

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TOWN OF HAPPY VALLEY-GOOSE BAY

December 31, 2018

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Statement of Responsibility

The accompanying financial statements are the responsibility of the management of the Town of Happy Valley-Goose Bay (the "Town") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles 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 Town met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Kimberly G. Humphries Professional Corporation as the Town's appointed external auditor, has audited the financial statements. The auditor's report is addressed to the Mayor and members of Council and appears on the following page. Her opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as she considers necessary to obtain reasonable assurance that the financial statements are free from material misstatement and present fairly the financial position and results of the Town in accordance with Canadian generally accepted accounting principles except as disclosed in Note 2 to the financial statements.



Mayor



Chief Administrative Officer

24 Jun 22

Date

Independent Practitioner's Report

To the Mayor and Members of Council of the Town of Happy Valley-Goose Bay

Report on financial statements

I have audited the accompanying financial statements for the **Town of Happy Valley-Goose Bay**, which are comprised of the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for qualified opinion

As discussed in Note 2 to the financial statements, the Town has not recorded a liability for non-vesting sick leave benefits earned but not used by its employees, which constitutes a departure from Canadian public sector accounting standards. This is the result of a decision taken by management to not engage an actuary to calculate the liability. Consequently, I am unable to determine the amount of this liability and have modified my audit opinion on the financial statements for December 31, 2018.

Qualified opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Town of Happy Valley-Goose Bay as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Independent Practitioner's Report
(continued)

Report on Other Legal and Reporting Requirements

In compliance with the requirements of Section 91 of the Municipalities Act, I report as follows on my examination of the accounts of the Town for the year ended December 31, 2018.

Expenses in relation to budget

Actual expenses per the financial statements of \$13,377,497 are within the limits of the adopted budget.

Arrears of revenue

The comparative position with respect to arrears of revenue is presented in Note 5 to the financial statements. Taxes receivable increased from \$2,062,138 as at December 31, 2017 to \$2,381,564 as at December 31, 2018. Of this amount, taxes totaling \$1,229,455 have been outstanding for one year or longer.

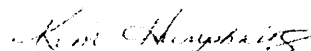
Manner in which the accounts have been kept and the adequacy of the safeguards against fraud

The Town's position in these respects was considered satisfactory for an entity of its size. Audit procedures are designed and performed that are considered appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. However, as a result of my audit, no significant deficiencies in internal control were reported to the Town that would indicate the entity's controls were not effective for the purposes of my audit.

As required by Section 71 of the Municipalities Act, I report that all employees whose duties include collecting, receiving and depositing cash are adequately bonded. The Town carries fidelity bond coverage of \$175,000 and this coverage is considered to be adequate.

The prior year financial statements, dated August 6, 2019, were prepared by another firm of Chartered Professional Accountants who issued a qualified opinion.

Gander, Canada
June 30, 2022



Chartered Professional Accountant

Town of Happy Valley-Goose Bay

Statement of Financial Position

Audit

December 31, 2018

	2018	2017
Financial Assets		
Cash and cash equivalents - unrestricted	\$ 5,904,721	\$ 5,180,991
- restricted	17,878	17,912
Receivables (Note 5)	4,794,727	4,517,270
Pension plan surplus (Note 6)	1,069,959	712,981
	<u>11,787,285</u>	<u>10,429,154</u>
Financial Liabilities		
Due to bank (Note 7)	-	656,553
Payables and accruals (Note 8)	2,174,843	1,412,400
Developer deposit (Note 10)	653,708	653,708
Severance payable	374,090	269,977
Deferred revenue	109,686	90,249
Landfill closure and post closure liability (Note 11)	237,800	237,179
Long-term debt (Note 9)	3,742,012	4,514,134
	<u>7,292,139</u>	<u>7,834,200</u>
Net Financial Assets	<u>4,495,146</u>	<u>2,594,954</u>
Non-Financial Assets		
Tangible capital assets (Schedule 1)	70,678,733	69,438,443
Prepaid expenses	16,181	15,177
	<u>70,694,914</u>	<u>69,453,620</u>
Accumulated Surplus	<u>\$ 75,190,060</u>	<u>\$ 72,048,574</u>

 Mayor

 Chief Administrative Officer

 Date

See accompanying notes to the financial statements

KIMBERLY G. HUMPHRIES PROFESSIONAL CORPORATION

Town of Happy Valley-Goose Bay
Statement of Operations and Accumulated Surplus
Audit
December 31, 2018

	<u>Budget 2018</u> Schedule 5	<u>Actual 2018</u>	<u>Actual 2017</u>
Revenue			
Taxation	\$ 10,184,190	\$ 9,376,270	\$ 9,096,732
Sales of goods and services	688,500	932,691	1,136,627
Grants and transfers	10,220,471	4,072,926	4,195,937
Investment income	-	-	3,250
Other revenue	<u>223,600</u>	<u>2,137,101</u>	<u>4,939,571</u>
Total revenue (Schedules 2 and 4)	<u>21,316,761</u>	<u>16,518,988</u>	<u>19,372,117</u>
Expenditures			
General government services	7,189,726	6,323,827	6,028,167
Protective services	782,745	1,080,742	903,235
Transportation services	1,773,921	1,797,679	1,701,950
Environmental health services	2,176,168	2,249,442	2,427,654
Regional planning and development	205,669	131,430	122,530
Recreation and cultural services	1,093,049	1,271,057	1,371,814
Fiscal services	<u>1,104,686</u>	<u>523,320</u>	<u>254,985</u>
Total expenditures (Schedules 3 and 4)	<u>14,325,964</u>	<u>13,377,497</u>	<u>12,810,335</u>
Annual surplus	<u>\$ 6,990,797</u>	<u>\$ 3,141,491</u>	<u>\$ 6,561,782</u>

	<u>2018</u>	<u>2017</u>
Accumulated surplus, beginning of year	\$ 72,048,574	\$ 65,486,792
Annual surplus	<u>3,141,491</u>	<u>6,561,782</u>
Accumulated surplus, end of year	<u>\$ 75,190,065</u>	<u>\$ 72,048,574</u>

Town of Happy Valley-Goose Bay
Statement of Changes in Net Financial Assets
Audit
December 31, 2018

	Budget 2018 (Note 11)	Actual 2018	Actual 2017
Annual surplus	\$ 6,990,797	\$ 3,141,491	\$ 6,561,782
Acquisition of tangible capital assets	(3,449,572)	(3,449,572)	(3,261,766)
Contributed subdivisions from developer	(1,814,655)	(1,814,655)	(4,799,346)
Gain on disposal of tangible capital assets	-	(60,380)	-
Proceeds on disposal of tangible capital assets	-	72,497	-
Amortization of tangible capital assets	4,011,815	4,011,815	3,834,273
Increase in prepaids	-	(1,004)	(2,275)
	<u>(1,252,412)</u>	<u>(1,241,299)</u>	<u>(4,229,114)</u>
Change in net financial assets	5,738,385	1,900,192	2,332,668
Net financial assets			
Beginning of year	<u>2,594,954</u>	<u>2,594,954</u>	<u>262,286</u>
End of year	<u>\$ 8,333,339</u>	<u>\$ 4,495,146</u>	<u>\$ 2,594,954</u>

Town of Happy Valley-Goose Bay
Statement of Cash Flows
Audit
December 31, 2018

	2018	2017
Operating		
Annual surplus	\$ 3,141,491	\$ 6,561,782
Amortization	4,011,815	3,834,273
Revenue from contributed subdivisions from developer	(1,814,655)	(4,799,346)
Gain on sale of capital asset	<u>(60,380)</u>	<u>-</u>
	5,278,271	5,596,709
Changes in:		
Receivables	(277,457)	(995,846)
Prepaid expenses	(1,004)	(2,275)
Payables and accruals	762,443	611,892
Pension plan surplus	(356,978)	(193,145)
Severance payable	104,113	(22,121)
Deferred revenue	19,437	22,315
Landfill closure costs	<u>621</u>	<u>6,410</u>
	5,529,446	5,023,939
Financing		
Proceeds from long-term debt	-	3,100,000
Principal repayment of long-term debt	<u>(772,122)</u>	<u>(678,197)</u>
	<u>(772,122)</u>	<u>2,421,803</u>
Capital		
Proceeds on disposal of tangible capital asset	72,497	-
Purchase of tangible capital asset	<u>(3,449,572)</u>	<u>(3,261,766)</u>
	<u>(3,377,075)</u>	<u>(3,261,766)</u>
Increase in cash	1,380,249	4,183,976
Cash		
Beginning	<u>4,542,350</u>	<u>358,374</u>
Ending	<u>\$ 5,922,599</u>	<u>\$ 4,542,350</u>
Comprised of:		
Cash - unrestricted	\$ 5,904,721	\$ 5,180,991
- restricted	17,878	17,912
Due to bank	<u>-</u>	<u>(656,553)</u>
	<u>\$ 5,922,599</u>	<u>\$ 4,542,350</u>