

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TOWN OF HAPPY VALLEY-GOOSE BAY

December 31, 2023

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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


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, 2023, 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, 2023, 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.

I 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.

Gander, Canada
April 29, 2025


Chartered Professional Accountant

Town of Happy Valley-Goose Bay

Statement of Financial Position

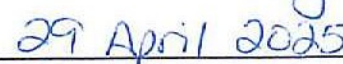
Audit

December 31, 2023

	2023	2022
Financial Assets		
Cash and cash equivalents - unrestricted	\$ -	\$ 3,311,541
- restricted	228,327	213,055
- GIC'S	8,497,098	-
Receivables (Note 5)	4,676,907	4,685,241
Pension plan surplus (Note 6)	3,234,045	2,888,255
	<u>16,636,377</u>	<u>11,098,092</u>
Financial Liabilities		
Bank	228,930	-
Payables and accruals (Note 8)	6,473,559	1,249,810
Developer deposit (Note 10)	653,708	653,708
Deferred revenue	23,332	30,033
Landfill closure and post closure liability (Note 11)	256,826	253,413
Long-term debt (Note 9)	3,875,831	4,613,514
	<u>11,512,186</u>	<u>6,800,478</u>
Net Financial Assets	<u>5,124,191</u>	<u>4,297,614</u>
Non-Financial Assets		
Tangible capital assets (Schedule 1)	87,798,280	92,284,528
Fuel inventory	23,932	33,582
	<u>87,822,212</u>	<u>92,318,110</u>
Accumulated Surplus	<u>\$ 92,946,403</u>	<u>\$ 96,615,724</u>


Mayor


Chief Administrative Officer


Date

Town of Happy Valley-Goose Bay

Statement of Operations and Accumulated Surplus

Audit

December 31, 2023

	<u>Budget 2023</u> Schedule 5	<u>Actual 2023</u>	<u>Actual 2022</u>
Revenue			
Taxation	\$ 11,543,731	\$ 10,887,520	\$ 11,008,542
Sales of goods and services	585,000	438,959	787,038
Grants and transfers	1,024,749	1,993,963	2,021,783
Interest income	150,000	187,347	109,666
Other revenue	<u>830,500</u>	<u>1,397,688</u>	<u>1,205,949</u>
Total revenue (Schedules 2 and 4)	<u>14,133,980</u>	<u>14,905,477</u>	<u>15,132,978</u>
Expenditures			
General government services	9,167,629	8,538,590	7,867,303
Protective services	1,060,783	1,448,128	1,341,330
Transportation services	2,665,047	2,555,464	2,228,648
Environmental health services	3,095,929	2,692,250	2,986,281
Regional planning and development	228,239	375,745	72,759
Recreation and cultural services	1,705,497	2,455,204	2,251,829
Fiscal services	<u>557,549</u>	<u>509,412</u>	<u>517,514</u>
Total expenditures (Schedules 3 and 4)	<u>18,480,673</u>	<u>18,574,793</u>	<u>17,265,664</u>
Annual deficit	<u>\$ (4,346,693)</u>	<u>\$ (3,669,316)</u>	<u>\$ (2,132,686)</u>

	<u>2023</u>	<u>2022</u>
Accumulated surplus, beginning of year	\$ 96,615,719	\$ 98,748,405
Annual deficit	<u>(3,669,316)</u>	<u>(2,132,686)</u>
Accumulated surplus, end of year	<u>\$ 92,946,403</u>	<u>\$ 96,615,719</u>

Town of Happy Valley-Goose Bay

Statement of Changes in Net Financial Assets

Audit

December 31, 2023

	Budget 2023 <u>Schedule 5</u>	<u>Actual 2023</u>	<u>Actual 2022</u>
Annual deficit	\$ (4,346,693)	\$ (3,669,316)	\$ (2,132,686)
Acquisition of tangible capital assets	(305,111)	(305,111)	(1,635,613)
Amortization of tangible capital assets	4,791,356	4,791,356	4,593,841
Decrease (Increase) in inventory	<u>-</u>	<u>9,648</u>	<u>(2,973)</u>
	<u>4,486,245</u>	<u>4,495,893</u>	<u>2,955,255</u>
Change in net financial assets	139,552	826,577	822,569
Net financial assets			
Beginning of year	<u>4,297,614</u>	<u>4,297,614</u>	<u>3,475,045</u>
End of year	<u>\$ 4,437,166</u>	<u>\$ 5,124,191</u>	<u>\$ 4,297,614</u>

Town of Happy Valley-Goose Bay

Statement of Cash Flows

Audit

December 31, 2023

	2023	2022
Operating		
Annual deficit	\$ (3,669,316)	\$ (2,132,686)
Gain on sale of assets	-	(50,136)
Amortization	<u>4,791,356</u>	<u>4,593,841</u>
	1,122,040	2,411,019
Changes in:		
Receivables	8,333	1,753,519
Inventory	9,650	(2,973)
Payables and accruals	5,223,748	(2,119,871)
Pension plan surplus	(345,790)	(513,247)
Deferred revenue	(6,701)	(223,591)
Landfill closure costs	<u>3,413</u>	<u>3,411</u>
	6,014,693	1,308,267
Financing		
Principal repayment of long-term debt	<u>(737,683)</u>	<u>(1,619,957)</u>
	(737,683)	(1,619,957)
Capital		
Purchase of tangible capital asset	(305,111)	(1,635,613)
Proceeds on sale of assets	<u>-</u>	<u>50,436</u>
	(305,111)	(1,585,177)
Increase in cash	4,971,899	(1,896,867)
Cash		
Beginning	<u>3,524,596</u>	<u>5,421,463</u>
Ending	<u>\$ 8,496,495</u>	<u>\$ 3,524,596</u>
Cash consists of the following:		
GIC's	\$ 8,497,098	\$ -
Restricted cash	228,327	213,055
Bank (overdraft)	<u>(228,930)</u>	<u>3,311,541</u>
	<u>\$ 8,496,495</u>	<u>\$ 3,524,596</u>