

TOWN OF SPANIARD'S BAY
Consolidated Financial Statements
December 31, 2023

CONTENTS

	<u>Page</u>
Statement of Responsibility	
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Net Assets	4
Consolidated Statement of Change in Net Financial Assets (Net Debt)	5
Consolidated Statement of Cash Flow	6
Notes to the Consolidated Financial Statements	7 - 12
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	13
Schedule 2 - Consolidated Schedule of Revenues	14
Schedule 3 - Consolidated Schedule of Expenses	15 -16
Schedule 4 - Reconciliation of the Financial Plan to the Budget (PSAB)	17
Auditor's Report on Statutory Requirements	18
Auditor's Report On Compliance with Canada Community Building Fund Agreement	19-20
Appendix A: Summary of Ultimate Recipient Funding and Certification	21

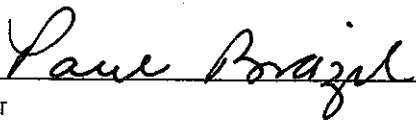
STATEMENT OF RESPONSIBILITY

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.

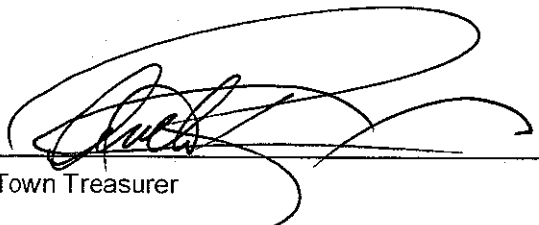
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial 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, 2023, the consolidated statement of operations and accumulated net asstes, the consolidated statement of net financial assets (net financial liabilities), the consolidated statement of cash flow for the year then ended, and Notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and its results of operations and its cash flow for the year then ended in accordance with Canadian accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis for 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

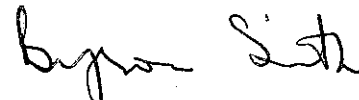
My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I 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
June 11, 2024



CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF SPANIARD'S BAY
Consolidated Statement of Financial Position

As at December 31,	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 5)	\$ 1,686,817	\$ 1,377,776
Accounts receivable (Note 6)	<u>557,043</u>	<u>634,021</u>
	<u>2,243,860</u>	<u>2,011,797</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 257,725	\$ 237,640
Severance pay (Note 2)	3,600	7,200
Pension liability fund (Note 13)	20,873	28,192
Long term debt (Note 8)	1,046,322	1,284,117
Deferred revenue - other	456,503	100,000
Deferred revenue - gas tax funding	<u>173,474</u>	<u>147,480</u>
	<u>1,958,497</u>	<u>1,804,629</u>
NET FINANCIAL ASSETS (NET DEBT)	\$ <u>285,363</u>	\$ <u>207,168</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 1)	8,863,207	9,030,039
Prepaid expenses	<u>124,133</u>	<u>90,585</u>
	<u>8,987,340</u>	<u>9,120,624</u>
ACCUMULATED SURPLUS	\$ <u>9,272,703</u>	\$ <u>9,327,792</u>

On Behalf of the Town:

Paul Brazil Mayor

[Signature] Town Treasurer

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

TOWN OF SPANIARD'S BAY**Consolidated Statement of Operations and Accumulated Net Assets**

For the Year Ended December 31,	PSAB Budget	Actual	
		2023	2022
REVENUE			
Taxation	\$ 2,111,222	\$ 2,133,377	\$ 1,985,424
Sale of goods and services	100,256	193,875	126,708
Grants and transfers	<u>239,278</u>	<u>239,278</u>	<u>730,904</u>
Total revenue (Schedule 2)	<u>2,450,756</u>	<u>2,566,530</u>	<u>2,843,036</u>
EXPENSES			
General government services (Schedule 3)	626,709	616,655	609,124
Protective services (Schedule 3)	110,942	98,900	109,069
Transportation services (Schedule 3)	852,764	863,239	898,508
Environmental health (Schedule 3)	833,145	822,337	873,507
Recreation, cultural and museum (Schedule 3)	82,828	87,673	96,212
Fiscal services (Schedule 3)	<u>103,484</u>	<u>132,815</u>	<u>85,362</u>
Total expenses	<u>2,609,872</u>	<u>2,621,619</u>	<u>2,671,782</u>
ANNUAL SURPLUS (DEFICIENCY)	<u>\$ (159,116)</u>	<u>\$ (55,089)</u>	<u>\$ 171,254</u>
ACCUMULATED NET ASSETS, BEGINNING OF YEAR			
		\$ 9,327,792	\$ 9,156,538
ANNUAL SURPLUS (DEFICIENCY)		<u>(55,089)</u>	<u>171,254</u>
ACCUMULATED NET ASSETS, END OF YEAR		<u>\$ 9,272,703</u>	<u>\$ 9,327,792</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	
		2023	2022
ANNUAL SURPLUS	\$ <u>(159,116)</u>	\$ <u>(55,089)</u>	\$ <u>171,254</u>
Acquisition of tangible capital assets	(388,820)	(388,820)	(830,180)
Amortization of tangible capital assets	555,652	555,652	588,993
Decrease (increase) in prepaid expenses	<u> </u>	<u>(33,548)</u>	<u>(25,874)</u>
	<u>166,832</u>	<u>133,284</u>	<u>(267,061)</u>
CHANGE IN NET FINANCIAL ASSETS	7,716	78,195	(95,807)
NET FINANCIAL ASSETS (NET DEBT),			
BEGINNING OF YEAR	<u>207,168</u>	<u>207,168</u>	<u>302,975</u>
NET FINANCIAL ASSETS (NET DEBT),			
END OF YEAR	\$ <u>214,884</u>	\$ <u>285,363</u>	\$ <u>207,168</u>

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

TOWN OF SPANIARD'S BAY
Consolidated Statement of Cash Flow

For the Year Ended December 31,	2023	2022
OPERATING TRANSACTIONS		
Annual surplus (deficiency)	\$ (55,089)	\$ 171,254
Amortization of tangible capital assets	555,652	588,993
Changes in non-cash working capital:		
Accounts receivable	76,978	(143,223)
Prepaid expenses	(33,548)	(25,876)
Accounts payable and accrued liabilities	20,084	40,121
Severance payable	(3,600)	(3,600)
Deferred revenue	382,498	83,057
Pension liability fund	<u>(7,319)</u>	<u>(7,319)</u>
Net cash provided (used) by operating transactions	<u>935,656</u>	<u>703,407</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(388,820)</u>	<u>(830,180)</u>
Increase (decrease) in cash before financing transactions	<u>546,836</u>	<u>(126,773)</u>
FINANCING TRANSACTIONS		
Debt repayment	<u>(237,795)</u>	<u>(235,873)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	309,041	(362,646)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,377,776</u>	<u>1,740,422</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 5)	<u>\$ 1,686,817</u>	<u>\$ 1,377,776</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, 2023 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:

TOWN OF SPANIARD'S BAY
Notes to the Consolidated Financial Statements
December 31, 2023

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, 2022 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, 2023 is \$3,600. 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>2023</u>	<u>2022</u>
Cash - current	\$ 405,604	\$ 157,965
Cash - severance	50,514	25,941
Cash - CCBF	203,101	160,487
Cash - capital projects	<u>1,027,598</u>	<u>1,033,383</u>
	<u>\$ 1,686,817</u>	<u>\$ 1,377,776</u>

TOWN OF SPANIARD'S BAY
Notes to the Consolidated Financial Statements
December 31, 2023

6. Accounts Receivable	<u>2023</u>	<u>2022</u>
Taxes:		
Business	\$ 80,960	\$ 72,228
Other	2,505	3,509
Property	510,844	469,177
Water and sewer	<u>201,345</u>	<u>189,684</u>
	<u>795,654</u>	<u>734,598</u>
Due from Province	5,000	75,599
HST Receivable	65,423	89,032
Sundry	<u>70,423</u>	<u>3,795</u>
	<u>70,423</u>	<u>168,426</u>
	866,077	903,024
Allowance for doubtful accounts	<u>(309,034)</u>	<u>(269,003)</u>
	<u>\$ 557,043</u>	<u>\$ 634,021</u>

7. Accounts Payable and Accrued Liabilities	<u>2023</u>	<u>2022</u>
Accounts payable	\$ 233,377	\$ 156,375
Payroll deductions	23,900	18,819
Accrued interest	448	364
Capital payables	<u>62,082</u>	<u>62,082</u>
	<u>\$ 257,725</u>	<u>\$ 237,640</u>

8. Long Term Debt	<u>2023</u>	<u>2022</u>
Scotiabank		
3.45% loan repayable in monthly principle installments of \$1,247, maturing 2029.	\$ 78,555	\$ 93,518
3.45% loan repayable in monthly principle installments of \$1,918, maturing 2031.	168,756	191,772
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>23,882</u>	<u>71,646</u>
Subtotal	<u>271,193</u>	<u>356,936</u>

TOWN OF SPANIARD'S BAY
Notes to the Consolidated Financial Statements
December 31, 2023

8. Long Term Debt (Continued)	<u>2023</u>	<u>2022</u>
Balance forward	271,193	356,936
3.45% loan repayable in monthly principle installments of \$7,725, maturing 2030.	579,337	672,032
3.45% loan repayable in monthly principle installments of \$3,772, maturing 2026.	101,835	147,099
3.45% loan repayable in monthly principle installments of \$1,174, maturing 2030.	<u>93,957</u>	<u>108,050</u>
Total long term debt	<u>\$ 1,046,322</u>	<u>\$ 1,284,117</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:

2024	\$213,912
2025	\$190,030
2026	\$156,073
2027	\$144,666
2028	\$144,666

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, 2023 approximates their fair value.

TOWN OF SPANIARD'S BAY
Notes to the Consolidated Financial Statements
December 31, 2023

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 and 2023, Council approved various capital projects and purchases that will be completed during 2024, approved costs are summarized as follows:

Purchase of new pump fire truck	\$ <u>630,000</u>
Road reconstruction and paving Rectory Avenue/Casey's Lane	\$ <u>420,127</u>

These projects will be funded by capital grants and third party 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 three years remaining at December 31, 2023.

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, 2023

Schedule 1

	General Capital Assets						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	2023	2022
Cost										
Opening Costs	\$ 1,705,272	\$ 1,899,190	\$ 1,481,099	\$ 94,440		\$ 9,053,947	\$ 9,799,953		\$ 24,033,901	\$ 23,203,721
Additions during the year		6,354	372,611				9,855		388,820	830,180
Disposals and write downs										
Closing Costs	<u>1,705,272</u>	<u>1,905,544</u>	<u>1,853,710</u>	<u>94,440</u>		<u>9,053,947</u>	<u>9,809,808</u>		<u>24,422,721</u>	<u>24,033,901</u>
Accumulated Amortization										
Opening accum'd amortization	93,898	1,378,644	1,222,236	80,614		5,540,101	6,688,369		15,003,862	14,414,869
Amortization	4,428	29,814	60,123	11,782		224,510	224,995		555,652	588,993
Disposals and write downs										
Closing accum'd amortization	<u>98,326</u>	<u>1,408,458</u>	<u>1,282,359</u>	<u>92,396</u>		<u>5,764,611</u>	<u>6,913,364</u>		<u>15,559,514</u>	<u>15,003,862</u>
Net Book Value of Tangible Capital Assets	\$ <u>1,606,946</u>	\$ <u>497,086</u>	\$ <u>571,351</u>	\$ <u>2,044</u>	\$ <u>NIL</u>	\$ <u>3,289,336</u>	\$ <u>2,896,444</u>	\$ <u>NIL</u>	\$ <u>8,863,207</u>	\$ <u>9,030,039</u>

TOWN OF SPANIARD'S BAY
Consolidated Schedule of Revenues

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual	
		2023	2022
Taxation			
Property tax	\$ 1,411,778	\$ 1,431,585	\$ 1,295,166
Business tax	225,219	226,394	221,279
Water and sewer tax	474,225	475,398	468,979
	<u>2,111,222</u>	<u>2,133,377</u>	<u>1,985,424</u>
Sale of goods and services			
Tax certificates		2,000	2,500
Permits		6,405	5,564
Connection fees	13,500	6,000	12,000
Miscellaneous	21,320	55,366	43,266
Rent	23,040	40,940	29,040
Interest	42,396	83,164	34,338
	<u>100,256</u>	<u>193,875</u>	<u>126,708</u>
Grants and transfers			
Government of Newfoundland and Labrador			
Municipal operating grant	150,359	170,919	150,358
Provincial debt charges	100,000		
Gas tax revenue	124,680		10,324
Capital grants			480,820
Other provincial grants and/or subsidies	32,980	68,359	89,402
	<u>408,019</u>	<u>239,278</u>	<u>730,904</u>
Total Revenue	\$ <u>2,619,497</u>	\$ <u>2,566,530</u>	\$ <u>2,843,036</u>

TOWN OF SPANIARD'S BAY
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2023	2022
General government services			
General administrative:			
Salaries and benefits	\$ 294,045	\$ 286,716	\$ 312,434
Computer system	10,000	14,663	10,463
Amortization of tangible capital assets		29,814	17,769
Heat and light	23,700	23,894	20,001
Telephone	4,800	8,124	7,407
Supplies	37,900	42,947	55,902
Building maintenance	12,000	29,936	13,629
Professional fees	28,200	26,710	16,269
Municipal plan	25,000		7,976
Public relations	4,800	6,514	1,310
Travel	12,000	3,619	4,907
	<u>452,445</u>	<u>472,937</u>	<u>468,067</u>
Common services:			
Assessment fees	47,450	47,450	47,607
Insurance	54,000	54,235	50,450
	<u>101,450</u>	<u>101,685</u>	<u>98,057</u>
Legislative:			
Councillors' remuneration	43,000	42,033	43,000
	<u>\$ 596,895</u>	<u>\$ 616,655</u>	<u>\$ 609,124</u>
Protective services			
Fire protection:			
Purchased services	\$ 52,900	\$ 36,267	\$ 35,588
Supplies		10,000	10,000
Amortization of tangible capital assets		11,782	23,920
	52,900	58,049	69,508
Animal control	46,260	40,851	39,561
	<u>\$ 99,160</u>	<u>\$ 98,900</u>	<u>\$ 109,069</u>

TOWN OF SPANIARD'S BAY
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2023	2022
Environmental health			
Water supply			
Salaries and benefits	\$ 155,150	\$ 181,761	\$ 170,575
Supplies	135,000	236,503	288,219
Amortization of tangible capital assets		224,995	229,079
	<u>290,150</u>	<u>643,259</u>	<u>687,873</u>
Garbage, waste collection and disposal			
Contracts	318,000	179,078	185,634
	<u>\$ 608,150</u>	<u>\$ 822,337</u>	<u>\$ 873,507</u>
Transportation services			
Street lighting			
Purchased services	\$ 110,000	\$ 110,128	\$ 109,003
Vehicle and fleet operation			
Supplies	96,300	119,384	74,942
Road transport			
Salaries and benefits	167,000	209,608	209,364
Amortization of tangible capital assets		284,634	313,773
Supplies	24,000	58,047	135,695
	<u>191,000</u>	<u>552,289</u>	<u>658,832</u>
Snow removal			
Salaries and benefits	117,130	42,510	26,114
Purchased services	53,700	38,928	29,617
	<u>170,830</u>	<u>81,438</u>	<u>55,731</u>
	<u>\$ 568,130</u>	<u>\$ 863,239</u>	<u>\$ 898,508</u>
Recreation, cultural and museum			
Recreation and community centres			
Salaries and benefits	\$ 58,100	\$ 56,237	\$ 40,916
Amortization of tangible capital assets		4,428	4,452
Supplies	20,300	27,008	50,844
	<u>\$ 78,400</u>	<u>\$ 87,673</u>	<u>\$ 96,212</u>
Fiscal services			
Debt charges from all sources	\$ 394,082	\$ 75,484	\$ 47,930
Allowance for uncollectable accounts (recovery)	15,000	41,626	22,268
Interest and bank charges	13,000	15,705	15,164
Capital expenditures from revenue	246,680		
	<u>\$ 668,762</u>	<u>\$ 132,815</u>	<u>\$ 85,362</u>
Total expenses	<u>\$ 2,619,497</u>	<u>\$ 2,621,619</u>	<u>\$ 2,671,782</u>

Town of Spaniard's Bay
 Reconciliation of the Financial Plan to the Budget (PSAB)
 For The Year Ended December 31, 2023

	Financial Plan	Amortization - Town	Interest	Transfers	Long Term Accruals	Actual Amounts Consolidated Entities	PSAB Budget
REVENUE							
Taxation	\$ 2,111,222					\$ 2,111,222	
Sale of goods and services	100,256					100,256	
Grants and transfers	408,019			\$ (168,741)		239,278	
Total revenue	<u>2,619,497</u>			<u>(168,741)</u>		<u>2,450,756</u>	
EXPENSES							
General government services	596,895	\$ 29,814				626,709	
Protective services	99,160	11,782				110,942	
Transportation services	568,130	284,634				852,764	
Environmental health services	608,150	224,995				833,145	
Recreation, cultural and museum	78,400	4,428				82,828	
Fiscal Services - Capital expenditures	246,680			(246,680)			
Debt charges and doubtful accounts	422,082		\$ (318,598)			103,484	
Total expenses	<u>\$ 2,619,497</u>	<u>555,653</u>	<u>(318,598)</u>	<u>(246,680)</u>		<u>2,609,872</u>	
Surplus(Deficit)		<u>\$ (555,653)</u>	<u>\$ 318,598</u>	<u>\$ 77,939</u>	<u>\$ NIL</u>	<u>\$ NIL</u>	<u>\$ (159,116)</u>



June 11, 2024

**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, 2023.

Expenditures in relation to budget:

Actual expenditures of \$2,621,619 were over the limits of the adopted budget by \$2,122. 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 \$795,654 at December 31, 2023. Of this amount, \$283,945 has been outstanding for one year or longer, while the balance of \$511,710 represents arrears on account of taxes and rates levied in 2023.

There was an allowance for doubtful accounts of \$309,034 at December 31, 2023. 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 Canada Community Building Fund Agreement**

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

Opinion

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

In my opinion, this report presents fairly, in all material respects, the results of operations in respect to the receipt and disbursement of Canada Community Building Fund Agreement 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 Canada Community Building Fund Agreement, as prescribed under the Canada - Newfoundland and Labrador Administrative Agreement on the Canada Community Building Fund 2014-2024.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2023 Ultimate Recipient Annual Expenditure Report section of my report. I am independent of the Municipality in accordance with the ethical requirements that are relevant to my audit of the Report in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the 2023 Ultimate Recipient Annual Expenditure Report

Management is responsible for the preparation and fair presentation of the Report in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of a Report that is free from material misstatement, whether due to fraud or error.

In preparing the Report, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the 2023 Ultimate Recipient Annual Expenditure Report

My objectives are to obtain reasonable assurance about whether the Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Report.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I will also:

- Identify and assess the risks of material misstatement of the Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual expenditure report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Report, including the disclosures, and whether the Report represents the underlying transactions and events in a manner that achieves fair presentation.

I will communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Spaniard's Bay, NL
June 11, 2024


CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF SPANIARD'S BAY

**Appendix A: Summary of Ultimate Recipients Funding and Certification
2023 Annual Expenditure Report**

For the Year Ended December 31,

	<u>2023</u>	<u>Cumulative</u>
Opening balance of unspent funding	\$ 147,480	
Received from Government of Newfoundland and Labrador	17,940	\$ 1,573,048
Interest earned on the Canada Community Building Fund	8,054	17,895
Canada Community Building Fund spent on eligible projects	<u> </u>	<u>(1,417,469)</u>
Closing balance of unspent funding	<u>\$ 173,474</u>	<u>\$ 173,474</u>
Closing balance of unspent funding	\$ 173,474	
Canada Community Building Fund bank account balance	<u>203,101</u>	
Canada Community Building Fund bank account surplus	<u>\$ 29,627</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 Fund.

Paul Brazil
Signature

June 12 - 2024
Date