

TOWN OF SPANIARD'S BAY
Consolidated Financial Statements
December 31, 2021

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STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the TOWN OF SPANIARD'S BAY 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



Town Treasurer



CHARTERED
PROFESSIONAL
ACCOUNTANTS

BYRON D. SMITH

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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, 2021, 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, 2021, 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.

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
June 8, 2022


CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF SPANIARD'S BAY
Consolidated Statement of Financial Position

As at December 31,	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents (Note 5)	\$ 1,740,422	\$ 1,254,597
Accounts receivable (Note 6)	<u>490,798</u>	<u>877,614</u>
	\$ <u>2,231,220</u>	\$ <u>2,132,211</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 197,520	\$ 539,820
Severance pay (Note 2)	10,800	17,205
Pension liability fund (Note 12)	35,511	42,830
Long term debt (Note 8)	1,519,990	1,521,901
Deferred revenue - other	9,916	
Deferred revenue - gas tax funding	<u>154,508</u>	<u>166,169</u>
	<u>1,928,245</u>	<u>2,287,925</u>
NET FINANCIAL ASSETS (NET DEBT)	\$ <u>302,975</u>	\$ <u>(155,714)</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 1)	\$ 8,788,854	\$ 8,985,745
Prepaid expenses	<u>64,709</u>	<u>79,366</u>
	<u>8,853,563</u>	<u>9,065,111</u>
ACCUMULATED SURPLUS	\$ <u>9,156,538</u>	\$ <u>8,909,397</u>

On Behalf of the Town:

Paul Brazil

Mayor

[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	
		2021	2020
REVENUE			
Taxation	\$ 1,901,347	\$ 1,909,782	\$ 1,927,443
Sale of goods and services	97,836	235,871	87,732
Grants and transfers	<u>724,584</u>	<u>442,161</u>	<u>917,563</u>
Total revenue (Schedule 2)	<u>2,723,767</u>	<u>2,587,814</u>	<u>2,932,738</u>
EXPENSES			
General government services (Schedule 3)	576,511	605,024	524,011
Protective services (Schedule 3)	123,149	103,584	123,839
Transportation services (Schedule 3)	788,585	772,630	901,223
Environmental health (Schedule 3)	759,352	697,454	582,346
Recreation, cultural and museum (Schedule 3)	76,376	101,447	71,748
Fiscal services (Schedule 3)	<u>60,490</u>	<u>60,534</u>	<u>62,055</u>
Total expenses	<u>2,384,463</u>	<u>2,340,673</u>	<u>2,265,222</u>
ANNUAL SURPLUS	<u>\$ 339,304</u>	<u>\$ 247,141</u>	<u>\$ 667,516</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
		\$ 8,909,397	\$ 8,241,881
ANNUAL SURPLUS			
		<u>247,141</u>	<u>667,516</u>
ACCUMULATED SURPLUS, END OF YEAR			
		<u>\$ 9,156,538</u>	<u>\$ 8,909,397</u>

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

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

For the Year Ended December 31,	PSAB Budget	Actual	
		2021	2020
ANNUAL SURPLUS	\$ <u>339,304</u>	\$ <u>247,141</u>	\$ <u>667,516</u>
Acquisition of tangible capital assets	(359,142)	(359,142)	(645,231)
Amortization of tangible capital assets	556,034	556,034	536,641
Decrease (increase) in prepaid expenses	<u> </u>	<u>14,656</u>	<u>7,030</u>
	<u>196,892</u>	<u>211,548</u>	<u>(101,703)</u>
CHANGE IN NET FINANCIAL ASSETS	536,196	458,689	565,813
NET FINANCIAL ASSETS (NET DEBT),			
BEGINNING OF YEAR	<u>(155,714)</u>	<u>(155,714)</u>	<u>(721,527)</u>
NET FINANCIAL ASSETS (NET DEBT),			
END OF YEAR	\$ <u>380,482</u>	\$ <u>302,975</u>	\$ <u>(155,714)</u>

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,	2021	2020
OPERATING TRANSACTIONS		
Annual surplus	\$ 247,141	\$ 667,516
Amortization of tangible capital assets	556,034	536,641
Changes in non-cash working capital:		
Accounts receivable	386,816	(208,057)
Prepaid expenses	14,657	7,030
Accounts payable and accrued liabilities	(342,300)	390,139
Severance payable	(6,405)	(3,545)
Deferred revenue	(1,745)	58,189
Pension liability fund	<u>(7,319)</u>	<u>(7,319)</u>
Cash provided by operating transactions	<u>846,879</u>	<u>1,440,594</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(359,142)</u>	<u>(645,231)</u>
FINANCING TRANSACTIONS		
Proceeds of long term debt	122,144	136,237
Debt repayment	<u>(124,056)</u>	<u>(203,139)</u>
	<u>(1,912)</u>	<u>(66,902)</u>
CASH PROVIDED FOR THE YEAR	485,825	728,461
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,254,597</u>	<u>526,136</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,740,422</u>	<u>\$ 1,254,597</u>

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:

TOWN OF SPANIARD'S BAY
Notes to the Consolidated Financial Statements
December 31, 2021

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.

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, 2020 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. The estimated accrued liability to December 31, 2021 is \$10,800. Cash in the amount of \$18,699 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>2021</u>	<u>2020</u>
Cash - current	\$ 530,562	\$ 437,134
Cash - severance	36,686	36,411
Cash - gas tax	166,337	166,195
Cash - capital projects	<u>1,006,837</u>	<u>614,857</u>
	<u>\$ 1,740,422</u>	<u>\$ 1,254,597</u>

TOWN OF SPANIARD'S BAY
Notes to the Consolidated Financial Statements
December 31, 2021

6. Accounts Receivable	<u>2021</u>	<u>2020</u>
Taxes:		
Business	\$ 60,905	\$ 55,385
Other	7,935	20,296
Property	459,408	505,511
Water and sewer	<u>172,210</u>	<u>203,452</u>
	<u>700,458</u>	<u>784,644</u>
Due from Province		250,239
HST Receivable	52,278	88,752
Sundry	<u> </u>	<u>4,845</u>
	<u>52,278</u>	<u>343,836</u>
	752,736	1,128,480
Allowance for doubtful accounts	<u>(261,938)</u>	<u>(250,866)</u>
	<u>\$ 490,798</u>	<u>\$ 877,614</u>
7. Accounts Payable and Accrued Liabilities	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 156,547	\$ 174,046
Payroll deductions	19,986	39
Accrued interest	1,437	442
Capital payables	<u>19,550</u>	<u>365,293</u>
	<u>\$ 197,520</u>	<u>\$ 539,820</u>
8. Long Term Debt	<u>2021</u>	<u>2020</u>
Scotiabank		
3.45% loan repayable in monthly principle installments of \$1,247, maturing 2029.	\$ 108,480	\$ 123,443
3.45% loan repayable in monthly principle installments of \$1,918, maturing 2031.	212,867	
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>119,410</u>	<u>167,174</u>
Subtotal	<u>440,757</u>	<u>290,617</u>

TOWN OF SPANIARD'S BAY
Notes to the Consolidated Financial Statements
December 31, 2021

8. Long Term Debt (Continued)	<u>2021</u>	<u>2020</u>
Balance forward	227,890	290,617
3.45% loan repayable in monthly principle installments of \$7,725, maturing 2030.	764,726	857,420
3.45% loan repayable in monthly principle installments of \$3,772, maturing 2026.	192,363	237,627
3.45% loan repayable in monthly principle installments of \$1,174, maturing 2030.	<u>122,144</u>	<u>136,237</u>
Total long term debt	<u>\$ 1,519,990</u>	<u>\$ 1,521,901</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:

2022	\$237,791
2023	\$237,791
2024	\$213,909
2025	\$190,027
2026	\$156,070

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, 2021 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 six years remaining at December 31, 2021.

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.

TOWN OF SPANIARD'S BAY
Consolidated Schedule of Tangible Capital Assets
December 31, 2021

Schedule 1

	General Capital Assets						Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Hardware and Software	Computer Hardware and Software	Asset Under Construction	Roads, Streets and Bridges	Water and Sewer	Assets Under Construction	2021	2020
Cost											
Opening Costs	\$ 1,702,039	\$ 1,809,264	\$ 1,481,635	\$ 86,434			\$ 8,111,146	\$ 9,654,062		\$ 22,844,580	\$ 22,277,515
Additions during the year	3,233	62,732	5,557				229,543	58,077		359,142	645,231
Disposals and write downs											78,167
Closing Costs	<u>1,705,272</u>	<u>1,871,996</u>	<u>1,487,192</u>	<u>86,434</u>			<u>8,340,689</u>	<u>9,712,139</u>		<u>23,203,722</u>	<u>22,844,579</u>
Accumulated Amortization											
Opening accum'd amortization	78,422	1,342,065	1,076,091	57,210			5,072,476	6,232,570		13,858,834	13,400,360
Amortization	4,001	18,810	62,808	23,319			220,376	226,720		556,034	536,641
Disposals and write downs											78,167
Closing accum'd amortization	<u>82,423</u>	<u>1,360,875</u>	<u>1,138,899</u>	<u>80,529</u>			<u>5,292,852</u>	<u>6,459,290</u>		<u>14,414,868</u>	<u>13,858,834</u>
Net Book Value of Tangible Capital Assets	\$ <u>1,622,849</u>	\$ <u>511,121</u>	\$ <u>348,293</u>	\$ <u>5,905</u>			\$ <u>3,047,837</u>	\$ <u>3,252,849</u>	\$ <u>NIL</u>	\$ <u>8,788,854</u>	\$ <u>8,985,745</u>

TOWN OF SPANIARD'S BAY
Consolidated Schedule of Revenues

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual	
		2021	2020
Taxation			
Property tax	\$ 1,228,162	\$ 1,221,066	\$ 1,255,123
Business tax	206,339	222,124	204,958
Water and sewer tax	<u>466,846</u>	<u>466,592</u>	<u>467,362</u>
	<u>1,901,347</u>	<u>1,909,782</u>	<u>1,927,443</u>
Sale of goods and services			
Tax certificates		3,300	3,200
Permits	12,000	2,065	3,220
Connection fees	3,000	6,000	6,000
Miscellaneous	50,480	80,972	38,430
Rent	23,040	24,289	27,440
Sale of assets			1,600
Interest		<u>9,316</u>	<u>7,842</u>
	<u>88,520</u>	<u>125,942</u>	<u>87,732</u>
Grants and transfers			
Government of Newfoundland and Labrador			
Municipal operating grant	150,358	150,358	150,358
Provincial debt charges	34,559		114
Gas tax revenue	183,271	226,750	136,887
Capital grants		25,431	370,641
Other provincial grants and/or subsidies	<u>325,902</u>	<u>149,551</u>	<u>259,563</u>
	<u>694,090</u>	<u>552,090</u>	<u>917,563</u>
Total Revenue	\$ <u>2,683,957</u>	\$ <u>2,587,814</u>	\$ <u>2,932,738</u>

TOWN OF SPANIARD'S BAY
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,	<u>Financial Plan</u>	<u>Actual</u>	
		2021	2020
General government services			
General administrative:			
Salaries and benefits	\$ 226,200	\$ 278,640	\$ 261,605
Computer system	10,500	10,903	9,591
Amortization of tangible capital assets		18,810	4,395
Heat and light	25,000	21,217	20,225
Telephone	5,000	4,319	6,832
Supplies	52,800	45,797	31,156
Building maintenance	24,000	31,434	21,170
Professional fees	28,200	35,096	16,053
Municipal plan	22,000	9,803	12,514
Public relations	7,300	8,349	2,637
Travel	18,900	2,212	1,517
	<u>419,900</u>	<u>466,580</u>	<u>387,695</u>
Common services:			
Assessment fees	46,982	47,086	46,982
Insurance	47,819	48,358	45,334
	<u>94,801</u>	<u>95,444</u>	<u>92,316</u>
Legislative:			
Councillors' remuneration	43,000	43,000	44,000
	<u>\$ 557,701</u>	<u>\$ 605,024</u>	<u>\$ 524,011</u>
Protective services			
Fire protection:			
Purchased services	\$ 55,650	\$ 31,253	\$ 52,183
Supplies		10,000	10,000
Amortization of tangible capital assets		23,319	23,319
	55,650	64,572	85,502
Animal control	44,180	39,012	38,337
	<u>\$ 99,830</u>	<u>\$ 103,584</u>	<u>\$ 123,839</u>

TOWN OF SPANIARD'S BAY
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2021	2020
Environmental health			
Water supply			
Salaries and benefits	\$ 131,100	\$ 109,200	\$ 50,250
Supplies	111,200	177,366	154,394
Amortization of tangible capital assets		226,720	205,401
	<u>242,300</u>	<u>513,286</u>	<u>410,045</u>
Garbage, waste collection and disposal			
Contracts	<u>290,332</u>	<u>184,168</u>	<u>172,301</u>
	<u>\$ 532,632</u>	<u>\$ 697,454</u>	<u>\$ 582,346</u>
Transportation services			
Street lighting			
Purchased services	\$ <u>110,000</u>	\$ <u>109,946</u>	\$ <u>109,078</u>
Vehicle and fleet operation			
Supplies	<u>68,700</u>	<u>52,220</u>	<u>51,677</u>
Road transport			
Salaries and benefits	138,001	198,322	209,748
Amortization of tangible capital assets		283,184	294,442
Supplies	<u>37,200</u>	<u>55,087</u>	<u>91,032</u>
	<u>175,201</u>	<u>536,593</u>	<u>595,222</u>
Snow removal			
Salaries and benefits	75,750	41,307	66,157
Purchased services	<u>75,750</u>	<u>32,564</u>	<u>79,089</u>
	<u>151,500</u>	<u>73,871</u>	<u>145,246</u>
	<u>\$ 505,401</u>	<u>\$ 772,630</u>	<u>\$ 901,223</u>
Recreation, cultural and museum			
Recreation and community centres			
Salaries and benefits	\$ 38,400	\$ 37,976	\$ 38,214
Amortization of tangible capital assets		4,001	9,084
Supplies	<u>33,975</u>	<u>59,470</u>	<u>24,450</u>
	<u>\$ 72,375</u>	<u>\$ 101,447</u>	<u>\$ 71,748</u>
Fiscal services			
Debt charges from all sources	\$ 372,247	\$ 31,990	\$ 35,396
Allowance for uncollectable accounts (recovery)	15,500	13,286	13,495
Interest and bank charges	13,000	15,258	13,164
Capital expenditures from revenue	<u>515,271</u>		
	<u>\$ 916,018</u>	<u>\$ 60,534</u>	<u>\$ 62,055</u>
Total expenses	<u>\$ 2,683,957</u>	<u>\$ 2,340,673</u>	<u>\$ 2,265,222</u>

Town of Spaniard's Bay
 Reconciliation of the Financial Plan to the Budget (PSAB)
 For The Year Ended December 31, 2021

Schedule 4

	Financial Plan	Amortization - Town	Interest	Transfers	Long Term Accruals	Actual Amounts Consolidated Entities	PSAB Budget
REVENUE							
Taxation	\$ 1,901,347						\$ 1,901,347
Sale of goods and services	88,520		9,316				97,836
Grants and transfers	694,090		(34,559)	65,053			724,584
Total revenue	<u>\$ 2,683,957</u>		<u>(25,243)</u>	<u>65,053</u>			<u>2,723,767</u>
EXPENSES							
General government services	\$ 557,701	\$ 18,810					576,511
Protective services	99,830	23,319					123,149
Transportation services	505,401	283,184					788,585
Environmental health services	532,632	226,720					759,352
Recreation, cultural and museum	72,375	4,001					76,376
Fiscal Services - Capital expenditures	515,271			(515,271)			
Debt charges and doubtful accounts	400,747		(340,257)				60,490
Total expenses	<u>\$ 2,683,957</u>	<u>556,034</u>	<u>(340,257)</u>	<u>(515,271)</u>			<u>2,384,463</u>
Surplus(Deficit)		<u>\$ (556,034)</u>	<u>\$ 315,014</u>	<u>\$ 580,324</u>	<u>\$ NIL</u>	<u>\$ NIL</u>	<u>\$ 339,304</u>



June 8, 2022

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, 2021.

Expenditures in relation to budget:

Actual expenditures of \$2,340,673 were within the limits of the adopted budget by \$343,284. 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 \$700,458 at December 31, 2021. Of this amount, \$275,395 has been outstanding for one year or longer, while the balance of \$425,063 represents arrears on account of taxes and rates levied in 2021.

There was an allowance for doubtful accounts of \$261,938 at December 31, 2021. 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

**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 2021 Ultimate Recipient Annual Expenditure Report (the "Report") for the Town of Spaniard's Bay ("the Municipality") for the year ended December 31, 2021.

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 2021 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 2021 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 2021 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
June 8, 2022


CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF SPANIARD'S BAY
Appendix A: Summary of Ultimate Recipients Funding and Certification
2021 Annual Expenditure Report
For the Year Ended December 31,

	<u>2021</u>	<u>Cumulative</u>
Opening balance of unspent funding	\$ 166,169	
Received from Newfoundland and Labrador	214,120	\$ 1,555,108
Interest earned on projects 2021	969	6,545
Spent on eligible projects in 2021	<u>(226,750)</u>	<u>(1,407,145)</u>
Closing balance of unspent funding	<u>\$ 154,508</u>	<u>\$ 154,508</u>
Closing balance of unspent funding	\$ 154,508	
Gas tax bank account balance	166,337	
Gas tax expenditure payable	<u>(19,550)</u>	
Gas Tax bank account surplus (deficit)	<u>\$ (7,721)</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 13, 2022
 Date