

TOWN OF BAY ROBERTS
Consolidated Financial Statements
December 31, 2023

CONTENTS

	<u>Page</u>
Statement of Responsibility	
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Assets (Net Debt)	5
Consolidated Statement of Cash Flow	6
Notes to the Consolidated Financial Statements	7 - 13
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	14
Schedule 2 - Consolidated Schedule of Revenues	15
Schedule 3 - Consolidated Schedule of Expenses	16 - 17
Schedule 4 - Reconciliation of the Financial Plan to the Budget (PSAB)	18
Auditor's Report on Statutory Requirements	19
Auditor's Report on Compliance with Canada Community Building Fund Agreement	20 - 21
Appendix A - Summary of Ultimate Recipients Funding & Certification	22

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the TOWN OF BAY ROBERTS (the "Municipality") 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 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. The Auditor's 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 Consolidated 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

**BYRON
SMITH**

CHARTERED
PROFESSIONAL
ACCOUNTANTS

BYRON D. SMITH

B. Comm., C.F.E., FCPA, FCA

Byron D. Smith
Professional Corporation
P.O. Box 610
100 Conception Bay Highway
Spaniard's Bay, NL
A0A 3X0

Telephone: (709) 786-1232

Toll Free: 1-877-786-1232

Facsimile: (709) 786-1230

E-mail: byron@byronsmithca.com

Website: byronsmithca.com

Opinion

I have audited the consolidated financial statements of the Town of Bay Roberts (the "Municipality"), which comprise the Consolidated Statement of Financial Position as at December 31, 2023, Consolidated Statement of Operations, Consolidated Statement of Change in Net Financial Assets (Net Debt), Consolidated Statement of Cash Flow for the year then ended, and notes to the consolidated 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 Municipality as at December 31, 2023, and its results of operations and its cash flow 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 Municipality's event, the Seafood Festival, 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 Municipality.

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 Consolidated Financial Statements section of my report. I am independent of the Municipality in accordance with the ethical requirements that are relevant to my audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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 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 consolidated 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 consolidated 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 Municipality'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 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 consolidated 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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
January 16th, 2025


CHARTERED PROFESSIONAL ACCOUNTANT

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

2023 **2022**

FINANCIAL ASSETS

Cash (Note 5)	\$ 1,421,634	\$ 1,078,598
Accounts receivable (Note 6)	1,863,275	2,305,983
Real estate properties held for sale (Note 2)	<u>703,029</u>	<u>703,029</u>
	<u>3,987,938</u>	<u>4,087,610</u>

LIABILITIES

Operating line of credit (Note 10)	1,300,000	1,300,000
Accounts payable and accrued liabilities (Note 7)	1,313,410	994,501
Severance payable	366,785	359,693
Deferred revenue - Canada Community Building Fund	131,691	
Deferred revenue - Summer Games (Note 13)	12,467	58,552
Long term debt (Note 8)	<u>7,696,812</u>	<u>8,440,595</u>
	<u>10,821,165</u>	<u>11,153,341</u>

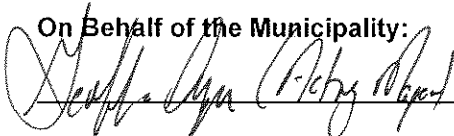
NET FINANCIAL ASSETS (NET DEBT) (6,833,227) (7,065,731)

NON-FINANCIAL ASSETS

Tangible Capital Assets (Schedule 1)	42,361,620	43,430,251
Prepays and other assets	<u>55,435</u>	<u>44,458</u>
	<u>42,417,055</u>	<u>43,474,709</u>

ACCUMULATED SURPLUS \$ 35,583,828 \$ 36,408,978

Commitments (Note 11)

On Behalf of the Municipality:

 _____ Mayor
 _____ Deputy Mayor

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

TOWN OF BAY ROBERTS
Consolidated Statement of Operations

For the Year Ended December 31,	PSAB Budget (Schedule 4)	Actual	
		2023	2022
Revenue			
Taxation Revenue	\$ 6,894,470	\$ 6,810,963	\$ 6,304,123
Sale of Goods and Services	799,000	1,061,621	888,965
Grants and Transfers	<u>365,889</u>	<u>769,967</u>	<u>480,130</u>
Total Revenue (Schedule 2)	<u>8,059,359</u>	<u>8,642,551</u>	<u>7,673,218</u>
Expenditures			
General Government Services	1,083,214	1,136,824	1,011,833
Protective Services	308,318	322,897	327,454
Transportation Services	1,782,752	2,375,306	2,525,991
Environmental Health Services	1,976,533	2,510,778	2,207,418
Regional planning and development	882,643	798,675	729,709
Recreation and Cultural Services	1,365,268	1,633,849	1,691,834
Fiscal Services	<u>582,841</u>	<u>689,372</u>	<u>615,372</u>
Total Expenditures (Schedule 3)	<u>7,981,569</u>	<u>9,467,701</u>	<u>9,109,611</u>
ANNUAL DEFICIT	\$ <u>77,790</u>	\$ <u>(825,150)</u>	\$ <u>(1,436,393)</u>
<hr/>			
ACCUMULATED SURPLUS, BEGINNING OF YEAR		\$ 36,408,978	\$ 37,845,371
ANNUAL DEFICIT		<u>(825,150)</u>	<u>(1,436,393)</u>
ACCUMULATED SURPLUS, END OF YEAR		\$ <u>35,583,828</u>	\$ <u>36,408,978</u>

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

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

For the Year Ended December 31,	PSAB Budget	Actual	
		2023	2022
ANNUAL DEFICIT	\$ 77,790	\$ (825,150)	\$ (1,436,393)
Acquisition of tangible capital assets	(1,066,229)	(1,066,229)	(1,544,116)
Amortization of tangible capital assets	2,134,860	2,134,860	2,136,292
Write down of tangible capital assets			15,000
Decrease (increase) in prepaids and other assets		(10,977)	(19,816)
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	1,146,421	232,504	(849,033)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>(7,065,731)</u>	<u>(7,065,731)</u>	<u>(6,216,698)</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u>\$ (5,919,310)</u>	<u>\$ (6,833,227)</u>	<u>\$ (7,065,731)</u>

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

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

2023

2022

Cash provided From (Used For):

Cash Flow from Operating activities

Annual surplus	\$ (825,150)	\$ (1,436,393)
Amortization - non cash item	2,134,860	2,136,292
Other income - Gain on disposal of capital asset		(53,324)

Changes in:

Receivables	442,708	613,269
Prepaid expenses	(10,977)	(19,817)
Payables and accruals	318,914	(999,488)
Severance pay	7,092	40,925
Deferred revenue	<u>85,606</u>	<u>(1,478)</u>
	<u>2,153,053</u>	<u>279,986</u>

Cash Flow from Capital Activities

Capital asset purchases - net	(1,066,229)	(1,544,116)
Proceeds on disposal of capital assets	<u>68,325</u>	<u>68,325</u>
	<u>(1,066,229)</u>	<u>(1,475,791)</u>

Cash Flow from Financing Activities

Repayment of long term debt	(743,788)	(802,224)
Decrease (increase) in Due from the Province of Newfoundland		23,130
Loans obtained during the year	<u>2,464,548</u>	<u>2,464,548</u>
	<u>(743,788)</u>	<u>1,685,454</u>

Net cash provided (used)

343,036 489,649

Cash net of (Bank indebtedness), beginning of year

(221,402) (711,051)

Cash net of (Bank indebtedness), end of year

\$ 121,634 \$ (221,402)

Consists of:

Cash (Note 5)	\$ 1,421,634	\$ 1,078,598
Operating line of credit (Note 10)	<u>(1,300,000)</u>	<u>(1,300,000)</u>
	\$ <u>121,634</u>	\$ <u>(221,402)</u>

The accompanying notes are an integral part of these consolidated 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 services.

2. Significant Accounting Policies

The consolidated 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 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 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 Municipality within one year of the consolidated statement of financial position 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 consolidated 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 are 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 consolidated statement of financial position date.

Interest on long term debt is accrued at year end.

Use of Estimates

The preparation of the Municipality's consolidated 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 consolidated 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 weeks pay. 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 this respect was considered satisfactory, however there are some control weaknesses which are inherent with the municipalities of this size.

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 adequate.

5. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2023</u>	<u>2022</u>
Cash and bank	\$ <u>1,421,634</u>	\$ <u>1,078,598</u>

TOWN OF BAY ROBERTS
Notes to the Consolidated Financial Statements
December 31, 2023

6. Accounts Receivable	<u>2023</u>	<u>2022</u>
Taxes:		
Business	\$ 209,770	\$ 205,302
Property	1,372,214	1,340,330
Water and sewer	<u>525,551</u>	<u>499,906</u>
	<u>2,107,535</u>	<u>2,045,538</u>
GST Rebate (payable)	(17,089)	277,150
Interest on taxation accounts	622,545	599,365
Due from governments - grants		105,918
Other	<u>182,039</u>	<u>156,965</u>
	<u>787,495</u>	<u>1,139,398</u>
	2,895,030	3,184,936
Allowance for doubtful accounts	<u>(1,031,755)</u>	<u>(878,953)</u>
	<u>\$ 1,863,275</u>	<u>\$ 2,305,983</u>
7. Accounts Payable and Accrued Liabilities	<u>2023</u>	<u>2022</u>
Accounts payable	\$ 1,214,227	\$ 918,546
Prepaid taxes	<u>99,183</u>	<u>75,955</u>
	<u>\$ 1,313,410</u>	<u>\$ 994,501</u>
8. Long Term Debt	<u>2023</u>	<u>2022</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 2027.	\$ 89,926	\$ 163,289
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$893, maturing December 31, 2027.	42,122	50,590
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,330, maturing December 31, 2027.	<u>155,565</u>	<u>186,841</u>
	<u>287,613</u>	<u>400,720</u>

TOWN OF BAY ROBERTS
Notes to the Consolidated Financial Statements
December 31, 2023

8. Long Term Debt (continued)	<u>2023</u>	<u>2022</u>
Balance forward	287,613	400,720
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,366, maturing December 31, 2027.	159,977	192,140
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$2,244, maturing December 31, 2027.	105,805	127,072
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,143, maturing December 31, 2027.	187,361	225,931
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$3,960, maturing December 31, 2027.	183,276	220,123
Fixed rate loan at a rate of 2.97%, repayable in blended monthly installments of \$5,169, maturing 2032.	441,827	489,284
Fixed rate loan at a rate of 4.26%, repayable in blended monthly installments of \$5,082, maturing October 31, 2038.	489,841	528,343
Fixed rate loan at a rate of 2.97%, repayable in blended monthly installments of \$4,722, maturing 2032.	403,661	447,019
Fixed rate loan at a rate of 3.31%, repayable in blended monthly installments of \$9,878, maturing 2032.	929,201	994,848
Loan bearing interest at a rate of prime per annum, repayable in blended monthly installments of \$4,227, maturing 2032.	<u>335,211</u>	<u>370,589</u>
	<u>3,523,773</u>	<u>3,996,069</u>

TOWN OF BAY ROBERTS
Notes to the Consolidated Financial Statements
December 31, 2023

8. Long Term Debt (continued)	<u>2023</u>	<u>2022</u>
Balance forward	3,523,773	3,996,069
Fixed rate loan at a rate of 3.31%, repayable in blended monthly installments of \$7,491, maturing 2032.	759,190	819,561
Fixed rate loan at a rate of 4.03%, repayable in blended monthly installments of \$1,853, maturing 2032.	183,951	198,460
Fixed rate loan at 2.10%, repayable in blended monthly installments of \$2,386, maturing 2035.	295,708	317,880
Fixed rate loan at 2.10%, repayable in blended monthly installments of \$4,050, maturing 2035.	512,074	549,509
Fixed rate loan at 3.10%, repayable in blended monthly installments of \$1,296, maturing 2035.	160,651	172,697
Fixed rate loan at 3.26%, repayable in blended monthly installments of \$3,515, maturing February 2027.	448,832	475,908
Fixed rate loan at 3.94%, repayable in blended monthly installments of \$2,604, maturing March 2027.	331,196	350,528
Fixed rate loan at 3.26%, repayable in blended monthly installments of \$5,273, maturing February 2027.	673,240	713,862
Fixed rate loan at 5.45%, repayable in blended monthly installments of \$6,923, amortized over 180 months, with a term of 60 months maturing 2028.	<u>808,197</u>	<u>846,121</u>
Total long term debt	<u>\$ 7,696,812</u>	<u>\$ 8,440,595</u>

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

2024	\$	865,319
2025	\$	807,494
2026	\$	833,433
2027	\$	789,661
2028	\$	630,780

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.

9. Budget (continued)

For comparative purposes, the Municipality 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 consolidated 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 consolidated statements is disclosed in Schedule 4 - Reconciliation of the Financial Plan to the Budget.

10. Credit Facilities

The Municipality has a \$1,400,000 revolving demand credit arrangement with the Bank of Nova Scotia. This line of credit balance was \$1,300,000 (2022- \$1,300,000) at year-end. This credit arrangement is secured by a general security agreement over the Municipality's assets.

11. Commitments

Council accepted cost-shared funding for upgrades to Water Street Phase 2 and the Lift Station at a total cost of \$2,514,966. The Municipality agrees to provide the share value of \$980,636 for the 2023-2024 Municipal Capital Works and investing in Canada Infrastructure Program.

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 consolidated 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, 2023 approximates their fair value.

13. Deferred Revenue - Summer Games

\$12,467 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.

TOWN OF BAY ROBERTS
Consolidated Schedule of Tangible Capital Assets
December 31, 2023

Schedule 1

	General Capital Assets						Totals			
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets Under Construction	Roads, Streets and Bridges	Water and Sewer	Recreational Facilities	2023	2022
Cost										
Opening Costs	\$ 609,887	\$ 5,395,994	\$ 5,539,684			\$ 15,737,687	\$ 48,248,567	\$ 4,155,795	\$ 79,687,614	\$ 78,428,130
Additions during the year	5,217	224,398	170,449			495,369	92,356	78,440	1,066,229	1,544,116
Disposals and adjustments										(284,633)
Closing Costs	<u>615,104</u>	<u>5,620,392</u>	<u>5,710,133</u>			<u>16,233,056</u>	<u>48,340,923</u>	<u>4,234,235</u>	<u>80,753,843</u>	<u>79,687,613</u>
Accumulated Amortization										
Opening accum'd amortization		4,220,713	3,334,011			5,424,578	21,852,058	1,426,003	36,257,363	34,390,702
Amortization		<u>52,361</u>	<u>364,656</u>			<u>527,947</u>	<u>966,586</u>	<u>223,309</u>	<u>2,134,860</u>	<u>2,136,292</u>
(Disposals)										(269,632)
Closing accum'd amortization		<u>4,273,074</u>	<u>3,698,667</u>			<u>5,952,525</u>	<u>22,818,644</u>	<u>1,649,312</u>	<u>38,392,223</u>	<u>36,257,362</u>
Net Book Value of Tangible Capital Assets	\$ <u>615,104</u>	\$ <u>1,347,318</u>	\$ <u>2,011,466</u>	\$ <u>NIL</u>	\$ <u>NIL</u>	\$ <u>10,280,531</u>	\$ <u>25,522,279</u>	\$ <u>2,584,923</u>	\$ <u>42,361,620</u>	\$ <u>43,430,251</u>

TOWN OF BAY ROBERTS
Consolidated Schedule of Revenues

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual	
		2023	2022
Taxation revenue			
Property tax	\$ 4,737,156	\$ 4,600,889	\$ 4,122,025
Business tax	1,253,510	1,238,448	1,218,628
Water and sewer tax	917,400	1,027,654	1,016,918
Penalties and interest on taxes receivable	94,554	57,955	51,219
Discounts	<u>(108,150)</u>	<u>(113,983)</u>	<u>(104,667)</u>
	<u>6,894,470</u>	<u>6,810,963</u>	<u>6,304,123</u>
Sale of goods and services			
Permits and certificates	41,000	31,775	43,212
Recreation and cultural services	40,000	84,898	88,521
Seafood festival event	90,000	81,378	83,592
Arena	408,000	452,420	317,530
Fire protection service fees	60,000	62,600	60,387
Swimming pool	65,000	69,633	59,356
Light the Lamp event	80,000	102,980	83,807
Water supply	15,000	27,150	40,300
Gain on asset disposals & deposit interest, etc	<u> </u>	<u>148,787</u>	<u>112,260</u>
	<u>799,000</u>	<u>1,061,621</u>	<u>888,965</u>
Grants and transfers			
Government of Canada			
Capital Grants, including ACOA		12,879	111,727
Other federal revenue		44,102	53,682
Gas tax revenue - Federal (CCBF)	283,930	396,147	
Government transfers - Provincial			
Municipal operating grant	198,600	225,628	198,486
Municipal capital grant			
Gas tax revenue - Provincial	57,615	57,615	57,615
Interest on government loans	145,968		
Other provincial grants and/or subsidies	<u>109,674</u>	<u>33,596</u>	<u>58,620</u>
	<u>795,787</u>	<u>769,967</u>	<u>480,130</u>
Other revenue			
Transfers	<u>866,070</u>	<u> </u>	<u> </u>
	<u>866,070</u>	<u> </u>	<u> </u>
Total Revenue	\$ <u>9,355,327</u>	\$ <u>8,642,551</u>	\$ <u>7,673,218</u>

TOWN OF BAY ROBERTS
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2023	2022
General Government Services			
Salaries and benefits	\$ 508,930	\$ 533,922	\$ 474,692
Office	78,650	94,625	95,097
Other general expenses	219,906	224,295	215,887
Insurance - General	79,567	97,555	91,376
Council	143,800	134,066	91,098
Amortization		52,361	43,683
	<u>1,030,853</u>	<u>1,136,824</u>	<u>1,011,833</u>
Protective Services			
Fire protection	158,500	182,572	191,647
Enforcement officer	93,011	83,518	76,199
Amortization		56,807	59,608
	<u>251,511</u>	<u>322,897</u>	<u>327,454</u>
Transportation Services			
Road maintenance	1,052,968	825,542	995,937
Snow clearing	306,928	223,851	198,819
Street lighting	195,000	184,138	185,865
Equipment maintenance	258,130	305,979	296,933
Amortization		835,796	848,437
	<u>1,813,026</u>	<u>2,375,306</u>	<u>2,525,991</u>
Fiscal Services			
Doubtful accounts	50,000	156,531	156,509
Capital expenditures from own revenue and grants	1,556,250		
Debt charges	1,568,623	469,219	385,025
Bank charges	50,515	63,622	73,838
	<u>3,225,388</u>	<u>689,372</u>	<u>615,372</u>
Environmental Health Services			
Garbage and waste collection and disposal	664,280	818,159	693,223
Water and sewage utility, operation and maintenance	345,667	726,033	549,457
Amortization		966,586	964,738
	<u>1,009,947</u>	<u>2,510,778</u>	<u>2,207,418</u>

TOWN OF BAY ROBERTS
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,

Financial Plan

Actual

2023

2022

Regional planning and development

Community improvement and development	100,000	56,874	79,116
Tourism and marketing	692,643	642,364	567,383
Seafood festival event	<u>90,000</u>	<u>99,437</u>	<u>83,210</u>
	<u>882,643</u>	<u>798,675</u>	<u>729,709</u>

Recreation and Cultural Services

Swimming Pool	116,294	166,372	173,276
Parks and playgrounds	260,598	314,053	363,536
Arena	491,667	569,471	617,261
Light the Lamp event	75,000	97,288	77,676
Other recreation and cultural services	198,400	263,356	240,259
Amortization	<u> </u>	<u>223,309</u>	<u>219,826</u>
	<u>1,141,959</u>	<u>1,633,849</u>	<u>1,691,834</u>

Total Expenses	<u>\$ 9,355,327</u>	<u>\$ 9,467,701</u>	<u>\$ 9,109,611</u>
----------------	---------------------	---------------------	---------------------

TOWN OF BAY ROBERTS

Reconciliation of the Financial Plan to the Budget (PSAB)

For The Year Ended December 31, 2023

Schedule 4

	Financial Plan	Amortization - Town	Interest	Transfers	Long Term Accruals	Actual Amounts Consolidated Entities	PSAB Budget
REVENUE							
Taxation revenue	\$ 6,894,470						\$ 6,894,470
Sale of goods and services	799,000						799,000
Grants and transfers	<u>795,787</u>		\$ (145,968)	\$ (283,930)			<u>365,889</u>
Total revenue	\$ <u>8,489,257</u>		<u>(145,968)</u>	<u>(283,930)</u>			<u>8,059,359</u>
EXPENSES							
General government services	\$ 1,030,853	\$ 52,361					1,083,214
Protective services	251,511	56,807					308,318
Transportation services	1,813,026	835,796		(866,070)			1,782,752
Environmental health services	1,009,947	966,586					1,976,533
Recreation and cultural services	1,141,959	223,309					1,365,268
Regional planning and development	882,643		13,107	(2,655,654)			882,643
Fiscal Services	<u>3,225,388</u>						<u>582,841</u>
Total expenses	\$ <u>9,355,327</u>	<u>2,134,859</u>	<u>13,107</u>	<u>(3,521,724)</u>			<u>7,981,559</u>
Surplus(Deficit)		\$ <u>(2,134,859)</u>	\$ <u>(159,075)</u>	\$ <u>3,237,794</u>	\$ <u>NIL</u>	\$ <u>NIL</u>	\$ <u>77,790</u>

AUDITOR'S REPORT ON STATUTORY REQUIREMENTS

January 16, 2024

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, 2023.

Expenditures in relation to budget:

Actual expenditures of \$9,467,701 were in excess of the limits of the adopted budget by \$112,374. These expenditures include amortization in the amount of \$2,134,859 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 \$2,730,080 at December 31, 2023. Of this amount, \$2,050,735 has been outstanding for one year or longer, while the balance of \$679,345 represents arrears on account of taxes and rates levied in 2023.

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

The Municipality'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, NL

Auditor's Report
On Compliance with Canada Community Building Fund Agreement

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

Opinion

I have audited the 2023 Ultimate Recipient Annual Expenditure Report (the "Report") for the Town of Bay Roberts ("the Municipality") for the year ended December 31, 2023.

In my opinion, this report presents fairly, in all material respects, the results of operations in respect to the receipt and disbursement of Canada Community Building Fund 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 Canada Community Building Fund Agreement, as prescribed under the Canada - Newfoundland and Labrador Administrative Agreement on the Canada Community Building 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 2023 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 2023 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 2023 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
January 16th, 2025


CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF BAY ROBERTS
Summary of Ultimate Recipients Funding & Certification
2023 Annual Expenditure Report
For the Year Ended December 31, 2023

Appendix A

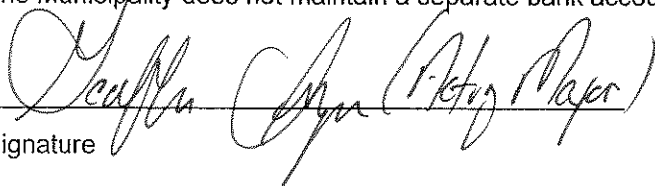
	<u>2023</u>	<u>Cumulative</u>
Opening balance, receivable	\$ NIL	\$ NIL
Spent on eligible projects	396,147	(3,127,648)
Received from Newfoundland and Labrador	<u>527,838</u>	<u>3,259,339</u>
Closing balance, deferred revenue	\$ <u>131,691</u>	\$ <u>131,691</u>

Closing CCBF bank account balance was NIL.

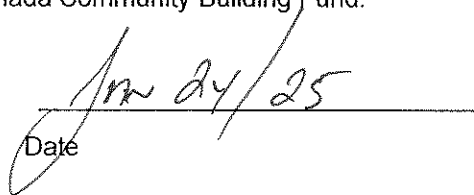
Certification

I, Walter Yetman, 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 Canada Community Building Fund revenues. I acknowledge and understand that any contravention of the terms and conditions of the Ultimate Recipient Canada Community Building Fund Agreement may result in funding being withheld.

The Municipality does not maintain a separate bank account for Canada Community Building Fund.



 Signature



 Date

