

TOWN OF BAIE VERTE
FINANCIAL STATEMENTS
DECEMBER 31, 2016

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December 31, 2016
TABLE OF CONTENTS

	<u>Page</u>
AUDITOR'S REPORT	1
BALANCE SHEET	3
STATEMENT OF SURPLUS	4
STATEMENT OF REVENUE AND EXPENDITURE - REVENUE	5
STATEMENT OF REVENUE AND EXPENDITURE - EXPENDITURE	6
STATEMENT OF INVESTMENT IN CAPITAL ASSETS	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9

David G Purchase

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AUDITOR'S REPORT

The Mayor and Councillors
Town of Baie Verte
Baie Verte, NL

In compliance with the requirements of Section 91 of The Municipalities Act, 1999, I report as follows on my examination of the Town of Baie Verte for the year ended December 31, 2016.

EXPENDITURE IN RELATION TO BUDGET

Expenditures of \$1,413,227 were within the limits of the adopted budget by \$256,419 accounted as follows:

	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
General Government	381,236	400,484	(19,248)
Protective Services	59,039	58,889	150
Transportation Services	279,311	260,773	18,538
Environmental Services	278,047	277,807	240
Recreation	240,903	199,919	40,984
Fiscal Services	<u>174,691</u>	<u>471,774</u>	<u>(297,083)</u>
	<u>1,413,227</u>	<u>1,669,646</u>	<u>(256,419)</u>

Section 81 of the Act provides that, except with the approval of the Minister, the Town's expenditures shall not exceed the estimated amount of expenditure set out in the approved budget.

ARREARS OF REVENUE

Accounts receivable totalled \$441,013 at December 31, 2016. Of this amount \$6,303 has been outstanding for one year or longer. The allowance for doubtful accounts amounted to \$2,367 at December 31, 2016. In my opinion the allowance is adequate.

THE MANNER IN WHICH THE ACCOUNTS HAVE BEEN KEPT

The position in this respect was considered satisfactory.

...Cont'd

THE ADEQUACY OF SAFEGUARDS AGAINST FRAUD

The position in this respect was considered satisfactory.

SUFFICIENCY OF BONDS

Fidelity bond coverage of \$50,000 is carried on all employees of the Town who are in a position of trust.

WOODY POINT,
NEWFOUNDLAND LABRADOR

27 March 2017

David G. Purchase

DAVID G. PURCHASE

TOWN OF BAIE VERTE
BALANCE SHEET
December 31, 2016

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
<u>CURRENT</u>		
Cash - operating	\$ 568,828	261,351
- capital	444,697	580,774
Accounts receivable - operating (Note 2)	441,013	324,545
- capital	173,125	171,212
Inventory, at cost	<u>4,288</u>	<u>4,878</u>
	1,631,951	1,342,760
<u>CAPITAL ASSETS</u> (Note 3)	<u>21,717,767</u>	<u>21,193,943</u>
	<u>\$23,349,718</u>	<u>22,536,703</u>
<u>LIABILITIES</u>		
<u>CURRENT</u>		
Accounts payable - operating	27,668	37,943
- capital	379,694	453,155
Accrued interest payable	276	445
Deferred grants	257,765	255,034
Current portion of long-term debt	<u>34,306</u>	<u>67,947</u>
	699,709	814,524
<u>LONG-TERM</u> (Note 4)	<u>120,299</u>	<u>154,596</u>
	<u>820,008</u>	<u>969,120</u>
<u>EQUITY</u>		
<u>INVESTMENT IN CAPITAL ASSETS</u>	21,572,632	21,016,889
<u>SURPLUS</u>	<u>957,078</u>	<u>550,694</u>
	<u>22,529,710</u>	<u>21,567,583</u>
	<u>\$23,349,718</u>	<u>22,536,703</u>

ON BEHALF OF THE COUNCIL:

_____ Mayor

_____ Town Clerk

TOWN OF BAIE VERTE
STATEMENT OF SURPLUS
Year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
<u>SURPLUS</u> , beginning of year	\$ 550,694	443,302
<u>SURPLUS FOR THE YEAR</u>	<u>406,384</u>	<u>107,392</u>
<u>SURPLUS</u> , end of year	<u>\$ 957,078</u>	<u>550,694</u>

TOWN OF BAIE VERTE
STATEMENT OF REVENUE AND EXPENDITURE
Year ended December 31, 2016

REVENUE

	<u>2016</u>	<u>2015</u>
<u>TAXATION</u>		
Property tax	\$ 595,070	534,495
Business tax	518,656	239,068
Water and sewer rates	315,651	314,554
Service fees	21,771	17,177
Tax agreements and grants	<u>21,778</u>	<u>270,949</u>
	<u>1,472,926</u>	<u>1,376,243</u>
<u>CONTRIBUTIONS</u>		
Province of Newfoundland Labrador:		
Municipal Operating Grant	127,656	127,656
Provincial Gas Tax	17,497	11,665
Debt Charges	10,544	10,544
Special Assistance Grant	<u>13,437</u>	<u>--</u>
	<u>169,134</u>	<u>149,865</u>
<u>OTHER</u>		
Recreation	84,455	77,585
Permits	5,180	5,355
Sanitation	17,085	16,695
Sale of land	2,287	19,748
Interest	62,544	6,819
Rental income	<u>6,000</u>	<u>6,000</u>
	<u>177,551</u>	<u>132,202</u>
	<u>\$1,819,611</u>	<u>1,658,310</u>

TOWN OF BAIE VERTE
STATEMENT OF REVENUE AND EXPENDITURE - EXPENDITURE
Year ended December 31, 2016

EXPENDITURE

	<u>2016</u>	<u>2015</u>
<u>GENERAL GOVERNMENT</u>		
Administrative salaries	\$ 163,714	155,109
Other	<u>217,522</u>	<u>196,468</u>
	<u>381,236</u>	<u>351,577</u>
 <u>PROTECTIVE SERVICES</u>		
Fire protection	<u>59,039</u>	<u>54,433</u>
 <u>TRANSPORTATION SERVICES</u>		
Streetlighting	41,682	42,235
Maintenance of roads	<u>237,629</u>	<u>208,273</u>
	<u>279,311</u>	<u>250,508</u>
 <u>ENVIRONMENTAL SERVICES</u>		
Sanitation and waste removal	102,150	125,809
Water and sewer utility - operation and maintenance	<u>175,897</u>	<u>162,312</u>
	<u>278,047</u>	<u>288,121</u>
 <u>RECREATION AND COMMUNITY SERVICES</u>		
	<u>240,903</u>	<u>205,019</u>
 <u>FISCAL SERVICES</u>		
Debt charges (Note 5)	76,972	213,205
Provision for doubtful accounts	2,380	1,202
Capital expenditure out of revenue	<u>95,339</u>	<u>186,853</u>
	<u>174,691</u>	<u>401,260</u>
	1,413,227	1,550,918
 <u>SURPLUS FOR THE YEAR</u>		
	<u>406,384</u>	<u>107,392</u>
	<u>\$1,819,611</u>	<u>1,658,310</u>

TOWN OF BAIE VERTE
STATEMENT OF INVESTMENT IN CAPITAL ASSETS
Year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
<u>BALANCE</u> , beginning of year	\$21,016,889	19,891,089
<u>ADD</u>		
Capital expenditure out of revenue	95,339	186,853
Debt reduction - principal	67,938	196,340
Government of Newfoundland Labrador		
Grants - fire department/community centre	86,381	421,521
Grants - street upgrading	242,071	226,269
Government of Canada		
Gas Tax Funding Agreement	64,014	94,337
Fundraising and donations - fire department reinstatement	--	480
<u>BALANCE</u> , end of year	<u>\$21,572,632</u>	<u>21,016,889</u>

TOWN OF BAIE VERTE
STATEMENT OF CASH FLOW
Year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
<u>OPERATING ACTIVITIES:</u>		
Surplus for the year	\$ 406,384	107,392
Add: Items not affecting operations		
Debt charges - principal	67,938	196,340
Capital expenditure out of revenue	95,339	186,853
Government of Newfoundland Labrador		
Grants - fire department/community centre	86,381	421,521
Grants - street upgrading	242,071	226,269
Government of Canada		
Gas Tax Funding Agreement	64,014	94,337
Fundraising and donations - fire		
department reinstatement	--	480
	<u>962,127</u>	<u>1,233,192</u>
Net change in non-cash current assets and liabilities	<u>(198,965)</u>	<u>223,736</u>
	<u>763,162</u>	<u>1,456,928</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of capital assets	<u>(523,824)</u>	<u>(1,082,523)</u>
<u>FINANCING ACTIVITIES:</u>		
Repayment of long-term debt	<u>(67,938)</u>	<u>(196,340)</u>
<u>INCREASE IN CASH</u>	171,400	178,065
<u>CASH, beginning of year</u>	<u>842,125</u>	<u>664,060</u>
<u>CASH, end of year</u>	<u>1,013,525</u>	<u>842,125</u>
<u>CASH consists of:</u>		
Cash - capital projects	\$ 444,697	580,774
Current account	<u>568,828</u>	<u>261,351</u>
	<u>\$1,013,525</u>	<u>842,125</u>

See accompanying notes to financial statements.

TOWN OF BAIE VERTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. Accounting policies:

- (a) No provision for amortization of capital assets is recorded in the financial statements.
- (b) Capital assets disposed of are deleted from the accounts at their original cost.
- (c) Capital assets purchased out of general revenue are fully charged against revenue in the year of acquisition.
- (d) The annual instalments of principal and interest on long-term loans, obtained to finance the purchase of property and equipment, are recorded in the statements as current expenditures.
- (e) The equity of the Town in the capital assets is represented by a credit account "Investment in Capital Assets".

2. Accounts receivable consist of:

	<u>2016</u>	<u>2015</u>
Taxes and rates	\$ 296,002	69,879
Other	147,378	156,333
Grant in lieu of taxes	<u> --</u>	<u>100,000</u>
	443,380	326,212
Less: Allowance for doubtful accounts	<u>(2,367)</u>	<u>(1,667)</u>
	<u>\$ 441,013</u>	<u>324,545</u>

3. Capital assets consist of:

	<u>2016</u>	<u>2015</u>
Land	\$ 38,413	38,413
Buildings	2,875,449	2,776,702
Equipment	1,853,079	1,794,050
Roads and improvements	4,516,228	4,248,317
Stadium	1,050,661	1,050,661
Playgrounds	412,407	375,116
Water and sewer plant and equipment	<u>10,971,530</u>	<u>10,910,684</u>
	<u>\$21,717,767</u>	<u>21,193,943</u>

TOWN OF BAIE VERTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. Long-term debt consists of:

	<u>Original Amount</u>	<u>2016</u>	<u>2015</u>
(a) Newfoundland Municipal Financing Corporation			
(1) 6 3/4% loan, due in blended semi-annual instalments of \$2,142 to 2018	40,019	6,015	9,705
(2) 6 3/4% loan, due in blended semi-annual instalments of \$3,130 to 2018	58,479	<u>8,790</u>	<u>14,182</u>
		14,805	23,887
(b) Bank of Nova Scotia			
(1) 4.45% consolidated demand loan, due in monthly instalments of \$11,466 plus interest to 2016	\$1,089,396	--	11,424
(2) Prime plus 2% loan due in monthly instalments of \$1,542 plus interest to 2016	92,500	--	16,942
(3) Prime plus 2% loan due in monthly instalments of \$2,050 plus interest to 2023	220,610	<u>139,800</u>	<u>164,400</u>
		154,605	216,653
(c) Royal Bank of Canada			
(1) 3.9% conditional sales contract, secured by vehicle, repayable in blended monthly instalments of \$501 to 2016	27,235	<u>--</u>	<u>5,890</u>
		154,605	222,543
Less: Current portion		<u>34,306</u>	<u>67,947</u>
		<u>\$ 120,299</u>	<u>154,596</u>

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TOWN OF BAIE VERTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

4. Long-term debt (Cont'd):

In accordance with Canadian generally accepted accounting principles, debt obligations that are due on demand are classified as current liabilities.

The Town's share of principal debt charges for each of the next five years is as follows:

2017	\$ 24,600
2018	24,600
2019	24,600
2020	24,600
2021	24,600

5. Debt charges consist of:

	<u>2016</u>	<u>2015</u>
Principal - general	\$ 58,856	187,841
- water and sewerage utility	9,082	8,499
Interest - general	7,741	14,978
- water and sewerage utility	<u>1,293</u>	<u>1,887</u>
	\$ <u>76,972</u>	<u>213,205</u>