

**TOWN OF BADGER
AUDITORS' REPORT
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

Lori K. Mercer, Chartered Professional Accountant

CONTENTS

	<u>Page</u>
MANAGEMENT STATEMENT OF RESPONSIBILITY	1
INDEPENDENT AUDITORS'S REPORT	2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 12
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS	13
SCHEDULE 2 - SCHEDULE OF REVENUES - CORE GOVERNMENT	14
SCHEDULE 3 - SCHEDULE OF EXPENSES - CORE GOVERNMENT	15 - 16
SCHEDULE 4 - RECONCILIATION OF THE FINANCIAL PLAN TO BUDGET	17
SCHEDULE 5 - SCHEDULE OF CONTROLLED ENTITIES	18

Lori K. Mercer

CHARTERED PROFESSIONAL ACCOUNTANT

P.O. Box 673, 28 Hardy Ave
Grand Falls-Windsor, NL
A2A 2K2
Tel: (709) 489-5555
Fax: (709) 489-5556

STATEMENT OF RESPONSIBILITY

The accompanying Financial Statements are the responsibility of the management of the Town of Badger 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 Institute of Chartered Accountants.

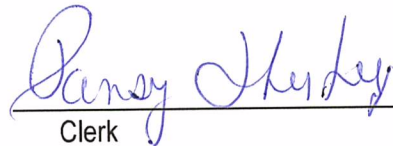
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

The Council of the Municipality met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Lori Mercer, Chartered Accountant, as the Municipality'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 of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian generally accepted accounting principles..



Mayor



Clerk

INDEPENDENT AUDITORS' REPORT

To The Town Council
Town of Badger

I have audited the accompanying financial statements of the Town of Badger which comprise the statement of financial position as at December 31, 2016 and the statements of statement of operations, statement of change in net financial assets (net debt), and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

It is the responsibility of the management of the Town of Badger to ensure the accompanying Financial Statements have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. It is also management's responsibility to ensure appropriate systems of internal and administrative controls are maintained 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.

Auditor's Responsibility

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

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

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Town of Badger as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grand Falls-Windsor, NL
September 30, 2017


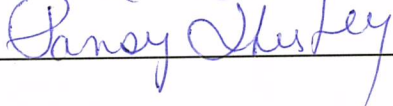
Lori K. Mercer
Chartered Professional Accountant

**TOWN OF BADGER
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and temporary investments(Note 6)	\$ 273,496	\$ 212,292
Accounts receivable (Note 7)	435,522	568,225
Inventory for sale	<u>24,870</u>	<u>24,870</u>
	<u>733,888</u>	<u>805,387</u>
 LIABILITIES		
Accounts, payable and accrued (Note 8)	\$ 395,443	\$ 544,531
Long term debt (Note 9)	<u>21,475</u>	<u>2,829</u>
	<u>416,918</u>	<u>547,360</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>316,970</u>	<u>258,027</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	4,765,076	4,306,475
Prepaid expenses	<u>7,056</u>	<u>7,158</u>
	<u>4,772,132</u>	<u>4,313,633</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 5,089,102</u>	<u>\$ 4,571,660</u>

See accompanying notes

Approved on behalf of Council:


 _____, Mayor

 _____, Town clerk

**TOWN OF BADGER
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>2016</u>	<u>2015</u>
REVENUES			
Taxation	\$ 482,713	\$ 502,865	\$ 446,687
Other revenue from own services	3,460	(360)	15,429
Government transfers	614,571	669,198	790,012
Sale of goods and services	<u>1,266</u>	<u>-</u>	<u>721</u>
Total revenue (Schedules 2)	<u>\$ 1,102,010</u>	<u>1,171,703</u>	<u>1,252,849</u>
 EXPENDITURES			
General Government	216,364	284,077	323,020
Protective services	73,923	85,618	57,375
Transportation services	85,133	65,678	153,501
Environmental health	261,852	164,188	241,798
Recreation, planning & development	17,776	14,165	28,166
Fiscal services	<u>58,328</u>	<u>40,535</u>	<u>(14,938)</u>
Total expenses (Schedules 3)	<u>713,376</u>	<u>654,261</u>	<u>788,922</u>
ANNUAL SURPLUS (DEFICIT)	388,634	517,442	463,927
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>4,571,660</u>	<u>4,571,660</u>	<u>4,107,733</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ 4,960,294</u>	<u>\$ 5,089,102</u>	<u>\$ 4,571,660</u>

See accompanying notes

**TOWN OF BADGER
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>BUDGET</u>	<u>2016</u>	<u>2015</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>388,634</u>	<u>517,442</u>	\$ <u>463,927</u>
Acquisition of tangible capital assets	-	(586,646)	(657,677)
Amortization of tangible capital assets	128,045	128,045	124,374
Loss (gain) on sale of tangible capital assets	-	-	-
Proceeds on sale of tangible capital assets	-	-	-
Decrease (increase) in supplies inventories	-	-	-
Decrease (increase) in prepaids	<u>-</u>	<u>102</u>	<u>(1,105)</u>
CHANGE IN NET FINANCIAL ASSETS	516,679	58,943	(70,481)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>258,027</u>	<u>258,027</u>	<u>328,508</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	\$ <u><u>774,706</u></u>	\$ <u><u>316,970</u></u>	\$ <u><u>258,027</u></u>

**TOWN OF BADGER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ <u>517,442</u>	\$ <u>463,927</u>
Changes in non-cash items		
Receivables	132,703	(151,675)
Prepaid expenses	103	(1,106)
Payables and accruals	(148,884)	152,162
Deferred revenue	(205)	(1,002)
Amortization	<u>128,045</u>	<u>124,374</u>
Cash applied to operating transactions	<u>629,204</u>	<u>586,680</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(586,646)</u>	<u>(657,677)</u>
FINANCING TRANSACTIONS		
Repayment of long term debt	(6,716)	(2,622)
Increase in long term debt	<u>25,362</u>	<u>-</u>
Cash applied to financing transactions	<u>18,646</u>	<u>(2,622)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61,204	(73,619)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>212,292</u>	<u>285,911</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>273,496</u>	\$ <u>212,292</u>
COMPRISED OF:		
Cash (note 6)	\$ <u>273,496</u>	\$ <u>212,292</u>

See accompanying notes

TOWN OF BADGER
NOTES TO THE AUDITED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

1. STATUS OF THE TOWN

The incorporated Town of Badger is a municipal government that was incorporated 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 operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

(a) Basis of Consolidation

The 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. There exists controlled entities for the Town of Badger which consist of the recreation and fire department committees.

(b) Basis of Accounting

The 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 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.

**TOWN OF BADGER
NOTES TO THE AUDITED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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	10 to 50 years
Buildings	25 to 40 years
Leaseholds	Term of lease
Vehicle	5 years
Machinery, equipment and furniture	5 years
Maintenance and road construction equipment	10 years
Computer hardware and software	4 years
Furniture and 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

(g) LEASES

Leases are classified as capital and 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.

**TOWN OF BADGER
NOTES TO THE AUDITED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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.

(i) REVENUE RECOGNITION

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

(j) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

(k) 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.

3. THE MANNER IN WHICH THE ACCOUNTS HAVE BEEN KEPT AND THE SAFEGUARDS AGAINST FRAUD:

The position in these respects was considered satisfactory; however, there are some control weaknesses which are inherent with municipalities with only one employee performing all clerical duties.

4. SUFFICIENCY OF BONDS

Fidelity bond coverage of \$50,000 was carried on the town clerk and is considered adequate.

5. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these items.

The fair value of long-term debt approximates the carrying amount based on cash flows discounted at market rates currently available for financial instruments with similar terms and remaining maturities.

**TOWN OF BADGER
NOTES TO THE AUDITED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

6. CASH

	<u>2016</u>	<u>2015</u>
Cash	\$ 848	\$ 388
Bank - gas tax	85,225	109,107
Current account - fire department	13,474	28,521
Current account - recreation	21,644	22,106
Current accounts	<u>152,305</u>	<u>52,170</u>
	<u>\$ 273,496</u>	<u>\$ 212,292</u>

7. RECEIVABLES

	<u>2016</u>	<u>2015</u>
Property tax	\$ 143,100	\$ 110,762
Poll tax	10,252	9,483
Water and sewer tax	43,267	36,473
Business tax	<u>15,362</u>	<u>8,336</u>
	211,981	165,054
Allowance for doubtful receivables	<u>(77,463)</u>	<u>(39,487)</u>
	134,518	125,567
HST rebate	<u>129,436</u>	<u>84,411</u>
	263,954	209,978
Capital receivables	117,787	303,061
Other receivables	<u>53,781</u>	<u>55,186</u>
	<u>\$ 435,522</u>	<u>\$ 568,225</u>

ARREARS OF REVENUE

Taxes and rates receivable totalled \$211,981 at December 31, 2016. Of this amount \$108,994 has been outstanding for one year or longer, while the balance of \$102,987 represents arrears on account of taxes and rates levied in 2016. Current collections in 2016, on taxes, amounted to 79.5% of the amounts levied in 2016.

The amount for doubtful accounts amounted to \$77,463 at December 31, 2016 (2015 - \$39,487). In our opinion, this allowance appears reasonable. However, Council should continue efforts to reduce this allowance as much as possible before it gets too difficult to manage.

**TOWN OF BADGER
NOTES TO THE AUDITED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

8. ACCOUNTS, PAYABLE AND ACCRUED

	<u>2016</u>	<u>2015</u>
Trade	\$ 26,896	\$ 8,663
Deferred revenue	58,908	78,784
Payroll deductions	3,823	4,028
GST payable	15,128	15,128
Capital payable	<u>290,688</u>	<u>437,928</u>
	<u>\$ 395,443</u>	<u>\$ 544,531</u>

9. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
Newfoundland Municipal Financing Corporation		
7.75% repayable in semi-annual installments of \$1,497 including interest, repaid during year	-	2,829
Bank of Montreal loan		
Loan on specific vehicle, repayable in monthly instalments of \$466 including interest, maturing 2021	<u>21,475</u>	<u>-</u>
	21,475	2,829
Current maturities	<u>(5,249)</u>	<u>(2,829)</u>
	<u>\$ 16,226</u>	<u>\$ -</u>

The aggregate amount of payments required to meet debt retirement provisions for the next 2 years is as follows:

	<u>2016</u>	<u>2015</u>
2017	\$ 5,249	\$ 2,829
2018	5,048	-
2019	5,251	-
2020	5,462	-
2021	465	-

TOWN OF BADGER
NOTES TO THE AUDITED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

10. 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 recommendation 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 4 - Reconciliation of the Financial Plan to the Budget.

11. FINANCIAL RISKS

Credit Risk

Credit risk is the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The Municipality's main credit risk relates to its receivables, amounting to \$435,522. (2015 - \$568,225). The Municipality provides credit to the residents in the normal course of operations. In order to reduce its credit risk, the Municipality has adopted credit policies which include regular review of taxpayers accounts for collectability.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The town is exposed to interest rate risk on its fixed and floating rate financial instruments. Given the current composition of long term debt, fixed rate instruments subject the town to a fair value risk while the floating rate instruments subject it to a cash flow risk. There was no significant change in exposure from the prior year.

**TOWN OF BADGER
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Schedule 1.

	Opening Balance	Additions	Disposals & Write downs	2016 Closing Balance	2015 Totals
COST					
Land & improvements	\$ 679,894	\$ -	\$ -	\$ 679,894	\$ 679,894
Buildings & leasehold	1,584,703	-	-	1,584,703	1,584,703
Equipment & vehicles	770,636	28,507	-	799,143	770,636
Roads, streets, bridges	2,397,587	79,033	-	2,476,620	2,397,587
Water and sewer	<u>3,721,626</u>	<u>479,106</u>	<u>-</u>	<u>4,200,732</u>	<u>3,721,626</u>
	<u>\$ 9,154,446</u>	<u>\$ 586,646</u>	<u>\$ -</u>	<u>\$ 9,741,092</u>	<u>\$ 9,154,446</u>
ACCUMULATED AMORTIZATION					
Land & improvements	\$ 22,767	\$ 6,776	\$ -	\$ 29,543	\$ 22,767
Buildings and leasehold	752,071	55,509	-	807,580	752,071
Equipment & vehicles	633,863	38,890	-	672,753	633,863
Roads, streets, bridges	1,888,231	5,250	-	1,893,481	1,888,231
Water and sewer	<u>1,551,039</u>	<u>21,620</u>	<u>-</u>	<u>1,572,659</u>	<u>1,551,039</u>
	<u>\$ 4,847,971</u>	<u>\$ 128,045</u>	<u>\$ -</u>	<u>\$ 4,976,016</u>	<u>\$ 4,847,971</u>
NET BOOK VALUE				<u>\$ 4,765,076</u>	<u>\$ 4,306,475</u>

**TOWN OF BADGER
SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Schedule 2.

	<u>2016</u>	<u>2015</u>
REVENUE FROM TAXATION		
- Property tax	\$ 324,581	\$ 267,551
- Poll tax	1,551	3,964
- Water and sewer tax	130,239	127,160
- Business tax	<u>46,494</u>	<u>48,012</u>
	<u>\$ 502,865</u>	<u>\$ 446,687</u>
SALE OF GOODS AND SERVICES		
- Sale of land	<u>\$ -</u>	<u>\$ 721</u>
OTHER REVENUES FROM OWN SERVICES		
- Licences and permits	\$ 590	\$ 650
- Controlled entities - net	(15,510)	(1,196)
- Rentals	240	940
- Other general	<u>14,320</u>	<u>15,035</u>
	<u>\$ (360)</u>	<u>\$ 15,429</u>
GOVERNMENT TRANSFERS		
- Municipal operating grant	\$ 87,452	\$ 87,452
- Province portion of debt charges	2,994	2,994
- Capital grants	509,962	637,451
- Provincial gas tax	14,162	9,441
- Other grants	<u>54,628</u>	<u>52,674</u>
	<u>\$ 669,198</u>	<u>\$ 790,012</u>
TOTAL REVENUES	<u>\$ 1,171,703</u>	<u>\$ 1,252,849</u>

**TOWN OF BADGER
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Schedule 3.

	<u>2016</u>	<u>2015</u>
GENERAL GOVERNMENT		
Council		
- remuneration for councillors	\$ <u>9,625</u>	\$ <u>9,750</u>
General Administration		
- wages and benefits	\$ 132,757	\$ 135,837
- travel	15,966	10,604
- supplies	21,859	16,184
- purchased services	6,772	16,930
- professional services	3,727	44,026
- insurance	11,389	12,038
- election	3,881	-
- student project and JCP	<u>9,954</u>	<u>9,723</u>
	<u>206,305</u>	<u>245,342</u>
Property Assessment Services		
- purchased services	<u>9,072</u>	<u>11,985</u>
General Maintenance		
- amortization of capital assets	57,366	55,943
- purchased services	<u>1,709</u>	<u>-</u>
	<u>59,075</u>	<u>55,943</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 284,077</u>	<u>\$ 323,020</u>
 PROTECTIVE SERVICES		
Fire Protection		
- supplies and amortization of capital assets	<u>\$ 85,618</u>	<u>\$ 57,375</u>
 TRANSPORTATION SERVICES		
Road Maintenance		
- amortization of capital assets	\$ 7,359	\$ 31,966
- supplies	<u>28,254</u>	<u>72,199</u>
	<u>35,613</u>	<u>104,165</u>
Snow Removal		
- supplies	<u>14,249</u>	<u>34,815</u>
Street Lighting		
- purchased services	<u>15,816</u>	<u>14,521</u>
TOTAL TRANSPORTATION SERVICES	<u>\$ 65,678</u>	<u>\$ 153,501</u>

**TOWN OF BADGER
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Schedule 3.

	<u>2016</u>	<u>2015</u>
Schedule 2 (Continued)		
ENVIRONMENTAL HEALTH		
Water and Sewer		
- wages and benefits	\$ 50,663	\$ 43,696
- supplies	15,962	86,782
- purchased services	24,670	26,166
- amortization of capital assets	<u>21,620</u>	<u>21,620</u>
	<u>112,915</u>	<u>178,264</u>
Garbage and Waste Collection and Disposal		
- supplies	<u>51,273</u>	<u>63,534</u>
TOTAL ENVIRONMENTAL HEALTH	<u>\$ 164,188</u>	<u>\$ 241,798</u>
RECREATION AND CULTURAL SERVICES		
Recreation	\$ 7,389	\$ 19,098
Amortization of Capital assets	<u>6,776</u>	<u>9,068</u>
TOTAL RECREATION AND CULTURAL SERVICES	<u>\$ 14,165</u>	<u>\$ 28,166</u>
FISCAL SERVICES		
Debt Charges from all Sources	\$ <u>943</u>	\$ <u>372</u>
Transfer to Own Reserves and Other Funds		
- provision for uncollectible taxes	37,975	(17,375)
- capital expenditures out of revenue	-	-
- bank service charges	<u>1,617</u>	<u>2,065</u>
	<u>39,592</u>	<u>(15,310)</u>
TOTAL FISCAL SERVICES	<u>\$ 40,535</u>	<u>\$ (14,938)</u>
TOTAL EXPENDITURES	<u>\$ 654,261</u>	<u>\$ 788,922</u>

**TOWN OF BADGER
RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2016**

Schedule 4.

REVENUE	FINANCIAL PLAN	AMORTIZATION TCA	CAPITAL EXPENSE	LONG TERM ACCRUALS	CONTROLLED ENTITIES	PSAB BUDGET
Taxation	\$ 482,713	\$ -	\$ -	\$ -	\$ -	\$ 482,713
Sales of goods and services	1,266	-	-	-	-	1,266
Grants and transfers	145,634	-	468,937	-	-	614,571
Other revenue	<u>3,460</u>	-	-	-	-	<u>3,460</u>
Total revenue	<u>633,073</u>	-	<u>468,937</u>	-	-	<u>1,102,010</u>
EXPENSES						
General government	\$ 158,997	\$ 57,367	\$ -	\$ -	\$ -	\$ 216,364
Protective Services	39,000	34,923	-	-	-	73,923
Transportation Services	77,774	7,359	-	-	-	85,133
Environmental health services	240,232	21,620	-	-	-	261,852
Recreational and cultural services	11,000	6,776	-	-	-	17,776
Fiscal services	57,526	-	(41,026)	-	-	16,500
Other	48,544	-	-	(6,716)	-	41,828
Debt charges	<u>48,544</u>	-	-	-	-	<u>48,544</u>
Total Expenses	<u>\$ 633,073</u>	<u>\$ 128,045</u>	<u>\$ (41,026)</u>	<u>\$ (6,716)</u>	<u>\$ -</u>	<u>\$ 713,376</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ (128,045)</u>	<u>\$ 509,963</u>	<u>\$ 6,716</u>	<u>\$ -</u>	<u>\$ 388,634</u>

**TOWN OF BADGER
SCHEDULE OF CONTROLLED ENTITY RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Schedule 5.

	<u>2016</u>	<u>2015</u>
RECREATION		
REVENUES	\$ <u>4,844</u>	\$ <u>19,599</u>
EXPENDITURES		
Community events	5,178	12,159
Administration	-	75
Bank charges	129	177
Wages and benefits	<u>-</u>	<u>9,321</u>
	<u>5,307</u>	<u>21,732</u>
	<u>\$ (463)</u>	<u>\$ (2,133)</u>
 FIRE DEPARTMENT		
REVENUES	\$ <u>38,042</u>	\$ <u>16,801</u>
EXPENDITURES		
Supplies	14,229	7,623
Minor equipment purchases	-	658
Repairs and maintenance	914	177
Training	3,444	1,874
Clothing & uniforms	2,846	-
Administration and miscellaneous	708	395
Bank charges	283	232
Advertising and donations	3,583	1,200
Community events	<u>1,395</u>	<u>3,705</u>
	<u>53,089</u>	<u>15,864</u>
	<u>\$ (15,047)</u>	<u>\$ 937</u>

**TOWN OF BADGER
AUDITOR'S REPORT
ANNUAL EXPENDITURE REPORT
LOCAL GAS TAX FUNDING AGREEMENT
DECEMBER 31, 2016**

LORI K. MERCER
CHARTERED PROFESSIONAL ACCOUNTANT

P.O. Box 673, 28 Hardy Ave
Grand Falls - Windsor, Newfoundland
A2A 2K2
Tel(709) 489-5555
Fax (709) 489-5556

AUDITORS' REPORT

To The Town Council
Town of Badger

I have audited the Annual Expenditure Report - Gas Tax Funding Agreement of the Town of Badger as at December 31, 2016. This financial information is the responsibility of the municipalities management and elected representatives of the Town of Badger. My responsibility is to express an opinion on the financial information based on my audit.

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

In my opinion, this financial report presents fairly, in all material respects, the results of operations under the Gas Tax Funding Agreement of the Town of Badger for the period ending December 31, 2016 in accordance with Canadian generally accepted accounting principles.

Grand Falls-Windsor, NL
September 30, 2017


LORI K. MERCER
Chartered Professional Accountant

LORI K. MERCER

CHARTERED PROFESSIONAL ACCOUNTANT

P.O. Box 673, 28 Hardy Ave
Grand Falls - Windsor, Newfoundland
A2A 2K2
Tel(709) 489-5555
Fax (709) 489-5556

AUDITORS' REPORT ON COMPLIANCE WITH AGREEMENT

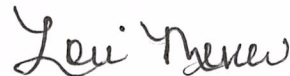
To The Town Council
Town of Badger

I have audited the Town of Badger's compliance for the period ending December 31, 2016 described under the Gas Tax Funding Agreement. Compliance with the criteria established by the provisions of this agreement is the responsibility of the municipality's management and elected representatives. My responsibility is to express an opinion on this compliance based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the Town of Badger complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes, examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with these criteria, and where applicable, assessing the accounting principles used and significant estimates made by management.

Except, for any deficiencies noted on the schedule, if any, in my opinion, for the period ending December 31, 2016, the Town of Badger is in compliance, in all material respects, with the criteria established by the Gas Tax Funding Agreement.

Grand Falls-Windsor, NL
September 30, 2017



LORI K. MERCER
Chartered Professional Accountant

**Town of Badger
Annual Expenditure Report
For the year ending December 31, 2016**

	Annual 01/01/16- 12/31/16	Cumulative Date of Signing 12/31/16
Opening balance of unspent funds	\$78,785	\$0
Received from Government of Newfoundland and Labrador	59,573	373,625
Interest earned on gas tax funds	0	0
Administration costs	0	0
Spent on eligible projects	<u>-79,449</u>	<u>-314,716</u>
Closing balance of unspent funds	<u>\$58,909</u>	<u>\$58,909</u>

Certification by Municipality:

I, Ed Card, Mayor, of the Town of Badger 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 Local Gas Tax Funding Agreement may result in the funding being withheld.

EO W

Signature

15/11/17

Date

