

TOWN OF SPANIARD'S BAY
Consolidated Financial Statements
December 31, 2022

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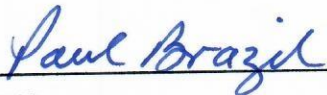
STATEMENT OF RESPONSIBILITY

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.

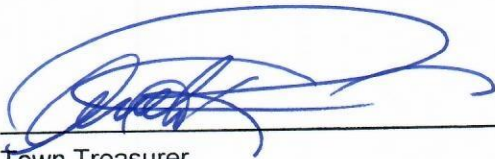
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

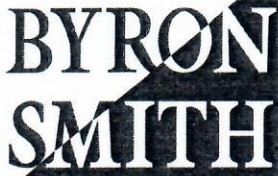
Byron Smith, Chartered Professional Accountant as the Municipality's appointed external auditor, has audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. The Auditor's opinion is based upon an examination 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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the consolidated financial statements of the Town of Spaniard's Bay ("the Municipality"), which comprise the Consolidated Statement of Financial Position as at December 31, 2022, 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 Municipality as at December 31, 2022, 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 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 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 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 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 will 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
April 30, 2023



CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF SPANIARD'S BAY
Consolidated Statement of Financial Position

As at December 31,	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 5)	\$ 1,377,776	\$ 1,740,422
Accounts receivable (Note 6)	<u>634,021</u>	<u>490,798</u>
	<u>\$ 2,011,797</u>	<u>\$ 2,231,220</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 237,640	\$ 197,520
Severance pay (Note 2)	7,200	10,800
Pension liability fund (Note 12)	28,192	35,511
Long term debt (Note 8)	1,284,117	1,519,990
Deferred revenue - other	100,000	9,916
Deferred revenue - gas tax funding	<u>147,480</u>	<u>154,508</u>
	<u>1,804,629</u>	<u>1,928,245</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ 207,168</u>	<u>\$ 302,975</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 1)	\$ 9,030,039	\$ 8,788,854
Prepaid expenses	<u>90,585</u>	<u>64,709</u>
	<u>9,120,624</u>	<u>8,853,563</u>
ACCUMULATED SURPLUS	<u>\$ 9,327,792</u>	<u>\$ 9,156,538</u>

On Behalf of the Town:

Paul Brazil Mayor

Town Treasurer

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

TOWN OF SPANIARD'S BAY
Consolidated Statement of Operations

For the Year Ended December 31,	PSAB Budget	Actual	
		2022	2021
REVENUE			
Taxation	\$ 1,994,423	\$ 1,985,424	\$ 1,909,782
Sale of goods and services	95,140	126,708	125,942
Grants and transfers	<u>763,885</u>	<u>730,904</u>	<u>552,090</u>
Total revenue (Schedule 2)	<u>2,853,448</u>	<u>2,843,036</u>	<u>2,587,814</u>
EXPENSES			
General government services (Schedule 3)	644,263	609,124	605,024
Protective services (Schedule 3)	131,140	109,069	103,584
Transportation services (Schedule 3)	818,073	898,508	772,630
Environmental health (Schedule 3)	819,379	873,507	697,454
Recreation, cultural and museum (Schedule 3)	66,052	96,212	101,447
Fiscal services (Schedule 3)	<u>75,930</u>	<u>85,362</u>	<u>60,534</u>
Total expenses	<u>2,554,837</u>	<u>2,671,782</u>	<u>2,340,673</u>
ANNUAL SURPLUS	<u>\$ 298,611</u>	<u>\$ 171,254</u>	<u>\$ 247,141</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
		\$ 9,156,538	\$ 8,909,397
ANNUAL SURPLUS			
		<u>171,254</u>	<u>247,141</u>
ACCUMULATED SURPLUS, END OF YEAR			
		<u>\$ 9,327,792</u>	<u>\$ 9,156,538</u>

The accompanying notes are an integral part of these consolidated 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	
		2022	2021
ANNUAL SURPLUS	\$ <u>298,611</u>	\$ <u>171,254</u>	\$ <u>247,141</u>
Acquisition of tangible capital assets	(830,180)	(830,180)	(359,142)
Amortization of tangible capital assets	588,993	588,993	556,034
Decrease (increase) in prepaid expenses	<u> </u>	<u>(25,874)</u>	<u>14,656</u>
	<u>(241,187)</u>	<u>(267,061)</u>	<u>211,548</u>
CHANGE IN NET FINANCIAL ASSETS	57,424	(95,807)	458,689
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>302,975</u>	<u>302,975</u>	<u>(155,714)</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	\$ <u><u>360,399</u></u>	\$ <u><u>207,168</u></u>	\$ <u><u>302,975</u></u>

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

TOWN OF SPANIARD'S BAY
Consolidated Statement of Cash Flows

For the Year Ended December 31,	2022	2021
OPERATING TRANSACTIONS		
Annual surplus	\$ 171,254	\$ 247,141
Amortization of tangible capital assets	588,993	556,034
Changes in non-cash working capital:		
Accounts receivable	(143,223)	386,816
Prepaid expenses	(25,876)	14,657
Accounts payable and accrued liabilities	40,121	(342,300)
Severance payable	(3,600)	(6,405)
Deferred revenue	83,057	(1,745)
Pension liability fund	<u>(7,319)</u>	<u>(7,319)</u>
Cash provided by operating transactions	<u>703,407</u>	<u>846,879</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(830,180)</u>	<u>(359,142)</u>
FINANCING TRANSACTIONS		
Proceeds of long term debt		122,144
Debt repayment	<u>(235,873)</u>	<u>(124,056)</u>
	<u>(235,873)</u>	<u>(1,912)</u>
CASH PROVIDED FOR THE YEAR	(362,646)	485,825
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,740,422</u>	<u>1,254,597</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,377,776</u>	<u>\$ 1,740,422</u>

The accompanying notes are an integral part of these consolidated 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 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.

Basis of consolidation

The consolidated financial statements include the accounts of the municipality and its subsidiaries. The subsidiaries include all organizations, agencies, local boards and committees of the Council which are controlled by the municipality. As a result, figures as at December 31, 2022 include the financial position of those subsidiaries and the results of their operations for the year ended. Any inter-organization transactions have been eliminated on consolidation. The controlled organizations include:

Town of Spaniard's Bay Volunteer Fire Department
Town of Spaniard's Bay Recreation Committee

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:

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 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 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, 2021 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, 2022 is \$7,200. Cash in the amount of \$7,540 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 municipality of this size.

5. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash - current	\$ 157,965	\$ 530,562
Cash - severance	25,941	36,686
Cash - gas tax	160,487	166,337
Cash - capital projects	<u>1,033,383</u>	<u>1,006,837</u>
	<u>\$ 1,377,776</u>	<u>\$ 1,740,422</u>

TOWN OF SPANIARD'S BAY
Notes to the Consolidated Financial Statements
December 31, 2022

6. Accounts Receivable	<u>2022</u>	<u>2021</u>
Taxes:		
Business	\$ 72,228	\$ 60,905
Other	3,509	7,935
Property	469,177	459,408
Water and sewer	<u>189,684</u>	<u>172,210</u>
	<u>734,598</u>	<u>700,458</u>
Due from Province	75,599	
HST Receivable	89,032	52,278
Sundry	<u>3,795</u>	<u> </u>
	<u>168,426</u>	<u>52,278</u>
	903,024	752,736
Allowance for doubtful accounts	<u>(269,003)</u>	<u>(261,938)</u>
	<u>\$ 634,021</u>	<u>\$ 490,798</u>
7. Accounts Payable and Accrued Liabilities	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 156,375	\$ 156,547
Payroll deductions	18,819	19,986
Accrued interest	364	1,437
Capital payables	<u>62,082</u>	<u>19,550</u>
	<u>\$ 237,640</u>	<u>\$ 197,520</u>
8. Long Term Debt	<u>2022</u>	<u>2021</u>
Scotiabank		
3.45% loan repayable in monthly principle installments of \$1,247, maturing 2029.	\$ 93,518	\$ 108,480
3.45% loan repayable in monthly principle installments of \$1,918, maturing 2031.	191,772	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>71,646</u>	<u>119,410</u>
Subtotal	<u>356,936</u>	<u>440,757</u>

TOWN OF SPANIARD'S BAY
Notes to the Consolidated Financial Statements
December 31, 2022

8. Long Term Debt (Continued)	<u>2022</u>	<u>2021</u>
Balance forward	165,164	440,757
3.45% loan repayable in monthly principle installments of \$7,725, maturing 2030.	672,032	764,726
3.45% loan repayable in monthly principle installments of \$3,772, maturing 2026.	147,099	192,363
3.45% loan repayable in monthly principle installments of \$1,174, maturing 2030.	<u>108,050</u>	<u>122,144</u>
Total long term debt	<u>\$ 1,284,117</u>	<u>\$ 1,519,990</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:

2023	\$237,791
2024	\$213,909
2025	\$190,027
2026	\$156,070
2027	\$144,763

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 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 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, 2022 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 consolidated financial statements have been approved by Council.

12. Commitments

During 2022, Council approved various capital projects and purchases that will be completed during 2023, approved costs are summarized as follows:

Purchase of new fire truck	\$ <u>100,000</u>
Paving at Pondsides Road Phase II	\$ <u>144,011</u>

These projects will be funded by capital grants and loans when approvals are finalized.

13. Pension Plan Obligation

The Town is a member of a multi-employer pension plan. During 2009 the Municipality was invoiced by the pension plan administrators for its portion of an unfunded pension liability. The Municipality is required to contribute special payments in the amount of \$610 monthly with five years remaining at December 31, 2022.

14. Credit Facilities

The Municipality 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, 2022

Schedule 1

	General Capital Assets					Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets and Bridges	Water and Sewer	Assets Under Construction	2022	2021
Cost										
Opening Costs	\$ 1,705,272	\$ 1,871,997	\$ 1,481,099	\$ 86,434		\$ 8,340,688	\$ 9,718,231		\$ 23,203,721	\$ 22,922,747
Additions during the year		27,193		8,006		713,259	81,722		830,180	359,142
Disposals and write downs										78,167
Closing Costs	<u>1,705,272</u>	<u>1,899,190</u>	<u>1,481,099</u>	<u>94,440</u>		<u>9,053,947</u>	<u>9,799,953</u>		<u>24,033,901</u>	<u>23,203,722</u>
Accumulated Amortization										
Opening accum'd amortization	89,446	1,360,875	1,155,712	56,694		5,292,852	6,459,290		14,414,869	13,937,001
Amortization	4,452	17,769	66,524	23,920		247,249	229,079		588,993	556,034
Disposals and write downs										78,167
Closing accum'd amortization	<u>93,898</u>	<u>1,378,644</u>	<u>1,222,236</u>	<u>80,614</u>		<u>5,540,101</u>	<u>6,688,369</u>		<u>15,003,862</u>	<u>14,414,868</u>
Net Book Value of Tangible Capital Assets	\$ <u>1,611,374</u>	\$ <u>520,546</u>	\$ <u>258,863</u>	\$ <u>13,826</u>	\$ <u>NIL</u>	\$ <u>3,513,846</u>	\$ <u>3,111,584</u>	\$ <u>NIL</u>	\$ <u>9,030,039</u>	\$ <u>8,788,854</u>

TOWN OF SPANIARD'S BAY
Consolidated Schedule of Revenues

Schedule 2

For the Year Ended December 31,	<u>Financial Plan</u>	<u>Actual</u>	
		2022	2021
Taxation			
Property tax	\$ 1,298,747	\$ 1,295,166	\$ 1,221,066
Business tax	224,120	221,279	222,124
Water and sewer tax	<u>471,556</u>	<u>468,979</u>	<u>466,592</u>
	<u>1,994,423</u>	<u>1,985,424</u>	<u>1,909,782</u>
Sale of goods and services			
Tax certificates		2,500	3,300
Permits		5,564	2,065
Connection fees	13,500	12,000	6,000
Miscellaneous	20,800	43,266	80,972
Rent	23,040	29,040	24,289
Interest	<u>37,800</u>	<u>34,338</u>	<u>9,316</u>
	<u>95,140</u>	<u>126,708</u>	<u>125,942</u>
Grants and transfers			
Government of Newfoundland and Labrador			
Municipal operating grant	150,359	150,358	150,358
Provincial debt charges	126,579		
Gas tax revenue	124,680	10,324	226,750
Capital grants		480,820	25,431
Other provincial grants and/or subsidies	<u>32,980</u>	<u>89,402</u>	<u>149,551</u>
	<u>434,598</u>	<u>730,904</u>	<u>552,090</u>
Total Revenue	\$ <u>2,524,161</u>	\$ <u>2,843,036</u>	\$ <u>2,587,814</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>	
		2022	2021
General government services			
General administrative:			
Salaries and benefits	\$ 290,500	\$ 312,434	\$ 278,640
Computer system	10,500	10,463	10,903
Amortization of tangible capital assets		17,769	18,810
Heat and light	25,000	20,001	21,217
Telephone	5,000	7,407	4,319
Supplies	37,100	55,902	45,797
Building maintenance	24,000	13,629	31,434
Professional fees	28,200	16,269	35,096
Municipal plan	50,000	7,976	9,803
Public relations	5,000	1,310	8,349
Travel	9,900	4,907	2,212
	<u>485,200</u>	<u>468,067</u>	<u>466,580</u>
Common services:			
Assessment fees	47,294	47,607	47,086
Insurance	51,000	50,450	48,358
	<u>98,294</u>	<u>98,057</u>	<u>95,444</u>
Legislative:			
Councillors' remuneration	43,000	43,000	43,000
	<u>43,000</u>	<u>43,000</u>	<u>43,000</u>
	<u>\$ 626,494</u>	<u>\$ 609,124</u>	<u>\$ 605,024</u>
Protective services			
Fire protection:			
Purchased services	\$ 62,000	\$ 35,588	\$ 31,253
Supplies		10,000	10,000
Amortization of tangible capital assets		23,920	23,319
	62,000	69,508	64,572
Animal control	45,220	39,561	39,012
	<u>45,220</u>	<u>39,561</u>	<u>39,012</u>
	<u>\$ 107,220</u>	<u>\$ 109,069</u>	<u>\$ 103,584</u>

TOWN OF SPANIARD'S BAY
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2022	2021
Environmental health			
Water supply			
Salaries and benefits	\$ 150,100	\$ 170,575	\$ 109,200
Supplies	120,000	288,219	177,366
Amortization of tangible capital assets		229,079	226,720
	<u>270,100</u>	<u>687,873</u>	<u>513,286</u>
Garbage, waste collection and disposal			
Contracts	320,200	185,634	184,168
	<u>\$ 590,300</u>	<u>\$ 873,507</u>	<u>\$ 697,454</u>
Transportation services			
Street lighting			
Purchased services	\$ 110,000	\$ 109,003	\$ 109,946
Vehicle and fleet operation			
Supplies	65,700	74,942	52,220
Road transport			
Salaries and benefits	148,400	209,364	198,322
Amortization of tangible capital assets		313,773	283,184
Supplies	21,200	135,695	55,087
	<u>169,600</u>	<u>658,832</u>	<u>536,593</u>
Snow-removal			
Salaries and benefits	109,000	26,114	41,307
Purchased services	50,000	29,617	32,564
	<u>159,000</u>	<u>55,731</u>	<u>73,871</u>
	<u>\$ 504,300</u>	<u>\$ 898,508</u>	<u>\$ 772,630</u>
Recreation, cultural and museum			
Recreation and community centres			
Salaries and benefits	\$ 40,400	\$ 40,916	\$ 37,976
Amortization of tangible capital assets		4,452	4,001
Supplies	21,200	50,844	59,470
	<u>\$ 61,600</u>	<u>\$ 96,212</u>	<u>\$ 101,447</u>
Fiscal services			
Debt charges from all sources	\$ 346,567	\$ 47,930	\$ 31,990
Allowance for uncollectable accounts (recovery)	15,000	22,268	13,286
Interest and bank charges	13,000	15,164	15,258
Capital expenditures from revenue	259,680		
	<u>\$ 634,247</u>	<u>\$ 85,362</u>	<u>\$ 60,534</u>
Total expenses	<u>\$ 2,524,161</u>	<u>\$ 2,671,782</u>	<u>\$ 2,340,673</u>

**Town of Spaniard's Bay
 Reconciliation of the Financial Plan to the Budget (PSAB)
 For The Year Ended December 31, 2022**

Schedule 4

	Financial Plan	Amortization - Town	Interest	Transfers	Long Term Accruals	Actual Amounts Consolidated Entities	PSAB Budget
REVENUE							
Taxation	\$ 1,994,423						\$ 1,994,423
Sale of goods and services	95,140						95,140
Grants and transfers	<u>434,598</u>			\$ 329,287			<u>763,885</u>
Total revenue	<u>\$ 2,524,161</u>			<u>329,287</u>			<u>2,853,448</u>
EXPENSES							
General government services	\$ 626,494	\$ 17,769					644,263
Protective services	107,220	23,920					131,140
Transportation services	504,300	313,773					818,073
Environmental health services	590,300	229,079					819,379
Recreation, cultural and museum	61,600	4,452					66,052
Fiscal Services - Capital expenditures	259,680			(259,680)			75,930
Debt charges and doubtful accounts	<u>374,567</u>		\$ (298,637)				<u>75,930</u>
Total expenses	<u>\$ 2,524,161</u>	<u>588,993</u>	<u>(298,637)</u>	<u>(259,680)</u>			<u>2,554,837</u>
Surplus(Deficit)		<u>\$ (588,993)</u>	<u>\$ 298,637</u>	<u>\$ 588,967</u>	<u>\$ NIL</u>	<u>\$ NIL</u>	<u>\$ 298,611</u>

April 30, 2023

**Auditor's Report
on Statutory Requirements**

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, 2022.

Expenditures in relation to budget:

Actual expenditures of \$2,671,782 were over the limits of the adopted budget by \$147,621. 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 \$734,598 at December 31, 2022. Of this amount, \$293,638 has been outstanding for one year or longer, while the balance of \$440,960 represents arrears on account of taxes and rates levied in 2022.

There was an allowance for doubtful accounts of \$269,003 at December 31, 2022. 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 2022 Ultimate Recipient Annual Expenditure Report (the "Report") for the Town of Spaniard's Bay ("the Municipality") for the year ended December 31, 2022.

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 2022 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 2022 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 2022 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
April 30, 2023


CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF SPANIARD'S BAY
Appendix A: Summary of Ultimate Recipients Funding and Certification
2022 Annual Expenditure Report
For the Year Ended December 31,

	<u>2022</u>	<u>Cumulative</u>
Opening balance of unspent funding	\$ 154,508	
Received from Government of Newfoundland and Labrador		\$ 1,555,108
Interest earned on the Canada Community Building Fund	3,296	9,841
Canada Community Building Fund spent on eligible projects	<u>(10,324)</u>	<u>(1,417,469)</u>
Closing balance of unspent funding	<u>\$ 147,480</u>	<u>\$ 147,480</u>
Closing balance of unspent funding	\$ 147,480	
Canada Community Building Fund bank account balance	<u>160,487</u>	
Canada Community Building Fund bank account surplus	<u>\$ 13,007</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 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 maintain a separate bank account for Canada Community Building Funding.

Paul Brazil

 Signature

May 30-2023

 Date