

**TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2017**

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of Channel - Port Aux Basques 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 Association of 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 auditors 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.


Bonnell Cole Janes, as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they 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 generally accepted accounting principles.



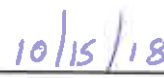
Mayor



Date



Town Clerk



Date

INDEPENDENT AUDITORS' REPORT

To the Mayor and members of Council of the
Town of Channel - Port Aux Basques

We have audited the accompanying consolidated financial statements of the Town of Channel - Port Aux Basques, which comprise the Consolidated Statement of Financial Position as at December 31, 2017, the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets (Net Debt), the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Municipality's Responsibility for the Consolidated Financial Statements

Council is responsible for the preparation and fair presentation of these financial statements in compliance with legislation, and in accordance with Canadian generally accepted accounting principles as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. It is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Channel - Port Aux Basques as at December 31, 2017, and the results of its operations, changes in net financial assets (net debt) and its cash flows for the year then ended in accordance with the standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Corner Brook,
Newfoundland and Labrador
August 23, 2018

Bonnell Cole Janes
CHARTERED PROFESSIONAL ACCOUNTANTS

TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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**TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note: 6)	\$ 680,010	\$ 1,529,931
Short term investments	200,000	200,000
Amounts receivable (Note: 8)	2,241,433	539,210
Inventories for sale	<u>3,575</u>	<u>3,280</u>
	<u>\$ 3,125,018</u>	<u>\$ 2,272,421</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note: 9)	\$ 1,461,878	\$ 390,713
Employee benefits liability (Note: 10)	229,447	196,971
Deferred revenue (Note: 11)	254,592	427,612
Long term debt (Note: 12)	<u>897,827</u>	<u>509,939</u>
	<u>2,843,744</u>	<u>1,525,235</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ 281,274</u>	<u>\$ 747,186</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$24,330,111	\$ 23,702,724
Prepaid expenses	28,403	23,545
Land for resale (Note: 5)	<u>260,240</u>	<u>260,240</u>
	<u>\$24,618,754</u>	<u>\$ 23,986,509</u>
ACCUMULATED SURPLUS	<u>\$24,900,028</u>	<u>\$ 24,733,695</u>

CONTINGENCIES (Note: 13)

APPROVED ON BEHALF OF COUNCIL:

John S. Spencer MAYOR

Jerome Battiste COUNCILLOR

See accompanying notes to the consolidated financial statements

TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

	BUDGET	<u>2017</u>	<u>2016</u>
REVENUE			
Taxation	\$ 3,718,832	\$ 3,687,520	\$ 3,748,582
Sales of goods and services	603,462	728,596	584,365
Grants and transfers	<u>540,323</u>	<u>1,655,602</u>	<u>950,554</u>
Total revenue (Schedule 2, 5 and 6)	<u>4,862,617</u>	<u>6,071,718</u>	<u>5,283,501</u>
EXPENSES			
General government services	1,014,186	975,027	981,986
Protective services	184,679	171,868	168,089
Transportation services	1,770,761	1,777,247	1,552,054
Environmental health services	1,410,593	1,412,949	1,311,086
Regional planning and development	209,320	167,994	156,711
Recreation and cultural services	417,923	1,370,205	1,111,083
Fiscal services	<u>49,200</u>	<u>30,095</u>	<u>24,825</u>
Total expenses (Schedule 3, 5 and 6)	<u>5,056,662</u>	<u>5,905,385</u>	<u>5,305,834</u>
ANNUAL (DEFICIT) SURPLUS	(194,045)	166,333	(22,333)
ACCUMULATED SURPLUS, beginning of the year	<u>24,733.695</u>	<u>24,733.695</u>	<u>24,756.028</u>
ACCUMULATED SURPLUS, end of the year	<u>\$24,539,650</u>	<u>\$24,900,028</u>	<u>\$24,733,695</u>

See accompanying notes to the consolidated financial statements

TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>BUDGET</u>	<u>2017</u>	<u>2016</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(194,045)</u>	\$ <u>166,333</u>	\$ <u>(22,333)</u>
Acquisition of tangible capital assets	(352,754)	(2,277,704)	(1,261,692)
Amortization of tangible capital assets	1,588,986	1,650,317	1,588,986
Loss (gain) on disposal of tangible capital assets			2,569
Decrease (increase) in prepaid expenses	<u> </u>	<u>(4,858)</u>	<u>(1,727)</u>
	<u>1,236,232</u>	<u>(632,245)</u>	<u>328,136</u>
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	1,042,187	(465,912)	305,803
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF THE YEAR	<u>747,186</u>	<u>747,186</u>	<u>441,383</u>
NET FINANCIAL ASSETS (NET DEBT), END OF THE YEAR	<u>\$ 1,789,373</u>	<u>\$ 281,274</u>	<u>\$ 747,186</u>

See accompanying notes to the consolidated financial statements

TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING TRANSACTIONS		
Annual (deficit) surplus	\$ 166,333	\$ (22,333)
Changes in non-cash items:		
Amounts receivable	(1,702,223)	137,558
Inventories		581
Land for resale	(295)	
Prepays	(4,858)	(1,727)
Accounts payable and accrued liabilities	1,071,165	178,217
Employer benefits liability	32,476	(52,974)
Deferred revenue	(173,020)	149,422
Loss (gain) on disposal of tangible capital assets		2,569
Amortization	<u>1,650,317</u>	<u>1,588,986</u>
Cash provided by operating transactions	<u>1,039,895</u>	<u>1,980,299</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(2,277,704)</u>	<u>(1,261,692)</u>
Cash applied to capital transactions	<u>(2,277,704)</u>	<u>(1,261,692)</u>
FINANCING TRANSACTIONS		
Proceeds of long term debt	658,085	
Repayment of long term debt	<u>(270,197)</u>	<u>(255,505)</u>
Cash applied to financing transactions	<u>387,888</u>	<u>(255,505)</u>
(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	(849,921)	463,102
CASH AND TEMPORARY INVESTMENTS, beginning of the year	<u>1,529,931</u>	<u>1,066,829</u>
CASH AND TEMPORARY INVESTMENTS, end of the year	<u>\$ 680,010</u>	<u>\$ 1,529,931</u>
CASH AND TEMPORARY INVESTMENTS CONSISTS OF:		
Cash in banks (Note: 6)	<u>\$ 680,010</u>	<u>\$ 1,529,931</u>

See accompanying notes to the consolidated financial statements

TOWN OF CHANNEL - PORT AUX BASQUES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. Status of the Town of Channel - Port Aux Basques

The Town of Channel - Port Aux Basques is a municipal government that was incorporated in 1945 pursuant to the Province of Newfoundland and Labrador's Municipalities Act, 1999. The Municipality provides or funds municipal services such as fire, public works, parks and recreation, tourism and other general government operations.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Public Sector Accounting Standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

(a) Basis of Consolidation

The consolidated financial statements include the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations, agencies, local boards, and committees of the Council which are controlled by the Municipality. The controlled entity reported on Schedule 6 is the Gateway Village Corporation.

(b) 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.

(c) Cash and Temporary Investments

Cash and temporary investments include cash and short-term investments with maturities of three months or less from the date of acquisition.

(d) Investments

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

(e) 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.

(f) Inventories

Inventories held for sale are recorded at the lower of cost and net realizable value.

(Cont'd)

TOWN OF CHANNEL - PORT AUX BASQUES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

2. Significant Accounting Policies (Cont'd)

(g) Government Transfers

Government transfers are recognized as either expenditures or revenues in the period that the events giving rise to the transfer occurred as long as a) the transfer is authorized; b) eligibility criteria have been met by the recipient; and c) a reasonable estimate of the amount can be made.

Unearned government transfer amounts received but not earned will be recorded as deferred revenue. Earned government transfer amounts not received will be recorded as a receivable.

(h) 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:

General Tangible Capital Assets

Land	Indefinite
Land improvements	20 years
Buildings	25 years
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	5 years
Heavy equipment	10 years
Computer Hardware and Software	4 years

Infrastructure Assets

Transportation	
Road surface	20 years
Road grade	30 years
Water and Sewer	
Land improvements	50 years
Underground networks	25 - 60 years
Machinery and equipment	15 years
Dams and other surface water structures	25 years

(i) Revenue Recognition

Revenues are recognized as earned when collection is reasonably assured. Tax rates are approved annually by Council.

(Cont'd)

TOWN OF CHANNEL - PORT AUX BASQUES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

2. Significant Accounting Policies (Cont'd)

(j) Severance Pay

The Municipality accounts for severance pay on an accrual basis and the amount is calculated on years of service, beginning to accrue once the employee has five years of service. The amount is payable when the employee ceases employment with the Town.

(k) Use of Estimates

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

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 for an entity of its size.

4. Sufficiency Of Bonds

Fidelity bond coverage of \$100,000 is carried on employees in a position of trust and this coverage is considered to be adequate.

5. Land for Resale

	<u>2017</u>	<u>2016</u>
Land - Grand Bay West Commercial Subdivision	\$ 22,000	\$ 22,000
Land - Grand Bay West Residential Subdivision - Phase 11	<u>238,240</u>	<u>238,240</u>
	<u>\$ 260,240</u>	<u>\$ 260,240</u>

6. Cash and Temporary Investments

	<u>2017</u>	<u>2016</u>
Cash and temporary investments are comprised of the following:		
Cash	<u>\$ 680,010</u>	<u>\$ 1,529,931</u>

TOWN OF CHANNEL - PORT AUX BASQUES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

7. Bank Indebtedness

The Town has an authorized operating line of credit for \$400,000 with the Bank of Nova Scotia. There is no balance outstanding at December 31, 2017.

The Town has an authorized operating line of credit for \$27,000 with the Bank of Montreal for the Bruce 11 Complex. There is no balance outstanding at December 31, 2017.

8. Amounts Receivable

	<u>2017</u>	<u>2016</u>
Taxes and rates	\$ 771,130	\$ 577,543
HST receivable	438,496	57,779
Government of Newfoundland and Labrador	959,987	
Other	<u>264,789</u>	<u>96,277</u>
	2,434,402	731,599
Less: allowance for doubtful accounts	<u>192,969</u>	<u>192,389</u>
	<u>\$ 2,241,433</u>	<u>\$ 539,210</u>

9. Accounts Payable and Accrued Liabilities

	<u>2017</u>	<u>2016</u>
Accounts payable	\$ 465,432	\$ 329,203
Capital accounts payable	922,057	
Government remittances payable	17,020	
Accrued salaries	<u>57,369</u>	<u>61,510</u>
	<u>\$ 1,461,878</u>	<u>\$ 390,713</u>

10. Employee Benefits Liability

	<u>2017</u>	<u>2016</u>
Accrued severance benefits	<u>\$ 229,447</u>	<u>\$ 196,971</u>

11. Deferred Revenue

The Town has on deposit funds for the following projects or services. These amounts are recorded as deferred revenue and will be recorded as current revenue in the year the expenditures are incurred.

	<u>2017</u>	<u>2016</u>
Waste Management Strategy	\$	\$ 12,461
Transfer of Federal Gas Tax Revenues	214,543	400,251
Government funded employment projects	25,149	
Marine Atlantic	<u>14,900</u>	<u>14,900</u>
	<u>\$ 254,592</u>	<u>\$ 427,612</u>

TOWN OF CHANNEL - PORT AUX BASQUES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

12. Long Term Debt

	<u>2017</u>	<u>2016</u>
Bank of Nova Scotia		
3.24% conditional sales contract repayable in blended monthly installments of \$4,691 to 2020, secured by specific equipment with a carrying value of \$175,422.	\$ 113,249	\$ 164,956
Bank loan at prime plus .25% repayable in monthly installments of \$1,138 plus interest to 2017.		9,087
Bank loan at prime repayable in monthly installments of \$2,071 plus interest to 2021.	86,958	111,810
Bank of Montreal		
3% bank loan, repayable in blended monthly installments of \$1,520 to 2018, secured by motor vehicle with a carrying value of \$17,506.	4,481	22,296
2.74% bank loan, repayable in blended monthly installments of \$812 to 2021, secured by specific equipment with a carrying value of \$31,960.	32,441	
2.74% bank loan, repayable in blended monthly installments of \$5,735 to 2022, secured by specific equipment with a carrying value of \$301,797.	290,810	
3.24% bank loan, repayable in blended monthly installments of \$5,423 to 2021.	242,956	
2.65% bank loan, repayable in blended monthly installments of \$2,681 to 2017.		15,961
2.65% bank loan, repayable in blended monthly installments of \$1,398 to 2017.		8,324
2.96% bank loan, repayable in blended monthly installments of \$3,292 to 2020.	89,251	125,693
Bank loan at prime plus .25% repayable in monthly installments of \$1,178 plus interest to 2020.	<u>37,681</u>	<u>51,812</u>
	<u>\$ 897,827</u>	<u>\$ 509,939</u>

(Cont'd)

TOWN OF CHANNEL - PORT AUX BASQUES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

12. Long Term Debt (Cont'd)

The aggregate amount of payments required in each of the next five years to meet retirement provisions is as follows:

2018		\$ 263,007
2019		265,254
2020		188,581
2021		147,064
2022		<u>33,921</u>
		<u>\$ 897,827</u>

13. Contingencies

The Town is contingently liable to Newfoundland Municipal Finance Corporation for loans totaling \$100,768 as at December 31, 2017. These loans are in the name of the Town but the Province of Newfoundland and Labrador has undertaken the responsibility for the repayment of the loans.

During 2017 the Province approved grants in the amount of \$79,702 to meet principal and interest charges on these loans.

14. Pension Plan

Town of Channel - Port Aux Basques provides a defined contribution pension plan for eligible members of its staff. Contributions made to the plan accumulate in member accounts established under the plan. The funding policy includes 5% of earnings for eligible employees, which is matched by Town of Channel - Port Aux Basques. The amount of retirement benefit to be received by the employees will be based on the member's share of the pension plan at the time of withdrawal.

Town of Channel - Port Aux Basques contribution for the year was \$67,996 (2016 - \$71,918).

15. Financial Instruments

The Municipality, as part of its operations, carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

16. Budget

In accordance with the Municipalities Act, 1999 every council must adopt a financial plan for each fiscal period in a form approved of by the minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations of PSAB. For comparative purposes, the Town 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.

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 7 - Reconciliation of the Financial Plan to the Budget.

TOWN OF CHANNEL - PORT AUX BASQUES
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2017

**TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 1**

Cost	General Capital Assets						Infrastructure		Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets Under Construction	Roads and Bridges	Water and Sewer	Assets Under Construction		
Opening costs	\$ 3,432,004	\$ 18,481,097	\$ 5,424,870	\$ 281,782	\$	\$ 17,579,187	\$ 15,615,631	\$	\$ 60,814,571	\$ 59,658,509
Additions during the year	10,500	223,712	692,747			1,099,467	251,278		2,277,704	1,261,692
Disposals and write downs			(5,901)						(5,901)	(105,630)
Closing costs	<u>3,442,504</u>	<u>18,704,809</u>	<u>6,111,716</u>	<u>281,782</u>		<u>18,678,654</u>	<u>15,868,909</u>		<u>63,086,374</u>	<u>60,814,571</u>
Accumulated Amortization										
Opening accumulated amortization	841,874	9,402,367	4,148,452	260,679		13,721,431	8,737,044		37,111,847	35,625,922
Amortization	44,305	518,485	354,165	8,105		399,778	325,479		1,650,317	1,588,986
Disposals and write downs			(5,901)						(5,901)	(103,061)
Closing accumulated amortization	<u>886,179</u>	<u>9,920,852</u>	<u>4,496,716</u>	<u>268,784</u>		<u>14,121,209</u>	<u>9,062,523</u>		<u>38,756,263</u>	<u>37,111,847</u>
Net Book Value of Tangible Capital Assets	<u>\$ 2,556,325</u>	<u>\$ 8,783,957</u>	<u>\$ 1,615,000</u>	<u>\$ 12,998</u>	<u>\$</u>	<u>\$ 4,557,445</u>	<u>\$ 6,804,386</u>	<u>\$</u>	<u>\$ 24,330,111</u>	<u>\$ 23,702,724</u>



See accompanying notes to the consolidated financial statements

TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 3

	<u>2017</u>	<u>2016</u>
General Government Services		
General administration	\$ 594,844	\$ 633,331
Gateway Village Corporation	73,373	72,363
Legislative	60,248	54,695
Property assessment services	62,048	62,328
Common services	105,964	74,354
Bad debts	40,512	43,420
Discount on current taxes	<u>38,038</u>	<u>41,495</u>
	<u>975,027</u>	<u>981,986</u>
Protective Services		
Fire protection	139,470	121,242
Emergency preparedness and response	20,244	36,033
Animal and pest control	<u>12,154</u>	<u>10,814</u>
	<u>171,868</u>	<u>168,089</u>
Transportation Services		
Vehicle and fleet operation and maintenance	264,021	192,906
Streets and roads maintenance	1,029,636	975,256
Snow and ice removal	385,175	288,426
Street lighting	69,312	70,759
Traffic services	9,002	8,849
Other transportation services	<u>20,101</u>	<u>15,858</u>
	<u>1,777,247</u>	<u>1,552,054</u>
Environmental health services		
Water supply and treatment plant	338,364	349,874
Maintenance of water and sewage system	827,042	712,977
Garbage and waste collection and disposal	239,988	242,489
Other environmental health services	<u>7,555</u>	<u>5,746</u>
	<u>1,412,949</u>	<u>1,311,086</u>
Regional Planning and development	<u>167,994</u>	<u>156,711</u>
Recreation and Cultural Services		
Bruce II Complex (Schedule 4)	1,157,412	1,034,217
Other recreation & cultural services	<u>212,793</u>	<u>76,866</u>
	<u>1,370,205</u>	<u>1,111,083</u>
Fiscal Services		
Long term debt interest	25,200	19,024
Other fiscal services	<u>4,895</u>	<u>5,801</u>
	<u>30,095</u>	<u>24,825</u>
Total Expenses	<u>\$ 5,905,385</u>	<u>\$ 5,305,834</u>

See accompanying notes to the consolidated financial statements

TOWN OF CHANNEL - PORT AUX BASQUES
SCHEDULE OF REVENUE AND EXPENSES
BRUCE II COMPLEX
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 4

	<u>2017</u>	<u>2016</u>
REVENUE		
Arena rentals	\$ 124,894	\$ 108,512
Contribution from Non-Residents	117,450	
Swimming pool	85,579	79,182
Fitness Centre	49,673	59,107
Bowling and shoe rentals	38,363	43,316
Summer program registrations	11,742	10,578
Government grants	10,530	4,373
Miscellaneous	10,078	6,085
Entertainment and special events	7,138	2,052
Canada Day Celebrations	6,500	7,850
Canteen rental	6,165	5,533
Curling club	6,000	7,300
Beverage sales	4,906	4,348
Advertising	2,607	7,891
Merchandise sales	<u>1,039</u>	<u>2,855</u>
	<u>482,664</u>	<u>348,982</u>
EXPENSES		
Wages and benefits	364,399	345,959
Amortization	294,704	311,891
Heat and light	168,093	178,408
Skid proof floor coating	116,350	
Repairs and maintenance	104,425	100,017
Insurance	30,938	26,969
Government grant expenses	11,145	
Telephone	10,933	10,374
Office	9,727	11,809
Entertainment and special events	8,206	6,048
Travel	8,184	10,856
Other pool expenses	7,971	7,305
Canada Day celebrations	5,588	7,467
Beverage purchases	4,599	2,694
Miscellaneous	4,236	6,833
Merchandise purchases	2,415	3,800
Interest and bank charges	2,277	201
Summer sports program	1,508	3,390
Advertising	1,180	196
Bad debts	<u>534</u>	
	<u>1,157,412</u>	<u>1,034,217</u>
DEFICIT FOR THE YEAR	\$ <u>(674,748)</u>	\$ <u>(685,235)</u>

See accompanying notes to the consolidated financial statements

**TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 5**

	General Government		Protective Services		Transportation Services		Environmental Health Services	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE								
Taxation	\$ 2,950,442	\$ 3,006,262	\$	\$	\$	\$	\$ 737,078	\$ 742,320
Sales of goods and services	336,730	202,416						
Grants and transfers	<u>324,260</u>	<u>313,032</u>	6,450	<u>67,792</u>	<u>596,453</u>	<u>308,302</u>	<u>476,643</u>	<u>22,657</u>
Total revenue	<u>3,611,432</u>	<u>3,521,710</u>	<u>6,450</u>	<u>67,792</u>	<u>596,453</u>	<u>308,302</u>	<u>1,213,721</u>	<u>764,977</u>
EXPENSES								
Personnel services	500,409	518,128	11,410	9,285	498,800	523,617	327,890	338,852
Contract services	279,050	289,531	35,095	24,649	43,975	3,053	256,729	252,958
Utilities	14,965	15,741	30,619	29,684	88,677	86,591	59,462	70,592
Maintenance supplies	67,384	24,816	48,704	65,344	481,467	308,790	272,081	179,189
Grants and contributions								
Amortization	29,028	33,599	46,040	39,127	664,328	630,003	496,787	469,495
Interest on long term debt								
Other	<u>84,191</u>	<u>100,171</u>						
Total expenses	<u>975,027</u>	<u>981,986</u>	<u>171,868</u>	<u>168,089</u>	<u>1,777,247</u>	<u>1,552,054</u>	<u>1,412,949</u>	<u>1,311,086</u>
Surplus (Deficit)	<u>\$ 2,636,405</u>	<u>\$ 2,539,724</u>	<u>\$ (165,418)</u>	<u>\$ (100,297)</u>	<u>\$ (1,180,794)</u>	<u>\$ (1,243,752)</u>	<u>\$ (199,228)</u>	<u>\$ (546,109)</u>

See accompanying notes to the consolidated financial statements

**TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 5 (Continued)**

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services	
	2017	2016	2017	2016	2017	2016
REVENUE						
Taxation	\$ 26,652	\$ 32,967	\$ 365,214	\$ 348,982	\$	\$
Sales of goods and services	75,147	43,469	176,649	195,302		
Grants and transfers						
Total revenue	<u>101,799</u>	<u>76,436</u>	<u>541,863</u>	<u>544,284</u>		
EXPENSES						
Personnel services	69,371	73,815	364,911	348,678		
Contract services	57,561	42,213	30,938	26,969		
Utilities			179,026	188,782		
Maintenance supplies			366,217	108,838		
Grants and contributions			6,629	7,632		
Amortization	41,062	40,683	373,073	376,079		
Interest on long term debt					25,200	19,024
Other			49,411	54,105	4,895	5,801
Total expenses	<u>167,994</u>	<u>156,711</u>	<u>1,370,205</u>	<u>1,111,083</u>	<u>30,095</u>	<u>24,825</u>
Surplus (Deficit)	<u>\$ (66,195)</u>	<u>\$ (80,275)</u>	<u>\$ (828,342)</u>	<u>\$ (566,799)</u>	<u>\$ (30,095)</u>	<u>\$ (24,825)</u>

See accompanying notes to the consolidated financial statements

**TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 5 (Continued)**

	<u>Total</u>	
	<u>2017</u>	<u>2016</u>
REVENUE		
Taxation	\$ 3,687,520	\$ 3,748,582
Sales of goods and services	728,596	584,365
Grants and transfers	<u>1,655,602</u>	<u>950,554</u>
Total revenue	<u>6,071,718</u>	<u>5,283,501</u>
EXPENSES		
Personnel services	1,772,791	1,812,375
Contract services	703,348	639,373
Utilities	372,749	391,390
Maintenance supplies	1,235,853	686,977
Grants and contributions	6,629	7,632
Amortization	1,650,318	1,588,986
Interest on long term debt	25,200	19,024
Other	<u>138,497</u>	<u>160,077</u>
Total expenses	<u>5,905,385</u>	<u>5,305,834</u>
Surplus (Deficit)	<u>\$ 166,333</u>	<u>\$ (22,333)</u>

**TOWN OF CHANNEL - PORT AUX BASQUES
CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 6**

	Core Government		Controlled Entities		Government Partnerships		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE								
Taxation	\$ 3,687,520	\$ 3,748,582	\$	\$	\$	\$	\$ 3,687,520	\$ 3,748,582
Sales of goods and services	726,566	583,665	2,030	700			728,596	584,365
Grants and transfers	1,610,455	907,085	45,147	43,469			1,655,602	950,554
Other revenue								
Total revenue	6,024,541	5,239,332	47,177	44,169			6,071,718	5,283,501
EXPENSES								
Personnel services	1,729,217	1,769,488	43,574	42,887			1,772,791	1,812,375
Contract services	701,677	637,791	1,671	1,582			703,348	639,373
Utilities	372,749	391,390					372,749	391,390
Maintenance supplies	1,235,853	686,977					1,235,853	686,977
Grants and contributions	6,629	7,632					6,629	7,632
Amortization	1,622,589	1,561,257	27,729	27,729			1,650,318	1,588,986
Interest on long term debt	25,200	19,024					25,200	19,024
Other	138,098	159,912	399	165			138,497	160,077
Total expenses	5,832,012	5,233,471	73,373	72,363			5,905,385	5,305,834
Surplus (Deficit)	\$ 192,529	\$ 5,861	\$ (26,196)	\$ (28,194)	\$	\$	\$ 166,333	\$ (22,333)

See accompanying notes to the consolidated financial statements

**TOWN OF CHANNEL - PORT AUX BASQUES
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 7**

	Financial Plan	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE							
Taxation	\$ 3,718,832	\$	\$	\$	\$	\$	\$ 3,718,832
Sales of goods and services	102,100						
Grants and transfers	574,878			380,000		2,030	484,130
Other revenue	119,332			(79,702)		45,147	540,323
Total revenue	<u>4,515,142</u>			<u>300,298</u>		<u>47,177</u>	<u>119,332</u>
EXPENSES							
General government services	864,514	1,299					
Protective services	138,639	46,040		75,000		73,373	1,014,186
Transportation services	1,106,433	664,328					184,679
Environmental health services	913,806	496,787					1,770,761
Recreation and Cultural Services	424,850	373,073					1,410,593
Planning and development	168,258	41,062		(380,000)			417,923
Fiscal services:							
Capital expenditures	350,230						209,320
Debt charges	449,412	(350,230)					
Other	99,000			(424,212)			25,200
Transfers to authorized reserves				(75,000)			24,000
Total expenses	<u>4,515,142</u>	<u>1,272,359</u>		<u>(804,212)</u>		<u>73,373</u>	<u>5,056,662</u>
SURPLUS (DEFICIT)	\$	\$ (1,272,359)	\$	\$ 1,104,510	\$	\$ (26,196)	\$ (194,045)



See accompanying notes to the consolidated financial statements

Schedule of Surplus (Deficit), Revenue and Expenditures
TOWN OF CHANNEL - PORT AUX BASQUES
YEAR ENDED DECEMBER 31, 2017

REVENUE	Budget	Actual	
	2017	2017	2016
Taxation			
Property Tax	\$2,007,696.00	2,031,371.00	2,030,762.00
Water and Sewer Tax	742,866.00	737,078.00	742,320.00
Other:			
Poll Tax	70,000.00	77,000.00	71,192.00
Business and Utility Tax	661,963.00	581,285.00	659,282.00
Other Taxes	236,307.00	236,308.00	238,789.00
Other Revenue - Own Sources			
Sales of Goods and Services	601,433.00	751,044.00	592,471.00
Contribution from Come Home Year Committee		30,000.00	
Contribution from Non-Residents		117,450.00	
Provincial Government Grants:			
Municipal Operating Grant	279,348.00	279,348.00	279,348.00
Provincial Portion - Debt Charges	79,702.00	79,702.00	85,785.00
Other Grants	33,684.00	903,730.00	572,876.00
Grant - Federal Gas Tax Revenue	182,144.00	186,903.00	54,861.00
Other Grants		.00	
Federal Government Capital Grant		93,024.00	
		.00	
TOTAL REVENUE	4,895,143.00	6,104,243.00	5,327,686.00
EXPENDITURE			
General Government	909,514.00	859,843.00	860,333.00
Protective Services	138,639.00	125,828.00	128,962.00
Transportation Services	1,106,433.00	1,112,919.00	922,051.00
Environmental Services	913,808.00	916,162.00	841,591.00
Planning & Development	168,258.00	126,932.00	116,028.00
Recreation and Cultural	804,850.00	997,132.00	735,004.00
Fiscal Services:			
Debt Servicing - Principal & Interest	449,412.00	375,096.00	360,314.00
Allowance for doubtful accounts	30,000.00	40,512.00	43,420.00
Capital out of Revenue	168,086.00	1,440,204.00	1,199,343.00
Gas Tax Expenditure	182,144.00	179,415.00	62,349.00
Other	24,000.00	4,895.00	5,801.00
TOTAL EXPENDITURE	4,895,142.00	6,178,938.00	5,275,196.00
CURRENT YEAR SURPLUS (DEFICIT)	1.00	-74,695.00	52,490.00
ACCUMULATED SURPLUS - Opening Balance		1,903,211.00	1,850,721.00
ACCUMULATED SURPLUS - Closing Balance		1,828,516.00	1,903,211.00

Schedule of Surplus (Deficit), Revenue and Expenditures
TOWN OF CHANNEL – PORT AUX BASQUES
YEAR ENDED DECEMBER 31, 2017

REVENUE	Budget	Actual	
	2017	2017	2016
Taxation			
Property Tax	\$2,007,696.00	2,031,371.00	2,030,762.00
Water and Sewer Tax	742,866.00	737,078.00	742,320.00
Other:			
Poll Tax	70,000.00	77,000.00	71,192.00
Business and Utility Tax	661,963.00	581,285.00	659,282.00
Other Taxes	236,307.00	236,308.00	238,789.00
Other Revenue - Own Sources			
Sales of Goods and Services	601,433.00	751,044.00	592,471.00
Contribution from Come Home Year Committee		30,000.00	
Contribution from Non-Residents		117,450.00	
Provincial Government Grants:			
Municipal Operating Grant	279,348.00	279,348.00	279,348.00
Provincial Portion - Debt Charges	79,702.00	79,702.00	85,785.00
Other Grants	33,684.00	903,730.00	572,876.00
Grant - Federal Gas Tax Revenue	182,144.00	186,903.00	54,861.00
Other Grants		.00	
Federal Government Capital Grant		93,024.00	
		.00	
TOTAL REVENUE	4,895,143.00	6,104,243.00	5,327,686.00
EXPENDITURE			
General Government	909,514.00	859,843.00	860,333.00
Protective Services	138,639.00	125,828.00	128,962.00
Transportation Services	1,106,433.00	1,112,919.00	922,051.00
Environmental Services	913,806.00	916,162.00	841,591.00
Planning & Development	168,258.00	126,932.00	116,028.00
Recreation and Cultural	804,850.00	997,132.00	735,004.00
Fiscal Services:			
Debt Servicing - Principal & Interest	449,412.00	375,096.00	360,314.00
Allowance for doubtful accounts	30,000.00	40,512.00	43,420.00
Capital out of Revenue	168,086.00	1,440,204.00	1,199,343.00
Gas Tax Expenditure	182,144.00	179,415.00	62,349.00
Other	24,000.00	4,895.00	5,801.00
TOTAL EXPENDITURE	4,895,142.00	6,178,938.00	5,275,196.00
CURRENT YEAR SURPLUS (DEFICIT)	1.00	-74,695.00	52,490.00
ACCUMULATED SURPLUS - Opening Balance		1,903,211.00	1,850,721.00
ACCUMULATED SURPLUS - Closing Balance		1,828,516.00	1,903,211.00

Schedule of Surplus (Deficit), Revenue and Expenditures
TOWN OF CHANNEL – PORT AUX BASQUES
YEAR ENDED DECEMBER 31, 2017

REVENUE	Budget	Actual	
	2017	2017	2016
Taxation			
Property Tax	\$2,007,896.00	2,031,371.00	2,030,762.00
Water and Sewer Tax	742,866.00	737,078.00	742,320.00
Other:			
Poll Tax	70,000.00	77,000.00	71,192.00
Business and Utility Tax	661,963.00	581,285.00	659,282.00
Other Taxes	236,307.00	236,308.00	238,789.00
Other Revenue - Own Sources			
Sales of Goods and Services	601,433.00	751,044.00	592,471.00
Contribution from Come Home Year Committee		30,000.00	
Contribution from Non-Residents		117,450.00	
Provincial Government Grants:			
Municipal Operating Grant	279,348.00	279,348.00	279,348.00
Provincial Portion - Debt Charges	79,702.00	79,702.00	85,785.00
Other Grants	33,684.00	903,730.00	572,876.00
Grant - Federal Gas Tax Revenue	182,144.00	186,903.00	54,861.00
Other Grants		.00	
Federal Government Capital Grant		93,024.00	
		.00	
TOTAL REVENUE	4,895,143.00	6,104,243.00	5,327,686.00
EXPENDITURE			
General Government	909,514.00	859,843.00	860,333.00
Protective Services	138,639.00	125,828.00	128,962.00
Transportation Services	1,106,433.00	1,112,919.00	922,051.00
Environmental Services	913,806.00	916,162.00	841,591.00
Planning & Development	168,258.00	126,932.00	116,028.00
Recreation and Cultural	804,850.00	997,132.00	735,004.00
Fiscal Services:			
Debt Servicing - Principal & Interest	449,412.00	375,096.00	360,314.00
Allowance for doubtful accounts	30,000.00	40,512.00	43,420.00
Capital out of Revenue	168,086.00	1,440,204.00	1,199,343.00
Gas Tax Expenditure	182,144.00	179,415.00	62,349.00
Other	24,000.00	4,895.00	5,801.00
TOTAL EXPENDITURE	4,895,142.00	6,178,938.00	5,275,196.00
CURRENT YEAR SURPLUS (DEFICIT)	1.00	-74,695.00	52,490.00
ACCUMULATED SURPLUS - Opening Balance		1,903,211.00	1,850,721.00
ACCUMULATED SURPLUS - Closing Balance		1,828,516.00	1,903,211.00