

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TOWN OF HAPPY VALLEY-GOOSE BAY

December 31, 2020

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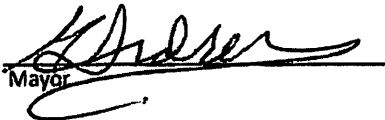
Statement of Responsibility

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.

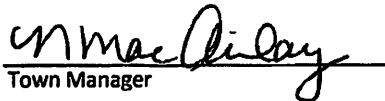
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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



Town Manager

19 Dec 2023
Date

Independent Practitioner's Report

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

Opinion

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, 2020, 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.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Town of Happy Valley Goose Bay** as at December 31, 2020, and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Town in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 it 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 the users taken on the basis of these financial statements.

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

- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Practitioner's Report

(continued)

- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal controls.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 2020.

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 \$2,381,564 as at December 31, 2019 to \$2,758,344 as at December 31, 2020. Of this amount, taxes totaling \$ 1,449,556 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.

Gander, Canada


December 21, 2023

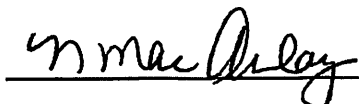
Kim Humphries

Chartered Professional Accountant

Town of Happy Valley-Goose Bay
Statement of Financial Position
Audit
December 31, 2020

	2020	2019
Financial Assets		
Cash and cash equivalents - unrestricted	\$ 4,443,063	\$ 1,635,282
- restricted	327,095	197,166
Receivables (Note 5)	6,107,138	8,487,630
Pension plan surplus (Note 6)	1,654,476	1,364,976
	<u>12,531,772</u>	<u>11,685,054</u>
Financial Liabilities		
Payables and accruals (Note 8)	5,496,028	4,242,968
Developer deposit (Note 10)	653,708	653,708
Deferred revenue	138,611	111,976
Landfill closure and post closure liability (Note 11)	250,000	243,900
Long-term debt (Note 9)	2,253,117	2,987,024
	<u>8,791,464</u>	<u>8,239,576</u>
Net Financial Assets	<u>3,740,308</u>	<u>3,445,478</u>
Non-Financial Assets		
Tangible capital assets (Schedule 1)	92,881,480	85,308,206
Inventory	21,873	20,180
	<u>92,903,353</u>	<u>85,328,386</u>
Accumulated Surplus	<u>\$ 96,643,661</u>	<u>\$ 88,773,864</u>


 _____ Mayor


 _____ Chief Administrative Officer

19 Dec 2023 Date

Town of Happy Valley-Goose Bay
Statement of Operations and Accumulated Surplus
Audit
December 31, 2020

	<u>Budget 2020</u> Schedule 5	<u>Actual 2020</u>	<u>Actual 2019</u>
Revenue			
Taxation	\$ 11,312,304	\$ 10,439,188	\$ 10,195,704
Sales of goods and services	930,600	523,985	961,524
Grants and transfers	1,109,911	9,857,772	15,509,982
Interest income	211,959	4,939	17,766
Other revenue	-	<u>127,265</u>	<u>385,305</u>
Total revenue (Schedules 2 and 4)	<u>13,564,774</u>	<u>20,953,149</u>	<u>27,070,281</u>
Expenditures			
General government services	10,416,440	6,914,619	6,307,729
Protective services	223,180	889,472	953,228
Transportation services	928,650	1,658,958	1,774,506
Environmental health services	1,477,825	2,426,574	2,555,939
Regional planning and development	60,859	48,845	120,417
Recreation and cultural services	1,248,100	978,184	1,317,105
Fiscal services	<u>573,888</u>	<u>166,700</u>	<u>457,558</u>
Total expenditures (Schedules 3 and 4)	<u>14,928,942</u>	<u>13,083,352</u>	<u>13,486,482</u>
Annual surplus	<u>\$ (1,364,168)</u>	<u>\$ 7,869,797</u>	<u>\$ 13,583,799</u>

	<u>2019</u>	<u>2018</u>
Accumulated surplus, beginning of year	\$ 88,773,864	\$ 75,190,065
Annual surplus	<u>7,869,797</u>	<u>13,583,799</u>
Accumulated surplus, end of year	<u>\$ 96,643,661</u>	<u>\$ 88,773,864</u>

Town of Happy Valley-Goose Bay
Statement of Changes in Net Financial Assets
Audit
December 31, 2020

	Budget 2020 Schedule 5	Actual 2020	Actual 2019
Annual surplus	\$ (1,364,168)	\$ 7,869,797	\$ 13,583,799
Acquisition of tangible capital assets	(11,502,206)	(11,502,206)	(18,523,369)
Amortization of tangible capital assets	3,928,932	3,928,932	3,893,901
Increase in inventory	-	(1,693)	(3,999)
	<u>(7,573,274)</u>	<u>(7,574,967)</u>	<u>(14,633,467)</u>
Change in net financial assets	(8,937,442)	294,830	(1,049,668)
Net financial assets			
Beginning of year	<u>3,445,478</u>	<u>3,445,478</u>	<u>4,495,146</u>
End of year	<u>\$ (5,491,964)</u>	<u>\$ 3,740,308</u>	<u>\$ 3,445,478</u>

Town of Happy Valley-Goose Bay

Statement of Cash Flows

Audit

December 31, 2020

	2020	2019
Operating		
Annual surplus	\$ 7,869,797	\$ 13,583,799
Amortization	<u>3,928,932</u>	<u>3,893,901</u>
	11,798,729	17,477,700
Changes in:		
Receivables	2,380,492	(3,692,903)
Inventory	(1,693)	(3,999)
Payables and accruals	1,253,060	2,068,125
Pension plan surplus	(289,500)	(295,017)
Severance payable	-	(374,090)
Deferred revenue	26,635	2,290
Landfill closure costs	<u>6,100</u>	<u>6,100</u>
	15,173,823	15,188,206
Financing		
Principal repayment of long-term debt	<u>(733,907)</u>	<u>(754,988)</u>
	(733,907)	(754,988)
Capital		
Purchase of tangible capital asset	<u>(11,502,206)</u>	<u>(18,523,369)</u>
	(11,502,206)	(18,523,369)
Increase in cash	2,937,710	(4,090,151)
Cash		
Beginning	<u>1,832,448</u>	<u>5,922,599</u>
Ending	<u>\$ 4,770,158</u>	<u>\$ 1,832,448</u>