

TOWN OF HARBOUR GRACE
Consolidated Financial Statements
December 31, 2021

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STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the TOWN OF HARBOUR GRACE 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. My opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as I consider 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

Amy Dwyer

Town Clerk



CHARTERED
PROFESSIONAL
ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of:
Town of Harbour Grace

Qualified Opinion

I have audited the financial statements of the Town of Harbour Grace (Town), which comprise the Consolidated Statement of Financial Position as at December 31, 2021, Consolidated Statement of Operations, Consolidated Statement of Change in Net Financial Assets (Net Debt), Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and adjustments, if any, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2021, 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 Qualified Opinion

The Town's consolidated entities, Danny Cleary Harbour Grace Community Centre and the Harbour Grace Volunteer Fire Department, derive revenue from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of revenue was limited to the amounts recorded in the records and I was not able to determine whether any adjustments might be necessary for revenue, surplus for the year and net assets of these entities.

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 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 qualified 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 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 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 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 Town'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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I will 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.
- 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 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 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.

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
August 31, 2022


CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF HARBOUR GRACE
Consolidated Statement of Financial Position

As at December 31,

2021

2020

FINANCIAL ASSETS

Cash & temporary investments (Note 5)	\$ 636,226	\$ 609,295
Accounts receivable (Note 6)	580,949	758,374
Long term receivable (Note 6)		319,622
Due from Province - share of long term debt	<u>29,055</u>	<u>171,621</u>
	<u>\$ 1,246,230</u>	<u>\$ 1,858,912</u>

LIABILITIES

Bank indebtedness (Note 9)	\$ 125,953	\$ 302,697
Accounts payable and accrued liabilities (Note 7)	748,372	1,476,402
Severance payable	140,555	190,721
Deferred revenue - gas tax funding	427,942	78,593
Deferred revenue - other	20,442	
Pension plan liability (Note 12)	16,386	24,124
Long term debt (Note 8)	<u>3,349,056</u>	<u>3,527,887</u>
	<u>4,828,706</u>	<u>5,600,424</u>

NET DEBT

\$ (3,582,476) \$ (3,741,512)

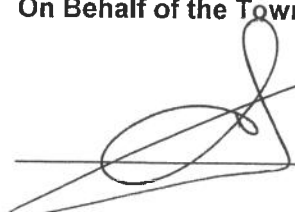
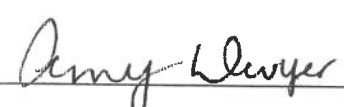
NON-FINANCIAL ASSETS

Tangible Capital Assets (Schedule 1)	\$ 29,640,988	\$ 30,336,567
Inventories (Note 2)	4,073	2,960
Prepaid expenses	<u>76,184</u>	<u>40,635</u>
	<u>29,721,245</u>	<u>30,380,162</u>

ACCUMULATED SURPLUS

\$ 26,138,769 \$ 26,638,650

On Behalf of the Town:

 Mayor  Town Treasurer

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

TOWN OF HARBOUR GRACE
Consolidated Statement of Operations

For the Year Ended December 31,	PSAB Budget	Actual	
		2021	2020
Revenue			
Taxation (Schedule 2)	\$ 2,677,693	\$ 2,626,213	\$ 2,664,842
Sale of Goods and Services (Schedule 2)	525,256	333,103	412,771
Grants and Transfers (Schedule 2)	592,329	607,099	1,997,829
Investment Income (Schedule 2)		4,908	2,641
Other Revenue (Schedule 2)		5,322	5,251
Revenue - Harbour Grace Volunteer Fire Department		20,767	31,960
Revenue - Harbour Grace Tourism Department		51,030	23,717
Total Revenue	<u>3,795,278</u>	<u>3,648,442</u>	<u>5,139,011</u>
Expenditures			
General Government Services (Schedule 3)	1,337,123	1,332,621	1,253,011
Protective Services (Schedule 3)	128,500	103,763	120,467
Transportation Services (Schedule 3)	961,053	865,336	978,406
Environmental Health Services (Schedule 3)	888,219	945,969	924,782
Recreation and Cultural Services (Schedule 3)	554,881	529,741	589,969
Planning and Development (Schedule 3)	86,963	29,761	17,399
Fiscal Services (Schedule 3)	210,027	250,121	219,583
Expenses - Harbour Grace Volunteer Fire Department		30,927	28,183
Expenses - Harbour Grace Tourism Department		60,084	21,717
Total Expenditures	<u>4,166,766</u>	<u>4,148,323</u>	<u>4,153,517</u>
(Deficit) Surplus for the year	\$ <u>(371,488)</u>	\$ <u>(499,881)</u>	\$ <u>985,494</u>
Surplus, Beginning of the year			
		\$ 26,638,650	\$ 25,653,156
(Deficit) Surplus for the year			
		<u>(499,881)</u>	<u>985,494</u>
Surplus, End of the year			
		\$ 26,138,769	\$ 26,638,650

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

TOWN OF HARBOUR GRACE**Consolidated Statement of Change in Net Financial Assets (Net Debt)**

For the Year Ended December 31,	PSAB Budget	Actual	
		2021	2020
ANNUAL SURPLUS	\$ (371,488)	\$ (499,881)	\$ 985,494
Acquisition of tangible capital assets	(365,101)	(365,101)	(1,687,915)
Amortization of tangible capital assets	1,060,680	1,060,680	1,077,829
Decrease (increase) in inventories	(1,113)	(1,113)	1,349
Decrease (increase) in prepaid expenses	(35,549)	(35,549)	(1,534)
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	287,429	159,036	375,223
NET DEBT, BEGINNING OF YEAR (Note 15)	(3,741,512)	(3,741,512)	(4,116,735)
NET DEBT, END OF YEAR	\$ (3,454,083)	\$ (3,582,476)	\$ (3,741,512)

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

TOWN OF HARBOUR GRACE
Consolidated Statement of Cash Flows

For the Year Ended December 31,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) Surplus for the year	\$ (499,881)	\$ 985,494
Amortization of tangible capital assets	1,060,680	1,077,829
Changes in:		
Accounts receivable	497,047	(82,619)
Gas tax receivable		165,330
Accounts payable and accrued liabilities	(728,030)	496
Severance payable	(50,166)	12,044
Deferred revenue - gas tax funding	349,349	78,593
Deferred revenue - other	20,442	(6,989)
Prepaid expenses	(35,549)	(1,533)
Inventory	(1,113)	1,349
Pension plan liability	(7,738)	(7,744)
Net cash provided by operating activities	<u>605,041</u>	<u>2,222,250</u>
Cash Flows from Financing Activities		
Repayment of long term debt	(281,793)	(334,421)
Change in due from the Province of Newfoundland & Labrador	142,566	186,213
Loans obtained during the year	<u>102,962</u>	
Net cash provided (used) by financing activities	<u>(36,265)</u>	<u>(148,208)</u>
Cash Flows from Investing Activities		
Capital asset purchases - net	<u>(365,101)</u>	<u>(1,687,915)</u>
Increase (decrease) in cash	203,675	386,127
Cash, beginning of year	<u>306,598</u>	<u>(79,529)</u>
Cash, end of year	<u>\$ 510,273</u>	<u>\$ 306,598</u>
Cash consists of:		
Cash (Note 5)	\$ 636,226	\$ 609,295
Bank indebtedness (Note 10)	<u>(125,953)</u>	<u>(302,697)</u>
	<u>\$ 510,273</u>	<u>\$ 306,598</u>

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

TOWN OF HARBOUR GRACE
Notes to the Consolidated Financial Statements

December 31, 2021

1. Status of the TOWN OF HARBOUR GRACE

The incorporated TOWN OF HARBOUR GRACE is a municipal government that was incorporated in 1950 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, library, 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.

Investments

Temporary investments are accounted for at the lower of cost and market value. Portfolio investments are accounted for at cost.

Real Estate Properties Held for Sale

Real estate properties held for sale are recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the statement of financial position date.

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 revenues 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.

December 31, 2021

2. Significant Accounting Policies (continued)

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 are amortized on a straight-line basis over their estimated useful lives as follows:

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.

December 31, 2021

2. Significant Accounting Policies (continued)

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.

Use of Estimates

The preparation of the Municipality's 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 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 municipality records severance pay liability for both management and union employees. Employees are entitled to one week of pay for each year of service.

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 \$50,000 is carried on employees of the municipality who are in a position of trust and this coverage is considered to be adequate.

5. Cash and Temporary Investments

	<u>2021</u>	<u>2020</u>
Cash and temporary investments are comprised of the following:		
Cash	\$ 74,883	\$ 22,396
Cash - Harbour Grace Volunteer Fire Department	39,262	46,061
Cash - Danny Cleary Harbour Grace Community Centre	161,842	15,510
Cash - capital projects	18,295	218,346
Cash - gas tax program	325,596	290,638
Cash held in trust	<u>16,348</u>	<u>16,344</u>
	<u>\$ 636,226</u>	<u>\$ 609,295</u>

TOWN OF HARBOUR GRACE
Notes to the Consolidated Financial Statements

December 31, 2021

6. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Taxes:		
Business	\$ 26,618	\$ 28,097
Property	341,005	423,597
Water and sewer	<u>95,670</u>	<u>135,254</u>
	<u>463,293</u>	<u>586,948</u>
HST Rebate	148,426	291,664
Interest on taxation accounts	32,082	52,308
Grants receivable - enhancement project	17,508	4,939
Other	<u>56,006</u>	<u>54,436</u>
	<u>254,022</u>	<u>403,347</u>
	717,315	990,295
Allowance for doubtful accounts	<u>(136,366)</u>	<u>(231,921)</u>
	<u>\$ 580,949</u>	<u>\$ 758,374</u>

LONG TERM RECEIVABLE

Non-interest bearing receivable due from Fitz's Mobile Welding Inc. for purchase of the former S.W. Moores Memorial Stadium. Repayable in semi-annual instalments of \$37,500.

	\$ NIL	\$ 319,622
Current portion		<u>(319,622)</u>
	<u>\$ NIL</u>	<u>\$ NIL</u>

Fitz's Mobile Welding Inc. went into receivership in 2020 and the solvency trustees made an agreement to pay off the long term receivable in 2021 including interest of \$19,622.

7. Accounts Payable and Accrued Liabilities

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 574,069	\$ 578,380
Capital accounts payable	38,563	742,539
HST payable	53,496	82,132
Payroll taxes payable	32,686	28,604
Prepaid taxes	<u>49,558</u>	<u>44,747</u>
	<u>\$ 748,372</u>	<u>\$ 1,476,402</u>

TOWN OF HARBOUR GRACE
Notes to the Consolidated Financial Statements

December 31, 2021

8. Long Term Debt	2021	2020
Newfoundland Municipal Financing Corporation		
Canadian Imperial Bank of Commerce		
Prime plus 1/2% rate loan, repayable in blended monthly instalments of \$2,086, maturing 2023.	\$ 37,542	\$ 62,570
Prime plus 1/2% rate loan, repayable in blended monthly instalments of \$857, maturing 2031.	99,433	
Prime plus 1/2% rate loan, repayable in monthly instalments of \$1,333 plus interest, maturing 2029.	106,667	122,667
Prime plus 1/2% rate loan, repayable in blended monthly instalments of \$1,208, maturing 2022.	7,057	21,557
Prime plus 1/2% rate loan, repayable in blended monthly instalments of \$1,292, maturing 2029.	108,500	124,000
Prime plus 1/2% rate loan, repayable in monthly instalments of \$1,779 plus interest, maturing 2026.	97,826	119,170
Prime plus 1/2% rate loan, repayable in blended monthly instalments of \$834, maturing 2029.	78,849	88,915
Prime plus 1/2% rate loan, repayable in blended monthly instalments of \$1,145, maturing 2029.	107,618	121,357
Prime plus 1/2% rate loan, repayable in monthly instalments of \$883 plus interest, maturing 2023.	17,667	28,267
Prime plus 1/2% rate loan, repayable in monthly instalments of \$1,852 plus interest, maturing 2021.		12,965
	<u>661,159</u>	<u>701,468</u>

TOWN OF HARBOUR GRACE
Notes to the Consolidated Financial Statements

December 31, 2021

8. Long Term Debt (continued)	2021	2020
Balance forward	\$ 661,159	\$ 701,468
Prime plus 1/2% rate loan, repayable in monthly instalments of \$1,033 plus interest, maturing 2026.	54,413	66,806
Prime plus 1/2% rate loan, repayable in blended monthly instalments of \$396, maturing 2026.	20,852	25,601
Prime plus 1/2% rate loan, repayable in blended monthly instalments of \$312, maturing 2026.	16,487	20,236
Prime plus 1/2% rate loan, repayable in monthly instalments of \$1,154 plus interest, maturing 2029.	85,409	99,259
Prime plus 1/2% rate loan, repayable in monthly instalments of \$1,154 plus interest, maturing 2029.	56,374	65,515
Revolving demand credit by way of Bankers' Acceptance, repayable in 300 regular monthly payments of \$9,625 plus interest at the rate of 3.87% beginning April 2018, maturing March 2043.	<u>2,454,362</u>	<u>2,547,702</u>
Total Canadian Imperial Bank of Commerce	<u>3,349,056</u>	<u>3,526,587</u>
RCAP Leasing Inc.		
Capital Lease Obligation at 6.85% repayable in blended monthly instalments of \$146, maturing 2021.		<u>1,300</u>
	<u>\$ 3,349,056</u>	<u>\$ 3,527,887</u>

The annual repayments required over the next 5 years on existing long term debt are as follows:

2022	\$311,158
2023	\$288,054
2024	\$268,473
2025	\$268,473
2026	\$246,895

December 31, 2021

9. Bank Indebtedness

The Town has a \$350,000 revolving line of credit with CIBC available by way of operating account overdraft. The line of credit is secured by various borrowing resolutions from the Town of Harbour Grace and Approvals to Borrow from the Government of Newfoundland and Labrador's Department of Municipal Affairs.

10. Financial Instruments

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 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 their 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 the 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, 2021 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.

For comparative purposes, the Municipality has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results.

The budget figures used in these financial statements have been approved by Council and the Minister.

The reconciliation between the Municipality's cash based financial plan and the PSAB accrual based budget figures used in these statements is disclosed in Schedule 4 - Reconciliation of the Financial Plan to the Budget.

12. Pension Plan Liability

The Municipality 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 \$648 monthly for fifteen years commencing in 2009.

TOWN OF HARBOUR GRACE
Consolidated Schedule of Tangible Capital Assets
December 31, 2021

Schedule 1

	General Capital Assets					Infrastructure		Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Stadium Assets	Roads, Streets and Bridges	Water and Sewer	2021	2020
Cost									
Opening Costs	\$ 424,690	\$ 19,330,139	\$ 2,681,749	\$ 56,633	\$ 460,997	\$ 6,780,800	\$ 16,750,494	\$ 46,485,502	\$ 44,797,587
Additions during the year		98,608				34,545	231,948	365,101	1,687,915
Disposals and write downs			24,828					24,828	
Closing Costs	424,690	19,428,747	2,656,921	56,633	460,997	6,815,345	16,982,442	46,825,775	46,485,502
Accumulated Amortization									
Opening accum'd amortization	529	2,758,610	1,934,043	56,633	7,003	5,617,118	5,774,999	16,148,935	15,071,106
Amortization		573,568	82,288		1,788	81,833	321,203	1,060,680	1,077,829
Disposals and write downs			24,828					24,828	
Closing accum'd amortization	529	3,332,178	1,991,503	56,633	8,791	5,698,951	6,096,202	17,184,787	16,148,935
Net Book Value of Tangible Capital Assets	\$ 424,161	\$ 16,096,569	\$ 665,418	\$ NIL	\$ 452,206	\$ 1,116,394	\$ 10,886,240	\$ 29,640,988	\$ 30,336,567

TOWN OF HARBOUR GRACE
Consolidated Schedule of Revenues

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual	
		2021	2020
Taxation			
Property tax	\$ 1,594,175	\$ 1,593,762	\$ 1,628,249
Business tax	301,055	294,467	288,210
Water and sewer tax	725,713	707,103	716,153
Tax certificates	19,750	6,100	2,325
Penalties and interest on taxes receivable	37,000	24,781	29,905
	<u>2,677,693</u>	<u>2,626,213</u>	<u>2,664,842</u>
Sale of Goods and Services			
Connection fees		2,400	4,907
Danny Cleary Harbour Grace Community Centre (Schedule 6)	512,656	300,544	397,030
Fire protection service fees	7,000	5,810	6,162
Sale of vehicle		19,100	
Permits	5,600	5,249	4,672
	<u>525,256</u>	<u>333,103</u>	<u>412,771</u>
Grants and Transfers			
Government of Canada			
Other federal revenue		22,501	
Government transfers - Provincial			
Municipal operating grant	203,360	203,360	203,360
Municipal capital grant	118,445	145,123	1,370,850
Gas tax revenue	139,688	34,545	202,254
Covid 19 restart grant		44,753	175,999
Other provincial grants and/or subsidies	36,904	156,817	45,366
	<u>498,397</u>	<u>607,099</u>	<u>1,997,829</u>
Investment Income			
Interest from investments		4,908	2,641
Other Revenue			
Sundry		5,322	5,251
Total Revenue - Town	\$ 3,701,346	\$ 3,576,645	\$ 5,083,334

TOWN OF HARBOUR GRACE
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2021	2020
General Government Services			
Salaries and benefits	\$ 336,509	\$ 341,119	\$ 270,935
Office	124,189	104,005	72,906
Other general expenses	2,200	10,481	15,735
Professional fees	50,000	55,245	78,759
Councillors remuneration	75,500	76,615	55,905
Assessment fees	52,728	52,728	52,728
Insurance	122,429	118,860	127,313
Amortization		573,568	578,730
	<u>\$ 763,555</u>	<u>\$ 1,332,621</u>	<u>\$ 1,253,011</u>
Protective Services			
Fire protection	\$ 106,000	\$ 87,628	\$ 104,833
Municipal enforcement	22,500	16,135	15,634
	<u>\$ 128,500</u>	<u>\$ 103,763</u>	<u>\$ 120,467</u>
Transportation Services			
Road maintenance	\$ 444,754	\$ 414,744	\$ 441,655
Snow clearing	225,000	157,941	236,350
Street lighting	130,500	131,852	130,366
Amortization - roads		81,833	80,720
Amortization - equipment		78,966	89,315
	<u>\$ 800,254</u>	<u>\$ 865,336</u>	<u>\$ 978,406</u>
Fiscal Services			
Doubtful Accounts (Recovery)	\$ 10,000	\$ 54,178	\$ 53,094
Capital expenditures from revenue	735,177		
Debt charges - interest		145,027	111,191
Discounts and refunds on taxes	55,000	50,916	55,298
	<u>\$ 800,177</u>	<u>\$ 250,121</u>	<u>\$ 219,583</u>
Environmental Health Services			
Garbage, waste collection and disposal	\$ 268,816	\$ 289,208	\$ 266,404
Water and sewage utility, operation and maintenance	298,200	335,558	335,549
Amortization		321,203	322,829
	<u>\$ 567,016</u>	<u>\$ 945,969</u>	<u>\$ 924,782</u>

TOWN OF HARBOUR GRACE
Consolidated Schedule of Expenses

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual	
		2021	2020
Planning and Development			
Tourism and marketing	\$ <u>86,963</u>	\$ <u>29,761</u>	\$ <u>17,399</u>
Recreation and Cultural Services			
Parks and playgrounds	\$ 51,725	\$ 120,116	\$ 103,729
Danny Cleary Harbour Grace Community Centre (Schedule 6)	503,156	409,625	426,240
Transfer from Town to Danny Cleary Harbour Grace Community Centre			<u>60,000</u>
	\$ <u>554,881</u>	\$ <u>529,741</u>	\$ <u>589,969</u>
Total Expenses - Town	\$ <u>3,701,346</u>	\$ <u>4,057,312</u>	\$ <u>4,103,617</u>

**Town of Harbour Grace
Reconciliation of the Financial Plan to the Budget (PSAB)**

Schedule 4

For The Year Ended December 31, 2021

	Financial Plan	Amortization - Town	Debt Charges Expense	Transfers	Long Term Accruals	Actual Amounts Consolidated Entities	PSAB Budget
REVENUE							
Taxation	\$ 2,677,693						\$ 2,677,693
Sale of goods and services	525,256						525,256
Grants and transfers	498,397			\$ 93,932			592,329
Investment income							
Other revenue						\$ 20,767	20,767
Total revenue	\$ 3,701,346			93,932		20,767	3,816,045
EXPENSES							
General government services	\$ 763,555	\$ 573,568					1,337,123
Protective services	128,500						128,500
Transportation services	800,254	160,799					961,053
Environmental health services	567,016	321,203					888,219
Recreation & cultural services, planning & development	641,844						641,844
Consolidated entity expenditures		5,110				30,927	30,927
Fiscal services	800,177		\$ 145,027	(735,177)			210,027
Total expenses	\$ 3,701,346	1,060,680	145,027	(735,177)		30,927	4,197,693
Surplus(Deficit)		\$ (1,060,680)	\$ 145,027	\$ 829,109	\$ NIL	\$ (10,160)	\$ (381,648)

TOWN OF HARBOUR GRACE**Statement of Operations for Danny Cleary Harbour Grace Community Centre****Schedule 5****For the Year Ended December 31,****2021****2020****Revenue**

Fall Fair event	\$ 5,517	\$ 5,000
Ice Hire	258,119	292,122
Entertainment and building rentals	27,515	16,036
Canteen	3,189	5,079
Town of Harbour Grace - Subsidy		60,000
Other and advertising	<u>6,204</u>	<u>18,793</u>
	<u>300,544</u>	<u>397,030</u>

Operating Expenses

Advertising	1,375	20
Amortization	1,788	1,788
Bad debt (recovery)	(2,264)	11,686
Electricity	104,716	113,229
Fuel	4,800	6,848
Interest and bank charges	1,051	2,391
Miscellaneous		50
Professional fees	4,313	4,313
Repairs and maintenance	61,056	39,414
Security	6,708	7,997
Supplies	11,981	21,616
Telephone and internet	3,776	4,051
Travel	529	1,488
Wages and payroll costs	<u>209,796</u>	<u>211,349</u>
	<u>409,625</u>	<u>426,240</u>

DEFICIT FOR THE YEAR**\$ (109,081) \$ (29,210)****DEFICIT, BEGINNING OF YEAR****\$ (84,636) \$ (79,230)****HST Transfer to the Town****23,804****DEFICIT FOR THE YEAR****(109,081) (29,210)****DEFICIT, END OF THE YEAR****\$ (193,717) \$ (84,636)**

August 31, 2022

To the Mayor and Councillors of:
TOWN OF HARBOUR GRACE

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, 2021.

Expenditures in relation to budget:

Actual expenditures of \$4,148,323 were over the limits of the adopted budget by \$446,977. This was due to amortization of \$1,060,680 that was not budgeted for. 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.

Arrears on revenue:

Taxes and interest receivable totaled \$495,375 at December 31, 2021. Of this amount, \$263,625 has been outstanding for one year or longer, while the balance of \$231,750 represents arrears on account of taxes and rates levied in 2021.

There was an allowance for doubtful accounts of \$136,366 at December 31, 2021. In my opinion this allowance is considered adequate to cover any potential uncollectible accounts.

The manner in which the accounts have been kept and the adequacy of safeguards against fraud:

The position of the town in this respect was considered satisfactory; however there are some control weaknesses which are inherent with municipalities of this size.

Sufficiency of bonds:

Fidelity bond coverage of \$50,000 is carried on employees of the Council who are in a position of trust. In my opinion, the coverage provided is sufficient.

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 Councillors of:
TOWN OF HARBOUR GRACE, NL

Opinion

I have audited the 2021 Ultimate Recipient Annual Expenditure Report (the "Report") for the Town of Harbour Grace ("the Municipality") for the year ended December 31, 2021.

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 Harbour Grace 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 2021 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 2021 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 2021 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 judgement 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
August 31, 2022


CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF HARBOUR GRACE**Appendix A: Schedule of Ultimate Recipients Funding and Certification
2020 Annual Expenditure Report****For the Year Ended December 31, 2021**

	2021	Cumulative
Opening balance of unspent (overspent) funding	\$ 78,593	
Received from the Government of Newfoundland and Labrador 383,895	\$ 2,340,697	
Spent on eligible projects in 2021	<u>(34,545)</u>	<u>(1,912,754)</u>
Closing balance of unspent funding	\$ <u>427,943</u>	\$ <u>427,943</u>
Closing balance of unspent funding	\$ 427,943	
Gas tax bank account balance	<u>325,596</u>	
Gas tax bank account surplus (deficit)	\$ <u>(102,347)</u>	

Certification by Municipality

I, Don Coombs, Mayor of the Town of Harbour Grace certify that the information reported is a true and accurate representation of the Municipality's position with respect to its federal gas tax revenues. I acknowledge and understand that any contravention of the terms and conditions of the Ultimate Recipient Gas Tax Funding Agreement may result in funding being withheld.

The Municipality does maintain a separate bank account for Gas Tax Funding.

Signature

Date

Sept 22/2022