

**TOWN OF SPANIARD'S BAY  
Consolidated Financial Statements  
December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of:  
Town of Spaniard's Bay

### Opinion

I have audited the financial statements of the Town of Spaniard's Bay (Town), which comprise the Consolidated Statement of Financial Position as at December 31, 2020, the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets (Net Debt), the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2020, 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 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 Consolidated 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 opinion.

### Emphasis of Matter

Without modifying my conclusion, I draw attention to Note 14 to the financial statements, which describes economic environment risk related to the global COVID-19 pandemic declared by the World Health Organization.

### 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 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.



## 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 will 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  
May 31, 2021

  
CHARTERED PROFESSIONAL ACCOUNTANT

**TOWN OF SPANIARD'S BAY**  
**Consolidated Statement of Financial Position**

As at December 31,	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 5)	\$ 1,254,597	\$ 526,136
Accounts receivable (Note 6)	<u>877,614</u>	<u>669,557</u>
	\$ <u>2,132,211</u>	\$ <u>1,195,693</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 539,820	\$ 149,681
Severance pay (Note 2)	17,205	20,750
Pension liability fund (Note 12)	42,830	50,149
Long term debt (Note 8)	1,521,901	1,588,660
Deferred revenue - gas tax funding	<u>166,169</u>	<u>107,980</u>
	<u>2,287,925</u>	<u>1,917,220</u>
<b>NET FINANCIAL NET DEBT</b>	\$ <u>(155,714)</u>	\$ <u>(721,527)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule 1)	\$ 8,985,745	\$ 8,877,012
Prepaid expenses	<u>79,366</u>	<u>86,396</u>
	<u>9,065,111</u>	<u>8,963,408</u>
<b>ACCUMULATED SURPLUS</b>	\$ <u>8,909,397</u>	\$ <u>8,241,881</u>

On Behalf of the Town:

*Spaniards Bay* Mayor

*Paul Brazil*

Town Treasurer

*[Signature]*

Town Treasurer

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

**TOWN OF SPANIARD'S BAY**  
**Consolidated Statement of Operations**

For the Year Ended December 31,	PSAB Budget	Actual	
		2020	2019
<b>REVENUE</b>			
Taxation	\$ 1,925,317	\$ 1,927,443	\$ 1,912,786
Sale of goods and services	100,642	87,732	95,125
Grants and transfers	<u>899,934</u>	<u>917,563</u>	<u>525,810</u>
Total revenue (Schedule 2)	<u>2,925,893</u>	<u>2,932,738</u>	<u>2,533,721</u>
<b>EXPENSES</b>			
General government services (Schedule 3)	565,196	524,011	508,683
Protective services (Schedule 3)	114,409	123,839	114,707
Transportation services (Schedule 3)	777,343	901,223	731,652
Environmental health (Schedule 3)	694,145	582,346	608,554
Recreation, cultural and museum (Schedule 3)	77,884	71,748	69,081
Fiscal services (Schedule 3)	<u>66,896</u>	<u>62,055</u>	<u>105,185</u>
Total expenses	<u>2,295,873</u>	<u>2,265,222</u>	<u>2,137,862</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 630,020</u>	<u>\$ 667,516</u>	<u>\$ 395,859</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>			
		\$ 8,241,881	\$ 7,846,022
<b>ANNUAL SURPLUS</b>			
		<u>667,516</u>	<u>395,859</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>			
		<u>\$ 8,909,397</u>	<u>\$ 8,241,881</u>

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

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**TOWN OF SPANIARD'S BAY****Consolidated Statement of Change in Net Financial Assets (Net Debt)**

For the Year Ended December 31,	PSAB Budget	Actual	
		2020	2019
<b>ANNUAL SURPLUS</b>	\$ <u>630,020</u>	\$ <u>667,516</u>	\$ <u>395,859</u>
Acquisition of tangible capital assets	(645,231)	(645,231)	(861,284)
Amortization of tangible capital assets	536,641	536,641	520,619
Decrease (increase) in prepaid expenses	<u>          </u>	<u>7,030</u>	<u>(14,944)</u>
	<u>(108,590)</u>	<u>(101,560)</u>	<u>(355,609)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	521,430	565,956	40,250
<b>NET FINANCIAL ASSETS (NET DEBT),</b>			
<b>BEGINNING OF YEAR</b>	<u>(721,527)</u>	<u>(721,527)</u>	<u>(761,777)</u>
<b>NET FINANCIAL ASSETS (NET DEBT),</b>			
<b>END OF YEAR</b>	\$ <u>(200,097)</u>	\$ <u>(155,571)</u>	\$ <u>(721,527)</u>

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

**TOWN OF SPANIARD'S BAY**  
**Consolidated Statement of Cash Flows**

**For the Year Ended December 31,**

**2020**

**2019**

**OPERATING TRANSACTIONS**

Annual surplus	\$ 667,516	\$ 395,859
Amortization of tangible capital assets	536,641	520,619
Changes in non-cash working capital:		
Accounts receivable	(208,057)	(113,110)
Prepaid expenses	7,030	(14,944)
Accounts payable and accrued liabilities	390,139	2,263
Severance payable	(3,545)	(698)
Deferred revenue	58,189	60,103
Pension liability fund	<u>(7,319)</u>	<u>(7,316)</u>
Cash provided by operating transactions	<u>1,440,594</u>	<u>842,776</u>

**CAPITAL TRANSACTIONS**

Cash used to acquire tangible capital assets	<u>(645,231)</u>	<u>(861,284)</u>
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**FINANCING TRANSACTIONS**

Proceeds of long term debt	136,237	
Debt repayment	<u>(203,139)</u>	<u>142,717</u>
	<u>(66,902)</u>	<u>142,717</u>

**CASH PROVIDED FOR THE YEAR** 728,461 124,209

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 526,136 401,927

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 1,254,597 \$ 526,136

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



**1. Status of the TOWN OF SPANIARD'S BAY**

The incorporated TOWN OF SPANIARD'S BAY is a municipal government that was incorporated in 1965 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.

**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 revenue over expenses, provides the change in net financial assets for the year.

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

**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:

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**TOWN OF SPANIARD'S BAY**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

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**2. Significant Accounting Policies (Continued)**

**Tangible Capital Assets (Continued)**

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 years
Machinery, equipment and furniture	5 years
Maintenance and road construction equipment	10 years
Computer Hardware and Software	4 years
Furniture & Fixtures	5 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 statement of financial position date.

Principal repayments of long term debt are recorded as an expense when repaid. Interest on long term debt is accrued at year end.

**TOWN OF SPANIARD'S BAY**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

**2. Significant Accounting Policies (Continued)**

**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 terms of the collective agreement with employees of Council allowed severance pay to be paid out on termination to a maximum of \$11,000 per employee; with the exception of the Town Clerk, the maximum is \$18,000. As of December 31, 2019 severance has been paid out to most staff with the exception of the former Town Clerk who has agreed to be paid out over of a period of 5 years, and one other employee who is still accruing severance. The estimated accrued liability to December 31, 2020 is \$17,205. Cash in the amount of \$17,821 has been held in reserve to fund the liability.

**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 \$75,000 is carried on employees of the municipality who are in a position of trust and this coverage is considered to be adequate for a town of this size.

**5. Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash - current	\$ 437,134	\$ 361,719
Cash - severance	17,821	21,321
Cash - garbage contract	18,590	17,887
Cash - gas tax	166,195	124,263
Cash - capital projects	<u>614,857</u>	<u>916</u>
	<u>\$ 1,254,597</u>	<u>\$ 526,136</u>

**TOWN OF SPANIARD'S BAY**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

<b>6. Accounts Receivable</b>	<u>2020</u>	<u>2019</u>
Taxes:		
Business	\$ 55,385	\$ 51,256
Other	20,296	23,422
Property	505,511	447,446
Water and sewer	<u>203,452</u>	<u>177,012</u>
	<u>784,644</u>	<u>699,136</u>
Due from Province - long term debt	250,239	133,150
HST Receivable	88,752	75,117
Sundry	<u>4,845</u>	<u>57</u>
	<u>343,836</u>	<u>208,324</u>
	1,128,480	907,460
Allowance for doubtful accounts	<u>(250,866)</u>	<u>(237,903)</u>
	<u>\$ 877,614</u>	<u>\$ 669,557</u>
<b>7. Accounts Payable and Accrued Liabilities</b>	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 174,046	\$ 122,813
Payroll deductions	39	
Accrued interest	442	562
Capital payables	<u>365,293</u>	<u>26,306</u>
	<u>\$ 539,820</u>	<u>\$ 149,681</u>
<b>8. Long Term Debt</b>	<u>2020</u>	<u>2019</u>
<b>Newfoundland and Labrador Municipal Financing Corporation</b>		
Various loans with payments fully granted by the Government of Newfoundland and Labrador.		\$ 3,561
<b>Scotiabank</b>		
3.45% loan repayable in monthly principle installments of \$1,247, maturing 2029.	\$ 123,443	137,159
3.45% loan repayable in monthly principle installments of \$3,980, maturing 2024 and secured by 2019 dump truck having a carrying value of \$216,571.	<u>167,174</u>	<u>214,938</u>
Subtotal	<u>290,617</u>	<u>352,097</u>

**TOWN OF SPANIARD'S BAY**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

<b>8. Long Term Debt (Continued)</b>	<u>2020</u>	<u>2019</u>
Balance forward	290,617	352,097
3.45% loan repayable in monthly principle installments of \$7,725, maturing 2030.	857,420	950,111
3.45% loan repayable in monthly principle installments of \$3,772, maturing 2026.	237,627	282,891
3.45% loan repayable in monthly principle installments of \$1,174, maturing 2030.	<u>136,237</u>	<u>          </u>
Total long term debt	<u>\$ 1,521,901</u>	<u>\$ 1,588,660</u>

All loans are secured by all present and after-acquired personal and movable property that is the property of the Town of Spaniard's Bay.

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

2021	\$214,778
2022	\$214,778
2023	\$214,778
2024	\$190,896
2025	\$167,014

**9. Comparative Figures**

Certain of the comparative figures have been reclassified to conform to the current years presentation.

**10. Financial Instruments**

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values. 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 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, 2020 approximates their fair value.

**11. 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. The budget figures used in these financial statements have been approved by Council.

**12. Pension Plan Obligation**

The Town is a member of a multi-employer pension plan. During 2009 the Town was invoiced by the pension plan administrators for its portion of an unfunded pension liability. The Town is required to contribute special payments in the amount of \$610 monthly with seven years remaining at December 31, 2020.

**13. Credit Facilities**

The Town has a \$100,000 revolving demand credit arrangement with Scotiabank. This line of credit was unused at year-end. All outstanding amounts can be converted to a promissory note and registered either under relevant government legislation or a Financing Statement/Financing Change Statement under the Personal Property Security Act or equivalent at the discretion of Scotiabank.

**14. Economic Environment Risk**

At year end, the effects of the global outbreak of COVID-19 continues to evolve, which has had a significant impact on businesses through the restrictions put in place by the Government of Canada, the Province of Newfoundland and Labrador and the local municipal Governments regarding travel, business operations and isolation orders. At this time, it is unknown the full extent of the impact that the COVID-19 outbreak may have on the Town of Spaniard's Bay as this will depend on future developments that cannot be predicted with confidence. The Town of Spaniard's Bay continues to monitor the situation to assess the impact that the pandemic may have on its operations, including its residents' ability to pay municipal taxes.

**TOWN OF SPANIARD'S BAY**  
**Consolidated Schedule of Tangible Capital Assets**  
**December 31, 2020**

**Schedule 1**

	General Capital Assets						Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Hardware and Software	Asset Under Construction	Roads, Streets and Bridges	Water and Sewer	Assets Under Construction	2020	2019	
Cost											
Opening Costs	\$ 1,702,039	\$ 1,877,436	\$ 1,446,357	\$ 86,434		\$ 7,650,505	\$ 9,514,744		\$ 22,277,515	\$ 21,416,086	
Additions during the year		9,997	535			460,640	174,059		645,231	861,284	
Disposals and write downs		78,167							78,167		
Closing Costs	1,702,039	1,809,266	1,446,892	86,434		8,111,145	9,688,803		22,844,579	22,277,370	
Accumulated Amortization											
Opening accum'd amortization	69,338	1,417,642	1,046,390	56,996		4,762,825	6,027,169		13,400,360	12,879,739	
Amortization	9,084	4,395	4,791	23,319		289,651	205,401		536,641	520,619	
Disposals and write downs		78,167							78,167		
Closing accum'd amortization	78,422	1,543,870	1,051,181	80,315		5,072,476	6,232,570		13,858,834	13,400,358	
Net Book Value of Tangible Capital Assets	\$ 1,623,617	\$ 465,396	\$ 395,711	\$ 6,119	\$ NIL	\$ 3,038,669	\$ 3,456,233	\$ NIL	\$ 8,985,745	\$ 8,877,012	

**TOWN OF SPANIARD'S BAY**  
**Consolidated Schedule of Revenues**

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual	
		2020	2019
<b>Taxation</b>			
Property tax	\$ 1,254,772	\$ 1,255,123	\$ 1,245,653
Business tax	202,013	204,958	204,907
Water and sewer tax	<u>468,532</u>	<u>467,362</u>	<u>462,226</u>
	<u>1,925,317</u>	<u>1,927,443</u>	<u>1,912,786</u>
<b>Sale of goods and services</b>			
Tax certificates	1,000	3,200	1,100
Permits	3,000	3,220	2,190
Connection fees	12,000	6,000	8,000
Miscellaneous	47,160	38,430	34,283
Rent	29,640	27,440	32,470
Sale of assets		1,600	1,770
Interest		<u>7,842</u>	<u>15,312</u>
	<u>92,800</u>	<u>87,732</u>	<u>95,125</u>
<b>Grants and transfers</b>			
Government of Newfoundland and Labrador			
Municipal operating grant	150,358	150,358	150,358
Provincial debt charges	34,559	114	554
Gas tax revenue	119,258	136,887	183,757
Capital grants		370,641	147,607
Other provincial grants and/or subsidies		<u>259,563</u>	<u>43,534</u>
	<u>304,175</u>	<u>917,563</u>	<u>525,810</u>
<b>Total Revenue</b>	<b>\$ <u>2,322,292</u></b>	<b>\$ <u>2,932,738</u></b>	<b>\$ <u>2,533,721</u></b>



**TOWN OF SPANIARD'S BAY**  
**Consolidated Schedule of Expenses**

Schedule 3

For the Year Ended December 31,	<u>Financial Plan</u>	<u>Actual</u>	
		2020	2019
<b>General government services</b>			
General administrative:			
Salaries and benefits	\$ 220,200	\$ 261,605	\$ 249,767
Computer system	10,500	9,591	12,419
Amortization of tangible capital assets		4,395	1,088
Heat and light	25,000	20,225	23,121
Telephone	5,000	6,832	6,244
Supplies	29,300	31,156	30,514
Building maintenance	45,019	21,170	12,994
Professional fees	41,200	16,053	30,095
Municipal plan	22,000	12,514	
Public relations	7,700	2,637	2,352
Travel	18,900	1,517	11,223
	<u>424,819</u>	<u>387,695</u>	<u>379,817</u>
Common services:			
Assessment fees	46,982	46,982	47,216
Insurance	45,000	45,334	39,650
	<u>91,982</u>	<u>92,316</u>	<u>86,866</u>
Legislative:			
Councillors' remuneration	44,000	44,000	42,000
	<u>44,000</u>	<u>44,000</u>	<u>42,000</u>
	<u>\$ 560,801</u>	<u>\$ 524,011</u>	<u>\$ 508,683</u>
<b>Protective services</b>			
Fire protection:			
Purchased services	\$ 47,950	\$ 52,183	\$ 41,552
Supplies		10,000	10,000
Amortization of tangible capital assets		23,319	27,462
	<u>47,950</u>	<u>85,502</u>	<u>79,014</u>
Animal control	43,140	38,337	35,693
	<u>43,140</u>	<u>38,337</u>	<u>35,693</u>
	<u>\$ 91,090</u>	<u>\$ 123,839</u>	<u>\$ 114,707</u>

**TOWN OF SPANIARD'S BAY**  
**Consolidated Schedule of Expenses**

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2020	2019
<b>Environmental health</b>			
Water supply			
Salaries and benefits	\$ 105,250	\$ 50,250	\$ 81,609
Supplies	98,600	154,394	143,968
Amortization of tangible capital assets		205,401	223,214
	<u>203,850</u>	<u>410,045</u>	<u>448,791</u>
Garbage, waste collection and disposal			
Contracts	284,894	172,301	159,763
	<u>\$ 488,744</u>	<u>\$ 582,346</u>	<u>\$ 608,554</u>
<b>Transportation services</b>			
Street lighting			
Purchased services	\$ 105,000	\$ 109,078	\$ 107,553
Vehicle and fleet operation			
Supplies	69,800	51,677	64,442
Road transport			
Salaries and benefits	120,001	209,748	173,877
Amortization of tangible capital assets		294,442	263,763
Supplies	47,200	91,032	56,105
	<u>167,201</u>	<u>595,222</u>	<u>493,745</u>
Snow removal			
Salaries and benefits	70,450	66,157	34,942
Purchased services	70,450	79,089	30,970
	<u>140,900</u>	<u>145,246</u>	<u>65,912</u>
	<u>\$ 482,901</u>	<u>\$ 901,223</u>	<u>\$ 731,652</u>
<b>Recreation, cultural and museum</b>			
Recreation and community centres			
Salaries and benefits	\$ 42,600	\$ 38,214	\$ 38,040
Amortization of tangible capital assets		9,084	5,092
Supplies	26,200	24,450	25,949
	<u>\$ 68,800</u>	<u>\$ 71,748</u>	<u>\$ 69,081</u>
<b>Fiscal services</b>			
Debt charges from all sources	\$ 299,198	\$ 35,396	\$ 58,454
Allowance for uncollectable accounts (recovery)	15,500	13,495	24,739
Interest and bank charges	16,000	13,164	21,992
Capital expenditures from revenue	299,258		
	<u>\$ 629,956</u>	<u>\$ 62,055</u>	<u>\$ 105,185</u>
<b>Total expenses</b>	<u>\$ 2,322,292</u>	<u>\$ 2,265,222</u>	<u>\$ 2,137,862</u>

Town of Spaniard's Bay  
 Reconciliation of the Financial Plan to the Budget (PSAB)  
 For The Year Ended December 31, 2020

	Financial Plan	Amortization - Town	Interest	Transfers	Long Term Accruals	Actual Amounts Consolidated Entities	PSAB Budget
<b>REVENUE</b>							
Taxation	\$ 1,925,317					\$ 1,925,317	
Sale of goods and services	92,800		7,842			100,642	
Grants and transfers	304,175		(34,445)	630,204		899,934	
<b>Total revenue</b>	<u>\$ 2,322,292</u>		<u>(26,603)</u>	<u>630,204</u>		<u>2,925,893</u>	
<b>EXPENSES</b>							
General government services	\$ 560,801	\$ 4,395				565,196	
Protective services	91,090	23,319				114,409	
Transportation services	482,901	294,442				777,343	
Environmental health services	488,744	205,401				694,145	
Recreation, cultural and museum	68,800	9,084				77,884	
Fiscal Services - Capital expenditures	299,258			(299,258)			
Debt charges and doubtful accounts	330,698		(263,802)			66,896	
<b>Total expenses</b>	<u>\$ 2,322,292</u>	<u>536,641</u>	<u>(263,802)</u>	<u>(299,258)</u>		<u>2,295,873</u>	
Surplus(Deficit)		\$ (536,641)	\$ 237,199	\$ 929,462	\$ NIL	\$ NIL	\$ 630,020

May 31, 2021

To the Mayor and Councillors of:  
TOWN OF SPANIARD'S BAY

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, 2020.

**Expenditures in relation to budget:**

Actual expenditures of \$2,265,222 were within the limits of the adopted budget by \$57,070. 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. These expenditures include the amortization expense which was not budgeted for.

**Arrears on revenue:**

Taxes and rates receivable totaled \$784,644 at December 31, 2020. Of this amount, \$481,782 has been outstanding for one year or longer, while the balance of \$302,852 represents arrears on account of taxes and rates levied in 2020.

There was an allowance for doubtful accounts of \$250,866 at December 31, 2020. In my opinion this allowance is considered adequate to cover any potential uncollectable accounts.

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

The council's performance in these areas is adequate.

**Sufficiency of bonds:**

Fidelity bond coverage is carried on employees of the municipality who are in a position of trust. Coverage amounts are considered adequate for a municipality of this size.

BYRON D. SMITH  
CHARTERED PROFESSIONAL ACCOUNTANT  
Spaniard's Bay, Newfoundland



CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

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

To the Mayor and members of Council of:  
Town of Spaniard's Bay

**Opinion**

I have audited the 2020 Ultimate Recipient Annual Expenditure Report (the "Report") for the Town of Spaniard's Bay ("the Municipality") for the year ended December 31, 2020.

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 Spaniard's Bay 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 2020 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 2020 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 2020 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  
May 31, 2021

  
CHARTERED PROFESSIONAL ACCOUNTANT

**TOWN OF SPANIARD'S BAY**  
**Appendix A: Summary of Ultimate Recipients Fundings and Certification**  
**2020 Annual Expenditure Report**  
**For the Year Ended December 31,**

	<u>2020</u>	<u>Cumulative</u>
Opening balance of unspent funding	\$ 107,980	
Received from Newfoundland and Labrador	193,504	\$ 1,340,988
Interest earned on projects 2020	1,572	5,576
Spent on eligible projects in 2020	<u>(136,887)</u>	<u>(1,180,395)</u>
Closing balance of unspent funding	<u>\$ 166,169</u>	<u>\$ 166,169</u>
Closing balance of unspent funding	\$ 166,169	
Gas tax bank account balance	<u>166,195</u>	
Gas Tax bank account surplus (deficit)	<u>\$ 26</u>	

**Certification by Municipality**

I, Paul Brazil, Mayor of the Town of Spaniard's Bay 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 maintain a separate bank account for Gas Tax Funding.

Paul Brazil  
 Signature

June 1 - 2021  
 Date