 3)	2,315,745	2,328,359	2,074,562
Environmental Health Services (Schedule 3)	1,771,964	2,089,602	1,968,850
Regional planning and development (Schedule 3)	599,976	627,414	626,292
Recreation and Cultural Services (Schedule 3)	1,210,424	1,556,723	1,444,437
Fiscal Services (Schedule 3)	<u>949,099</u>	<u>398,712</u>	<u>416,146</u>
Total Expenditures	<u>8,190,389</u>	<u>8,330,092</u>	<u>7,839,027</u>
Surplus for the year	<u>\$ 520,744</u>	<u>\$ 188,427</u>	<u>\$ 3,734,858</u>
Accumulated surplus, beginning of the year			
		\$ 36,600,479	\$ 32,865,621
Surplus for the year			
		<u>188,427</u>	<u>3,734,858</u>
Accumulated surplus, end of the year			
		<u>\$ 36,788,906</u>	<u>\$ 36,600,479</u>

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

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

For the Year Ended December 31,	PSAB Budget	Actual	
		2019	2018
ANNUAL SURPLUS	\$ 520,744	\$ 188,427	\$ 3,734,858
Acquisition of tangible capital assets	(3,120,172)	(3,120,172)	(7,510,159)
Amortization of tangible capital assets	1,999,316	1,999,316	1,791,800
Write down of tangible capital assets		88,744	
Decrease (increase) in prepaids and other assets		(491)	(980)
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	(600,112)	(844,176)	(1,984,481)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>(5,573,465)</u>	<u>(5,573,465)</u>	<u>(3,588,984)</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	\$ <u>(6,173,577)</u>	\$ <u>(6,417,641)</u>	\$ <u>(5,573,465)</u>

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

TOWN OF BAY ROBERTS
Statement of Cash Flows
For the Year Ended December 31,

2019

2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash provided From (Used For):

Cash Flows from Operating activities

Surplus for the year	\$ 188,427	\$ 3,734,858
Amortization - non cash item	1,999,316	1,791,800
Write down of tangible capital asset	88,744	

Changes in:

Receivables	90,485	(506,657)
Prepaid expenses	(491)	(980)
Payables and accruals	(806,179)	1,938,957
Severance pay	41,162	87,194
Deferred revenue	<u>113,599</u>	<u>(348,225)</u>
	<u>1,715,063</u>	<u>6,696,947</u>

Cash Flows from Capital Activities

Capital asset purchases - net	<u>(3,120,172)</u>	<u>(7,510,159)</u>
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Cash Flows from Financing Activities

Repayment of long-term debt	(526,487)	(454,867)
Decrease (Increase) in Due from the Province of Newfoundland	24,203	23,613
Loans obtained during the year	<u>1,281,525</u>	<u>675,000</u>
	<u>779,241</u>	<u>243,746</u>

Net cash provided (used)	(625,868)	(569,466)
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Cash, beginning of year	<u>(175,510)</u>	<u>393,956</u>
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Cash, end of year	\$ <u>(801,378)</u>	\$ <u>(175,510)</u>
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Consists of:

Cash (Note 5)	\$ 498,622	\$ 324,490
Operating line of credit (Note 10)	<u>(1,300,000)</u>	<u>(500,000)</u>
	\$ <u>(801,378)</u>	\$ <u>(175,510)</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 financial statements have been prepared in accordance with Canadian accounting standards 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 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 value. 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 (net debt) for the year.

2. Significant Accounting Policies (continued)

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 to 10 years
Machinery, equipment and furniture	5 to 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.

2. Significant Accounting Policies (continued)

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 Municipality'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 Municipality 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>2019</u>	<u>2018</u>
Cash and bank	\$ <u>498,622</u>	\$ <u>324,490</u>

TOWN OF BAY ROBERTS
Notes to the Financial Statements
December 31, 2019

6. Accounts Receivable	<u>2019</u>	<u>2018</u>
Taxes:		
Business	\$ 423,810	\$ 482,312
Property	1,408,679	1,487,959
Water and sewer	<u>474,953</u>	<u>483,001</u>
	<u>2,307,442</u>	<u>2,453,272</u>
GST Rebate	378,175	270,205
Interest on taxation accounts	827,692	841,568
Due from provincial government - grants	140,249	352,267
Other	<u>468,484</u>	<u>63,439</u>
	<u>1,814,600</u>	<u>1,527,479</u>
	4,122,042	3,980,751
Allowance for doubtful accounts	<u>(1,125,352)</u>	<u>(1,057,872)</u>
	<u>\$ 2,996,690</u>	<u>\$ 2,922,879</u>
7. Accounts Payable and Accrued Liabilities	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 607,819	\$ 476,646
Source deductions payable	23,255	16,633
Capital accounts payable	1,517,346	2,397,217
Prepaid taxes	<u>72,030</u>	<u>136,133</u>
	<u>\$ 2,220,450</u>	<u>\$ 3,026,629</u>
8. Long Term Debt	<u>2019</u>	<u>2018</u>
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>\$ 390,924</u>	<u>\$ 462,527</u>

TOWN OF BAY ROBERTS
Notes to the Financial Statements
December 31, 2019

8. Long Term Debt (continued)	2019	2018
Balance forward	390,924	462,527
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$893, maturing on December 31, 2027.	76,251	83,851
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,330, maturing on December 31, 2027.	281,643	309,724
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,366, maturing on December 31, 2027.	287,888	316,204
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$2,244, maturing on December 31, 2027.	191,528	210,613
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,143, maturing on December 31, 2027.	353,652	388,879
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,960, maturing on December 31, 2027.	337,960	371,631
Fixed rate loan at a rate of 2.97%, repayable in blended monthly installments of \$5,169, maturing in 2032.	624,745	667,533
Fixed rate loan at a rate of 4.26%, repayable in blended monthly installments of \$5082, maturing on October 31, 2038.	636,533	669,632
Fixed rate loan at a rate of 2.49%, repayable in blended semi-annual installments of \$17,821, maturing on February 28, 2023.	<u>74,124</u>	<u>98,327</u>
	<u>3,255,248</u>	<u>3,578,921</u>

TOWN OF BAY ROBERTS
Notes to the Financial Statements
December 31, 2019

8. Long Term Debt (continued)	2019	2018
Balance forward	3,255,248	3,578,921
Fixed rate loan at a rate of 2.97%, repayable in blended monthly installments of \$4,722, maturing in 2032.	570,777	609,868
Fixed rate loan at a rate of 3.31%, repayable in blended monthly installments of \$9,878, maturing in 2032.	1,237,777	1,313,984
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,227, maturing in 2032.	488,311	520,683
Fixed rate loan at a rate of 3.31%, repayable in blended monthly installments of \$7,491, maturing in 2032.	987,740	
Fixed rate loan at a rate of 4.03%, repayable in blended monthly installments of \$1,853, maturing in 2032.	<u>238,641</u>	
Total long term debt	<u>\$ 6,778,494</u>	<u>\$ 6,023,456</u>

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

2020	\$	611,037
2021	\$	619,710
2022	\$	610,287
2023	\$	628,162
2024	\$	565,569

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 the 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 \$1,300,000 at year-end. This credit arrangement is secured by a general security agreement over the Town's assets.

TOWN OF BAY ROBERTS
Notes to the Financial Statements
December 31, 2019

11. Commitments

Council has approved various capital projects that will be completed during 2020, and approved costs are as follows:

Water and Sewer Upgrades	\$ <u>250,000</u>
Street Improvements	\$ <u>368,138</u>

These costs will be financed by Town loans and they represent their proportionate cost of Multi-year Capital Works Projects.

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 their concentration of credit risk.

Interest Rate Risk

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, 2019 approximates their fair value.

13. Deferred Revenue - Summer Games

This represents unspent funding for the Newfoundland and Labrador 2020 Summer Games. These funds were received and costs administered by the Town of Bay Roberts on behalf of the Committee.

14. Prior Period Adjustment

During the December 31, 2019 year-end audit, it was discovered that a 2018 accrued receivable for Provincial Government funding to cover infrastructure project costs had been incorrectly reported on the year-end financial statements and subsequently correct in accordance with PS 2120.30. It was discovered in 2019 that the Town exhausted the funding for this project in 2018 and that costs incurred in excess of this funding would have to be covered from the Town's reserves and operations. The correction resulted in a prior period adjustment of \$295,492, decreasing receivables, decreasing revenues, decreasing accumulated surplus, and a restatement of the December 31, 2018 balances as follows:

	<u>Original</u>	<u>Adjustment</u>	<u>Revised</u>
Accounts receivable	\$ 3,218,371	\$ (295,492)	\$ 2,922,879
Revenues	\$ 11,869,377	\$ (295,492)	\$ 11,573,885
Surplus for the year	\$ 4,030,350	\$ (295,492)	\$ 3,734,858
Accumulated Surplus	\$ 36,895,971	\$ (295,492)	\$ 36,600,479

TOWN OF BAY ROBERTS
Schedule of Tangible Capital Assets
December 31, 2019

Schedule 1

	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	2019	2018
Cost										
Opening Costs	\$ 597,886	\$ 6,284,742	\$ 4,579,432			\$ 9,820,543	\$ 47,476,029	\$ 1,504,456	\$ 70,363,088	\$ 62,852,929
Additions during the year	2,500	55,110	532,964			2,338,532	15,613	175,453	3,120,172	7,510,159
(Disposals) and adjustments							(88,744)		(88,744)	
Closing Costs	600,386	6,339,852	5,112,396			12,159,075	47,402,898	1,779,909	73,394,516	70,363,088
Accumulated Amortization										
Opening amortization		4,049,421	2,097,625			3,441,898	18,010,887	614,126	28,213,957	26,422,157
Amortization		33,083	352,018			474,607	951,958	187,649	1,999,316	1,791,800
Closing amortization		4,082,504	2,449,643			3,916,505	18,962,845	801,775	30,213,273	28,213,957
Net Book Value of Tangible Capital Assets	\$ 600,386	\$ 2,257,348	\$ 2,662,753	\$ NIL	\$ NIL	\$ 8,242,570	\$ 28,440,053	\$ 978,134	\$ 43,181,243	\$ 42,149,131

TOWN OF BAY ROBERTS
Schedule of Revenues

Schedule 2

For the Year Ended December 31,

Financial Plan

Actual

2019

2018

Taxation Revenue

Property tax	\$ 3,741,839	\$ 4,226,904	\$ 4,174,226
Business tax	1,208,698	1,172,303	1,132,220
Water and sewer tax	1,430,180	892,441	886,307
Penalties and interest on taxes receivable	150,000	73,316	203,594
Discounts		(102,840)	(108,974)
	<u>6,530,717</u>	<u>6,262,124</u>	<u>6,287,373</u>

Sales of goods and services

Permits and certificates	23,500	18,545	22,560
Recreation and cultural services	80,000	79,327	80,526
Seafood festival	70,000	64,263	66,795
Arena	431,000	381,341	468,110
Fire protection service fees	40,000	110,048	38,950
Swimming pool	70,000	63,131	62,672
Light the Lamp	60,000	53,758	52,546
Water supply	20,000	29,500	28,400
Other sales of goods and services	<u>10,000</u>	<u>34,984</u>	<u>21,371</u>
	<u>804,500</u>	<u>834,897</u>	<u>841,930</u>

Grants and transfers

Government of Canada			
Other federal revenue		82,094	32,811
Government transfers - Provincial			
Municipal operating grant	198,600	198,486	198,486
Municipal capital grant		986,167	3,365,220
Gas tax revenue - Federal		4,926	758,421
Gas tax revenue - Provincial	57,615	86,423	57,615
Interest on government loans	145,968	11,439	12,029
Other provincial grants and/or subsidies	<u>40,001</u>	<u>51,963</u>	<u>20,000</u>
	<u>442,184</u>	<u>1,421,498</u>	<u>4,444,582</u>

Total Revenue

	<u>\$ 7,777,401</u>	<u>\$ 8,518,519</u>	<u>\$ 11,573,885</u>
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TOWN OF BAY ROBERTS
Schedule of Expenses

Schedule 3
Actual

For the Year Ended December 31,

Financial Plan

2019

2018

General Government Services

Salaries and benefits	\$ 451,592	\$ 447,782	\$ 509,694
Office	84,500	85,643	64,819
Other general expenses	291,610	311,399	214,173
Insurance - General	75,000	82,819	82,174
Council	84,256	93,013	78,615
Amortization		33,083	38,037
	<u>\$ 986,958</u>	<u>\$ 1,053,739</u>	<u>\$ 987,512</u>

Protective Services

Fire protection	\$ 177,237	\$ 179,851	\$ 180,982
Enforcement officer	92,916	45,705	90,111
Animal control	3,000		148
Amortization		49,987	49,987
	<u>\$ 273,153</u>	<u>\$ 275,543</u>	<u>\$ 321,228</u>

Transportation Services

Road maintenance	\$ 889,985	\$ 926,208	\$ 964,740
Snow clearing	237,121	184,395	110,481
Street lighting	182,000	200,253	166,499
Equipment maintenance	230,000	240,864	232,119
Amortization		776,639	600,723
	<u>\$ 1,539,106</u>	<u>\$ 2,328,359</u>	<u>\$ 2,074,562</u>

Fiscal Services

Doubtful Accounts		\$ 67,480	\$ 173,312
Capital expenditures from own revenue and grants	\$ 1,587,070		
Debt charges	898,572	280,705	193,324
Bank charges	49,785	50,527	49,510
	<u>\$ 2,535,427</u>	<u>\$ 398,712</u>	<u>\$ 416,146</u>

Environmental Health Services

Garbage and waste collection and disposal	\$ 531,763	\$ 624,256	\$ 707,546
Water and sewage utility, operation and maintenance	288,243	513,388	305,221
Amortization		951,958	956,083
	<u>\$ 820,006</u>	<u>\$ 2,089,602</u>	<u>\$ 1,968,850</u>

TOWN OF BAY ROBERTS
Schedule of Expenses**Schedule 3**
Actual**For the Year Ended December 31,****Financial Plan****2019****2018**

Regional planning and development

Community improvement and development	\$ 71,000	\$ 73,886	\$ 80,335
Tourism and marketing	<u>528,976</u>	<u>553,528</u>	<u>545,957</u>
	<u>\$ 599,976</u>	<u>\$ 627,414</u>	<u>\$ 626,292</u>

Recreation and Cultural Services

Swimming Pool	\$ 125,472	\$ 125,032	\$ 146,605
Parks and playgrounds	297,670	287,107	301,666
Arena	413,700	648,500	587,491
Other recreation and cultural service	185,933	308,435	261,704
Amortization	<u> </u>	<u>187,649</u>	<u>146,971</u>
	<u>\$ 1,022,775</u>	<u>\$ 1,556,723</u>	<u>\$ 1,444,437</u>

Total Expenses	<u>\$ 7,777,402</u>	<u>\$ 8,330,092</u>	<u>\$ 7,839,027</u>
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TOWN OF BAY ROBERTS

Reconciliation of the Financial Plan to the Budget (PSAB)

For The Year Ended December 31, 2019

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 Revenue	\$ 6,530,717						\$ 6,530,717
Sales of goods and services	804,500						804,500
Grants and transfers	<u>442,184</u>		\$ (134,529)	\$ 1,068,261			<u>1,375,916</u>
Total revenue	\$ <u>7,777,401</u>		(134,529)	1,068,261			<u>8,711,133</u>
EXPENSES							
General government services	\$ 986,958	\$ 33,083					1,020,041
Protective services	273,153	49,987					323,140
Transportation services	1,539,106	776,639					2,315,745
Environmental health services	820,006	951,958					1,771,964
Recreation and cultural services	1,022,775	187,649					1,210,424
Regional planning and development	599,976						599,976
Fiscal Services	<u>2,535,427</u>		742	(1,587,070)			<u>949,099</u>
Total expenses	\$ <u>7,777,401</u>	1,999,316	742	(1,587,070)			<u>8,190,389</u>
Surplus(Deficit)		\$ (1,999,316)	\$ (135,271)	\$ 2,655,331	\$ NIL	\$ NIL	\$ <u>520,744</u>

October 15, 2020

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, 2019.

Expenditures in relation to budget:

Actual expenditures of \$8,330,092 were in excess of the limits of the adopted budget by \$552,691. These expenditures include amortization in the amount of \$1,999,316 which was not included in the adopted financial plan. 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 \$3,135,134 at December 31, 2019. Of this amount, \$2,309,987 has been outstanding for one year or longer, while the balance of \$825,147 represents arrears on account of taxes and rates levied in 2019.

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

The Town's 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 2019 Ultimate Recipient Annual Expenditure Report (the "Report") for the Town of Bay Roberts ("the Municipality") for the year ended December 31, 2019.

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 2019 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 2019 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 2019 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 judgment 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
October 15, 2020


CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF BAY ROBERTS
Annual Expenditure Report - Gas Tax Agreement
For the Year Ended December 31, 2019

	<u>2019</u>	<u>Cumulative</u>
Opening balance, receivable	\$ (164,296)	\$ NIL
Spent on eligible projects	(4,926)	(2,731,501)
Received from Newfoundland and Labrador	<u>184,287</u>	<u>2,746,566</u>
Closing balance, deferred revenue	<u>\$ 15,065</u>	<u>\$ 15,065</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.

Philip Wood (MAYOR)
 Signature

DECEMBER 9, 2020
 Date