

TOWN OF GRAND FALLS-WINDSOR

AUDITOR'S REPORT

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

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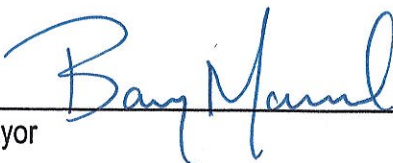
STATEMENT OF RESPONSIBILITY

The accompanying Financial Statements are the responsibility of the management of the Town of Grand Falls-Windsor 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.

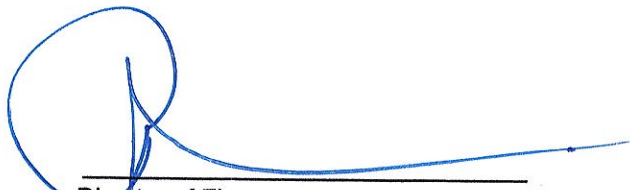
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

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

Lori Mercer, Chartered 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. 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 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



Director of Finance

INDEPENDENT AUDITOR'S REPORT

To The Town Council
Town of Grand Falls-Windsor

I have audited the accompanying financial statements of the Town of Grand Falls-Windsor which comprise the consolidated statement of financial position as at December 31, 2015 and the statements of consolidated statement of operations, consolidated statement of change in net financial assets (net debt), and the consolidated 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 Grand Falls-Windsor to ensure the accompanying Consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Town of Grand Falls-Windsor as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

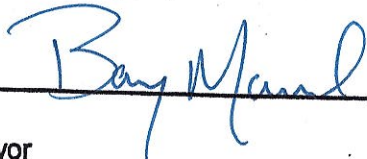
Grand Falls-Windsor, Newfoundland
October 13, 2016


LORI K. MERCER
Chartered Professional Accountant

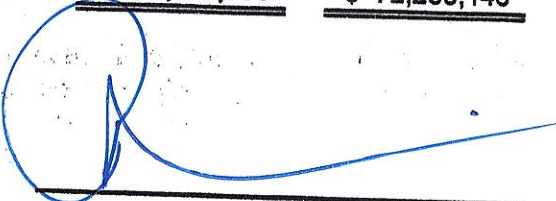
**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF FINANCIAL POSITION
As at December 31, 2015**

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 5)	\$ 741,998	\$ 280,392
Amounts receivable (Note 6)		
Taxation and other	751,624	879,823
Due from government	3,386,147	3,170,430
Water treatment plant settlement	-	708,584
Loans and advances	3,494	7,686
Land held for resale	455,773	456,811
	<u>\$ 5,339,036</u>	<u>\$ 5,503,726</u>
LIABILITIES		
Bank indebtedness (Note 5)		\$ 1,212,324
Accounts payable and accrued liabilities (Note 8)	3,377,958	2,861,242
Employee benefit obligations (Note 9)	1,151,174	1,249,174
Deferred revenue (Note 10)	136,882	809,319
Long-term debt (Note 11)		
Municipal share	10,429,123	7,520,016
Provincial share	1,634,691	2,067,701
Obligations under capital leases (Note 12)	34,533	74,587
Other liabilities	90,750	106,305
	<u>16,855,111</u>	<u>15,900,668</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (11,516,075)</u>	<u>\$ (10,396,942)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 87,516,177	\$ 82,449,947
Inventories for use (Note 7)	192,793	207,141
Prepaid expenses	-	-
	<u>87,708,970</u>	<u>82,657,088</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 76,192,895</u>	<u>\$ 72,260,146</u>

Approved on behalf of Council:



Mayor



Director of Finance

**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF OPERATIONS
Year Ended December 31, 2015**

	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>2014 Actual</u>
REVENUE			
Taxation	\$ 13,695,193	\$ 13,659,720	\$ 13,034,655
Grants in lieu of taxes	860,374	877,504	850,289
Sales of goods and services	1,000,527	681,313	698,056
Other revenue from own sources	447,847	498,182	650,051
Grants and transfers	6,222,516	7,696,408	5,324,609
Other revenue	-	250,000	28,747
Total revenue (Schedules 2 and 5)	<u>22,226,457</u>	<u>23,663,127</u>	<u>20,586,407</u>
EXPENSES			
General government services	7,067,505	6,923,571	6,771,423
Protective services	931,878	875,201	814,835
Transportation services	4,409,427	4,414,073	4,474,696
Environmental health services	3,465,499	3,303,563	3,261,687
Regional planning and development	482,660	1,258,597	874,990
Recreation and cultural services	1,830,383	2,573,739	2,287,500
Fiscal services	572,974	403,884	374,972
Total expenses (Schedules 3 and 5)	<u>18,760,326</u>	<u>19,752,628</u>	<u>18,860,103</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	3,466,131	3,910,499	1,726,304
OTHER (Note 17)			
Donated/Contributed tangible capital assets		22,250	3,856,565
ANNUAL SURPLUS (DEFICIT)	3,466,131	3,932,749	5,582,869
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>72,260,146</u>	<u>72,260,146</u>	<u>66,677,277</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ 75,726,277</u>	<u>\$ 76,192,895</u>	<u>\$ 72,260,146</u>

TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
Year Ended December 31, 2015

	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 3,932,749	\$ 5,582,869
Acquisition of tangible capital assets	(9,532,336)	(7,478,243)
Donated/contributed tangible capital assets	(22,250)	(3,856,565)
Amortization of tangible capital assets	4,467,987	4,241,974
Loss (Gain) on disposal of tangible capital assets	20,369	33,517
Decrease (increase) in inventories	14,348	6,970
Decrease (increase) in prepaids	0	2,205
	<u>(5,051,882)</u>	<u>(7,050,142)</u>
CHANGE IN NET FINANCIAL ASSETS	(1,119,133)	(1,467,273)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	(10,396,942)	(8,929,669)
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	\$ (11,516,075)	\$ (10,396,942)

**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CASH FLOWS
Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 3,932,749	\$ 5,582,869
Changes In non-cash items:		
Amounts receivable	621,066	(701,977)
Inventories	14,348	8,510
Prepays	0	2,205
Accounts payable and accrued liabilities	501,161	671,191
Employee benefit obligations	(98,000)	86,129
Deferred revenue	(672,437)	423,957
Loss on disposal of TCA	20,369	33,517
Tangible capital assets received as donations/contributions	(22,250)	(3,856,565)
Amortization	4,467,987	4,241,974
Cash provided by operating transactions	<u>8,764,993</u>	<u>6,491,810</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(9,532,336)</u>	<u>(7,478,243)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of land for resale	1,038	777
Loans and advances repaid	5,442	5,497
Loans and advances issued	<u>(1,250)</u>	<u>(2,468)</u>
Cash applied to investing transactions	<u>5,230</u>	<u>3,806</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	3,846,557	2,120,590
Debt repayment	(1,370,460)	(1,363,308)
Repayment of obligation under capital lease	<u>(40,054)</u>	<u>(66,289)</u>
Cash applied to financing transactions	<u>2,436,043</u>	<u>690,993</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	<u>1,673,930</u>	<u>(291,634)</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>(931,932)</u>	<u>(640,298)</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 741,998</u>	<u>\$ (931,932)</u>
	<u>2015</u>	<u>2014</u>
CASH AND TEMPORARY INVESTMENTS IS COMPRISED OF:		
Cash and temporary investments (Note 5)	\$ 741,998	\$ 280,392
Less: Bank indebtedness (Note 5)		(1,212,324)
	<u>\$ 741,998</u>	<u>\$ (931,932)</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2015**

1. Status of the Town of Grand Falls-Windsor

The incorporated Town of Grand Falls-Windsor is a municipal government that was incorporated in 1991 pursuant to the Province of Newfoundland and Labrador's Municipalities Act. The Municipality provides or funds municipal services such as fire, police, public works, parks and recreation, 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.

As of December 31, 2015 there are no controlled entities.

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) 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.

d) 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.

e) Investments

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

f) Inventories Held for Sale

Land held for sale is 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.

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2015**

2. g) 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.

Land 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.

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	10 to 50 years
Buildings	25 to 40 years
Vehicles and Equipment	
Light Vehicles	5 to 10 years
Heavy Equipment	10 to 15 years
Fire trucks	30 years
Machinery, equipment and furniture	5 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	5 to 20 years
Road grade	30 years
Traffic lights and equipment	15 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 to 25 years
Dams and other surface water structures	25 to 50 years

i) Donated/Contributed Assets

Tangible capital assets received as donations or contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

j) 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.

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2015**

2. k) 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.

l) Revenue Recognition

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

m) 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.

n) Landfill Post Closure Costs

The Municipality is unable to estimate post closure costs. No amount has been recorded as a liability. It is the Town's understanding that the provincial government will provide the required funding for all remediation costs.

o) Employee Benefit Obligations

Severance Pay

Severance is accounted for on the accrual basis and the cost is calculated based on years of service. The amount is payable when the employee ceases employment with the Town.

Vacation Pay

Unused vacation that is accumulated for severance purposes is accounted for on the accrual basis and the cost is calculated based on accumulated unused vacation days. This benefit is payable when the employee ceases employment with the Town.

Accrued pension benefits

The accrued benefit obligation and current service cost are actuarially determined using the projected benefit method prorated on services, which also incorporates management's best estimates and assumptions.

The expected return on plan assets is calculated using the market value of plan assets.

Actuarial gains and losses are amortized over the expected average remaining service life (EARSL) of active members expected to receive benefits under the plan (12.2 years as at December 31, 2013).

The Town's fiscal year-end date is December 31 and the measurement date of the plan's assets and obligations is also December 31.

p) Deferred Revenue

Deferred revenue represent amounts received for which the related activities have yet to be performed. These amounts will be recognized as revenues in the period the activities are performed.

TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2015

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 Insurance
 Coverage for employees collecting, receiving and depositing cash is considered to be adequate.

5. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2015</u>	<u>2014</u>
Cash - Gas Tax Funding	\$ 325,508	\$ 280,392
Cash - General Operations	416,490	(1,212,324)
	<u>\$ 741,998</u>	<u>\$ (931,932)</u>

Gas Tax funds are restricted as per approved capital investment plan.

Bank indebtedness - The Town has a revolving line of credit in the amount of \$2,625,000 that is available for day to day cash flow requirements. Interest on overdraft is calculated at prime rate per annum. The Bank's prime interest rate in 2015 was 2.70% (2014 = 3.00%).

6. Amounts Receivable

	<u>2015</u>	<u>2014</u>
Taxation		
Property tax	\$ 354,211	\$ 387,311
Water and sewer tax	409,957	416,005
Business tax	(15,055)	120,573
Poll tax	84,026	99,672
Local improvement assessment	8,078	8,671
	<u>841,216</u>	<u>1,032,232</u>
Other receivables	<u>310,693</u>	<u>247,067</u>
Sub-total	1,151,909	1,279,299
Less: allowances for doubtful amounts	(400,285)	(399,476)
Total taxation and other receivables	<u>751,624</u>	<u>879,823</u>
Due from governments		
Capital grants	2,210,678	2,025,059
Gas tax funds	365,497	581,395
Other government grants	274,308	36,944
HST rebate and input tax credits	486,256	495,200
Gasoline/diesel rebate	50,408	51,832
	<u>3,386,147</u>	<u>3,170,430</u>
Water treatment plant settlement	-	708,584
	<u>\$ 4,137,771</u>	<u>\$ 4,758,837</u>

Arrears of taxation revenue decreased from \$1,032,232 in 2014 to \$943,336 in 2015. Of this amount, \$566,665 has been outstanding for one year or longer.

Collections in 2015 on taxes and rates amounted to 100.65% of the amounts levied in 2015. (2014-102.34%).

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2015**

7. Inventories

Inventories for sale:

<u>2015</u>	<u>2014</u>
\$ -	\$ -

Inventories for use:

	<u>2015</u>	<u>2014</u>
Parts and supplies	\$ 56,804	\$ 56,804
Road salt	118,837	111,910
Water treatment chemicals	17,152	38,427
	<u>\$ 192,793</u>	<u>\$ 207,141</u>

8. Accounts Payable and Accrued Liabilities

	<u>2015</u>	<u>2014</u>
Trade	\$ 3,181,092	\$ 2,513,928
Payroll benefits	119,833	263,065
Accrued interest	14,151	11,041
Deposits	40,588	53,350
Insurance claims	22,000	22,000
HST collections	494	(2,142)
	<u>\$ 3,377,958</u>	<u>\$ 2,861,242</u>

**TOWN OF GRAND FALLS-WINDSOR
 NOTES TO THE FINANCIAL STATEMENTS
 As at December 31, 2015**

9. Employee Benefit Obligations

	<u>2015</u>	<u>2014</u>
Accrued severance benefit	\$ 209,695	\$ 220,807
Accrued vacation benefit	214,779	184,467
Accrued pension benefit	726,700	843,900
	<u>\$ 1,151,174</u>	<u>\$ 1,249,174</u>

Severance benefit

Employees who are not members of the pension plan are entitled to a benefit equal to one week of pay for each year of accumulated service. The cost of the benefit is accrued as earned by the employees and is calculated based on the number of years of service and current salary. Severance expense for 2015 was \$19,000 (2014 - \$16,307).

Vacation benefit

Eligible employees can accumulate unused vacation days up to a maximum of twenty weeks for severance purposes. The cost of the benefit is accrued and is calculated based on the number of weeks and current salary. Vacation expense recorded in 2015 was \$30,312 (2014 - \$34,226).

Pension benefit

Defined Contribution

There were 100 active members in this plan as of December 31, 2015. Employees are required to contribute 6%. The Town is required to contribute an amount equal to the employees' required contributions. Pension expense for this plan in 2015 was \$236,901 (2014-\$197,711).

Defined Benefit

There were 17 active members, 2 deferred vested and inactive member, and 19 pensioners and beneficiaries participating in this plan as of December 31, 2015. Effective May 4, 2004, no new members are allowed to join the plan. This plan is funded by contributions from the Town and plan members. Pension benefits are based on length of service and best average earnings at termination, death or retirement. Based on the latest actuarial valuation at December 31, 2014, the Town's unfunded liability is \$1,388,300.

TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2015

Employee Benefit Obligations (continued)
Defined Benefit Pension Plan

The results below are based on an actuarial valuation of the Plan for accounting purposes conducted as at December 31, 2014 and extrapolated to December 31, 2015.

Accrued Pension Liability

	<u>2015</u>	<u>2014</u>
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation-opening	\$ 8,914,000	\$ 7,782,000
Current service cost	282,200	233,000
Impact of substantive commitment	125,800	-
Interest on obligation	450,300	444,600
Benefits paid	(349,200)	(332,400)
Loss(gain) on accrued benefit obligation	458,800	786,800
Accrued benefit obligation-closing	<u>\$ 9,881,900</u>	<u>\$ 8,914,000</u>
Reconciliation of Pension Plan Assets		
Market value of plan assets - opening	\$ 7,093,000	\$ 6,237,200
Contributions - Town	655,100	302,200
Contributions - employee required	73,300	59,100
Return on plan assets net of expenses	428,600	826,900
Benefits paid	(349,200)	(332,400)
Plan assets - closing	<u>\$ 7,900,800</u>	<u>\$ 7,093,000</u>
Funded status - deficit	\$ (1,981,100)	\$ (1,821,000)
Net unamortized actuarial gains and losses	1,254,400	977,100
Accrued Pension Liability	<u>\$ (726,700)</u>	<u>\$ (843,900)</u>
Expense Related to Retirement Benefits		
Retirement Benefits Expense		
Current period benefit cost	\$ 282,200	\$ 233,000
Impact of plan amendment	125,800	-
Amortization of actuarial losses (gains)	117,000	90,800
	<u>525,000</u>	<u>323,800</u>
Less: employee contributions	(73,300)	(59,100)
Retirement benefits expense	<u>451,700</u>	<u>264,700</u>
Retirement Benefits Interest Expense		
Interest on average accrued benefit obligation	450,300	444,600
Interest on average pension fund assets	(364,100)	(359,500)
Retirement benefits interest expense	<u>86,200</u>	<u>85,100</u>
Total Expense Related to Retirement Benefits	<u>\$ 537,900</u>	<u>\$ 349,800</u>
Reconciliation of Accrued Pension Liability(Asset)		
Accrued pension liability(asset) recorded-opening balance	\$ 843,900	\$ 796,300
Total retirement benefit expense	537,900	349,800
Contributions - Town	(655,100)	(302,200)
Accrued Pension Liability(Asset) Recorded-Ending Balance	<u>\$ 726,700</u>	<u>\$ 843,900</u>
Actuarial Assumptions		
Discount rate:	4.75%	
Salary growth:	3.25%	
Retirement age:	67% at earliest date eligible for unreduced retirement and the remainder at age 65.	
EARSL:	11.5 years	

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2015**

10. Deferred Revenue

The deferred revenue reported on the consolidated statement of financial position is made up of the following:

	<u>2015</u>	<u>2014</u>
Gas tax funding	\$ -	\$ 540,947
Homelessness strategy	-	159,521
Cranberry industry development funds	84,683	90,667
Other	52,199	18,154
	<u>\$ 136,882</u>	<u>\$ 809,319</u>

Gas tax funding is provided by the Government of Canada. The use of this funding is established by a funding agreement between the Town and the Province of Newfoundland and Labrador. These funds are recorded as deferred revenue until they are used to fund approved projects under the agreement.

Homelessness partnering strategy (HPS) was established by the Government of Canada to support projects aimed at reducing homelessness. As the Community Entity (CE), the Town administers HPS Rural and Remote funding for approved projects and monitors Third Party Recipient agreements for Newfoundland & Labrador, except for the city of St. John's. Under the current agreement, April 1, 2014 to March 31, 2016, the annual funding is \$534,769 to cover the CE's administration costs and for redistribution to sub-projects.

Cranberry industry development is 100% funded by ACOA, Province of NL, and ten private-sector Producers. The purpose of this project is to further develop the Newfoundland and Labrador cranberry industry, specifically in the Exploits region. The Town is the lead proponent for this project and is responsible for project administration. The Town has signed a Memorandum of Understanding with the Producers that outlines the roles and responsibilities of the parties under the project. The Town will maintain ownership and control of all land and equipment developed under the project until divestiture conditions are met by the Producers. Deferred funds will be recognized as revenue in the fiscal year the services are performed or expenses incurred.

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2015**

	Loan Balances	
	2015	2014
Newfoundland Municipal Financing Corporation	\$ 78,155	\$ 135,736
Canadian Imperial Bank of Commerce	11,985,659	9,451,981
	<u>\$ 12,063,814</u>	<u>\$ 9,587,717</u>
Share of total debt		
Town of Grand Falls-Windsor	\$ 10,429,123	\$ 7,520,016
Government of Newfoundland and Labrador	1,634,691	2,067,701
	<u>\$ 12,063,814</u>	<u>\$ 9,587,717</u>

Principal payments required in each of the next five years are as follows:

	Town	Government	2015	2014
2015	\$ -	\$ -	\$ -	\$ 1,262,925
2016	1,055,714	436,868	1,492,582	1,245,837
2017	1,048,537	427,930	1,476,467	1,160,257
2018	1,008,192	389,066	1,397,258	1,078,558
2019	1,004,501	271,967	1,276,468	944,637
2020	865,014	62,752	927,766	-
	<u>\$ 4,981,958</u>	<u>\$ 1,588,583</u>	<u>\$ 6,570,541</u>	<u>\$ 5,692,214</u>

12. Obligation Under Capital Lease(s)

Equipment under capital leases bear interest rates ranging from 4.8% to 9%. Future minimum principal lease payments under the capital leases are as follows:

	2015	2014
2015	\$ -	\$ 40,054
2016	31,811	31,811
2017	2,722	2,722
	<u>\$ 34,533</u>	<u>\$ 74,587</u>
Total minimum principal lease payments		

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2015**

13. Contingencies/Commitments

Loan Guarantees

As of December 31, 2015, the Town has guaranteed the following bank loan:

<u>Organization</u>	<u>Authorized Limited</u>	<u>Outstanding Balance</u>	
		<u>2015</u>	<u>2014</u>
Grand Falls Golf Club	350,000	200,668	240,800

In the event of default by the borrower, the Town may become liable for any outstanding balances.

14. 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, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

15. 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 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 5 - Reconciliation of the Financial Plan to the Budget.

16 Changes in Accounting Policy

The Town of Grand Falls-Windsor has adopted the Public Sector Accounting Board's recommendations for recording tangible capital assets and the new financial statement presentation. The tangible asset section, PS 3150, establishes standards on how to account and report tangible capital assets in government financial statements. The financial statement presentation section, PS 1200, establishes general reporting principles and standards for the disclosure of information based on the underlying financial statement concepts and the objectives of the government financial statements.

17 Donated/Contributed tangible capital assets

In 2015, equipment donated by Provincial Government was added to the Town's tangible capital asset inventory. These costs were derived from external Vendor and Town's engineering staff. These assets will be amortized as per the Town's Tangible Capital Asset Policy.

TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2015

SCHEDULE 1

Asset Cost	General Capital Assets					Infrastructure Assets			Totals	
	Land and Land Improvements	Buildings	Vehicles and Equipment	Asset Under Construction	Transportation	Water and Sewer	Assets Under Construction	2015	2014	
Opening costs	\$ 7,361,763	\$ 19,250,648	\$ 11,836,726	\$ 899,086	\$ 56,006,962	\$ 48,682,282	\$ 4,420,081	\$ 147,457,528	\$ 139,444,461	
Additions during the year	755,295	77,841	728,789	847,632	2,335,530	606,878	4,202,621	9,554,586	11,394,808	
Transfers	594,957	468,092	-	(789,216)	402,663	2,531,132	(3,207,628)	-	-	
Disposals and write downs	-	(46,885)	(89,957)	-	(936,522)	(143,840)	-	(1,217,204)	(3,321,741)	
Balance, end of year	\$ 8,712,015	\$ 19,749,696	\$ 12,475,558	\$ 957,502	\$ 57,808,633	\$ 51,676,452	\$ 5,415,054	\$ 155,794,910	\$ 147,457,528	
Accumulated Amortization										
Opening accum'd amortization	\$ 1,902,583	\$ 6,769,847	\$ 6,597,694	\$ -	\$ 27,707,810	\$ 22,029,647	-	\$ 65,007,581	\$ 64,053,831	
Amortization	225,205	519,340	767,375	-	1,983,833	972,234	-	4,467,987	4,241,974	
Disposals and write downs	-	(41,635)	(85,087)	-	(926,273)	(143,840)	-	(1,166,835)	(3,288,224)	
Balance, end of year	\$ 2,127,788	\$ 7,247,552	\$ 7,279,982	\$ -	\$ 28,766,370	\$ 22,858,041	\$ -	\$ 68,278,733	\$ 65,007,581	
Net book value, end of year	6,584,227	11,502,144	5,195,576	957,502	29,043,263	28,818,411	5,415,054	87,516,177	82,449,947	
Net book value, beginning of year	5,459,180	11,480,801	5,239,032	899,066	28,299,152	26,652,635	4,420,061	82,449,947	75,390,630	
Change in net book value	1,125,047	21,343	(43,456)	58,416	744,111	2,165,776	994,993	5,066,230	7,059,317	

**TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF REVENUES
Year Ended December 31, 2015**

SCHEDULE 2

	2015 Budget	2015 Actual	2014 Actual
Taxation			
Property tax	\$ 8,193,118	8,226,899	8,040,582
Water and sewer tax	4,057,500	4,068,234	3,509,536
Business tax	1,444,575	1,351,391	1,417,796
Poll tax	-	13,196	66,741
	<u>13,695,193</u>	<u>13,659,720</u>	<u>13,034,655</u>
Grants in lieu of taxes			
Federal properties and crown corporations	48,876	49,027	48,877
Municipal Utility(Sales)	811,498	828,477	801,412
	<u>860,374</u>	<u>877,504</u>	<u>850,289</u>
Sales of goods and services			
Joe Byrne Stadium	175,693	125,708	120,298
Windsor Stadium	179,674	175,376	197,659
Recreation, parks, tourism	21,500	36,825	15,834
Animal and pest control fees	3,500	2,020	3,100
Land sales	290,236	24,826	38,081
Water supply	329,924	316,558	323,084
	<u>1,000,527</u>	<u>681,313</u>	<u>698,056</u>
Other revenue from own sources			
Licences and permits	64,000	77,996	68,316
Fines	30,000	42,564	12,421
Interest on overdue accounts	100,000	100,459	105,153
Interest income	25,000	33,085	26,156
Tax certificates	45,000	50,800	46,850
EXCITE Centre	138,847	141,183	220,602
HPS-project management	-	9,220	-
Other revenue from own sources	45,000	42,875	170,553
	<u>447,847</u>	<u>498,182</u>	<u>650,051</u>
Grants and transfers			
Government of Canada			
Capital grant	36,682	36,682	92,511
Gax tax revenue	561,395	1,131,722	300,840
Homelessness strategy	-	442,175	375,248
Genomics project - INTRD	-	152,765	-
Other federal grants	41,900	64,762	49,300
Government of Newfoundland and Labrador			
Municipal capital grant	5,068,979	5,068,979	3,927,404
Provincial gas tax revenue	-	59,282	-
Debt charge grants	513,560	513,615	579,306
Other provincial grants	-	14,386	-
Community healthy living fund	-	6,175	-
Genomics project - ACOA	-	205,865	-
	<u>6,222,516</u>	<u>7,696,408</u>	<u>5,324,609</u>
Other revenue			
Cranberry industry development-producers	-	-	28,747
Other contributions	-	250,000	-
Donated/Contributed tangible capital assets	-	22,250	3,856,565
	<u>-</u>	<u>272,250</u>	<u>3,885,312</u>
Total Revenue	<u>\$ 22,226,457</u>	<u>\$ 23,685,377</u>	<u>\$ 24,442,972</u>

**TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF EXPENSES
Year Ended December 31, 2015**

SCHEDULE 3

	2015 Budget	2015 Actual	2014 Actual
General government services			
Council	\$ 290,000	\$ 262,354	\$ 274,700
General administrative	1,210,882	1,182,674	1,109,210
Engineering & works administrative	1,047,767	1,023,423	939,485
Employee benefits	1,939,568	1,894,813	1,970,969
Provision for uncollectible taxes, fees and charges	20,000	43,945	33,937
Discounts and rebates	141,270	154,944	141,110
Property assessment services	172,032	172,032	169,682
General insurance	122,898	117,553	107,151
General maintenance	611,192	549,793	555,282
Amortization of capital assets	1,511,920	1,511,920	1,469,917
Loss/(gain) on disposal	-	10,120	-
	<u>7,067,505</u>	<u>6,923,571</u>	<u>6,771,423</u>
Protective services			
Fire protection	288,177	287,967	264,022
Emergency preparedness and response	282,390	232,793	216,871
Municipal enforcement	246,231	238,715	207,375
Other protective services and inspections	135,080	135,726	126,567
	<u>931,878</u>	<u>875,201</u>	<u>814,835</u>
Transportation services			
Vehicle and fleet maintenance	1,047,520	965,036	1,035,024
Road transport			
Road, street, sidewalk maintenance	345,600	344,716	398,246
Snow removal	369,482	438,345	455,890
Street lighting	430,000	410,456	412,224
Traffic services	122,601	180,551	156,236
Other transportation services	110,391	80,887	89,638
Amortization of capital assets	1,983,833	1,983,833	1,895,921
Loss/(gain) on disposal	-	10,249	33,517
	<u>4,409,427</u>	<u>4,414,073</u>	<u>4,474,696</u>
Environmental health services			
Water supply and distribution	395,475	354,411	373,840
Water treatment plant	812,214	754,153	792,172
Sewage collection and disposal	459,076	451,825	446,804
Sewage treatment plant	102,425	95,448	80,916
Garbage and waste collection and disposal	724,075	675,692	691,819
Amortization of capital assets	972,234	972,234	876,136
	<u>3,465,499</u>	<u>3,303,563</u>	<u>3,261,687</u>
Regional planning and development			
Regional development			
Genomics project	-	358,630	-
Homelessness strategy	-	442,175	375,248
Cranberry industry development	-	-	28,747
Tourism and marketing	343,813	338,309	322,792
EXCITE centre	138,847	119,483	148,203
	<u>482,660</u>	<u>1,258,597</u>	<u>874,990</u>
Recreation and cultural services			
Recreation administration	394,483	410,835	373,977
Development and programs	141,000	167,892	144,847
Community grants	156,400	188,247	154,173
Stadiums			
Joe Byrne Memorial	285,500	246,602	294,305
Windsor	219,500	200,589	220,118
Parks and playgrounds	633,500	679,407	613,020
Salmon festival (net)	-	680,167	487,080
	<u>1,830,383</u>	<u>2,573,739</u>	<u>2,287,500</u>
Fiscal Services			
Long-term debt interest	572,974	403,884	374,972
	<u>572,974</u>	<u>403,884</u>	<u>374,972</u>
Total Expenses	<u>\$ 18,760,328</u>	<u>\$ 19,752,628</u>	<u>\$ 18,860,103</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2015**

SCHEDULE 4

	<u>PROJECT</u>	<u>LOAN BALANCES</u>	
		<u>2015</u>	<u>2014</u>
NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION			
NMFC - GOVERNMENT LOANS			
8.125% payable over a period of fifteen years maturing in 2015	Water and Sewer	-	11,118
7.75% payable over a period of fifteen years maturing in 2016	Water Treatment	17,667	34,040
7.25% payable over a period of fifteen years maturing in 2016	Water and Sewer	3,099	8,975
7.375% payable over a period of fifteen years maturing in 2017	Water and Sewer	15,000	24,133
6.75% payable over a period of fifteen years maturing in 2018	Water and Sewer	22,909	31,059
6.75% payable over a period of fifteen years maturing in 2018	Water and Sewer	19,480	26,411
TOTAL NMFC - GOVERNMENT		<u>78,155</u>	<u>135,736</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2015**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2015	2014
CANADIAN IMPERIAL BANK OF COMMERCE			
CIBC - TOWN LOANS			
Interest rate of 5.19% payable over a period of ten years maturing in 2017	Multi-year 2006	139,568	244,896
Interest rate at prime payable over a period of ten years maturing in 2017	Multi-year 2007	81,763	122,645
Interest rate at prime payable over a period of ten years maturing in 2019	Multi-year 2009	289,690	347,628
Interest rate at prime payable over a period of five years maturing in 2015	Maloney 2011	-	31,616
Interest rate of 3.17% payable over a period of seven years maturing in 2019	Capital 2011	350,178	438,834
Interest rate of 4.50% payable over a period of fifteen years maturing in 2027	Multi-year 2011	803,033	857,706
Interest rate of 4.40% payable over a period of ten years maturing in 2022	Water treatment plant 2011	171,486	195,175
Interest rate of 3.39% payable over a period of ten years maturing in 2022	Capital 2012	1,048,621	1,179,153
Interest rate of 3.63% payable over a period of fifteen years maturing in 2027	Roads 2012	1,009,172	1,075,100
Interest rate at prime over a period of fifteen years maturing in 2029	Maloney development 2013	991,416	1,066,713
Interest rate at prime over a period of fifteen years maturing in 2030	Maloney development 2014	1,450,096	1,368,436
Interest rate at 3.55% payable over a period of ten years maturing in 2024	Capital 2013	538,196	592,114
Interest rate at 2.42%	Capital 2014	412,799	-

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2015**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2015	2014
payable over a period of five years maturing in 2020			
Interest rate at 3.20% payable over a period of fifteen years maturing in 2030	Multi-year 2014	1,643,105	-
Interest rate at 3.57% payable over a period of fifteen years maturing in 2031	Multi-year 2015	1,500,000	-
TOTAL CIBC - TOWN		<u>10,429,123</u>	<u>7,520,016</u>
C.I.B.C. GOVERNMENT LOANS			
Interest rate of 5.34% payable over a period of fifteen years maturing in 2018	Multi-year 2002	\$ 191,938	\$ 281,907
Interest rate of 5.08% payable over a period of fifteen years maturing in 2019	Multi-year 2003	524,406	663,685
Interest rate of 5.44% payable over a period of fifteen years maturing in 2019	Multi-year 2004	431,627	531,937
Interest rate of 5.34% payable over a period of fifteen years maturing in 2020	Multi-year 2004	163,065	194,612
Interest rate of 4.98% payable over a period of fifteen years	Multi-year 2005	245,500	279,824
TOTAL CIBC - GOVERNMENT		<u>1,556,536</u>	<u>1,931,965</u>
TOTAL C.I.B.C.		<u>\$ 11,985,659</u>	<u>\$ 9,451,981</u>
LONG TERM DEBT			
Newfoundland Municipal Financing Corporation (Page 22)		\$ 78,155	\$ 135,736
Canadian Imperial Bank of Commerce (Page 23)		11,985,659	9,451,981
		12,063,814	9,587,717
Less: Current portion of long term debt		(1,492,582)	(1,262,925)
		<u>\$ 10,571,232</u>	<u>\$ 8,324,792</u>
SHARE OF TOTAL DEBT			
Municipal share		\$ 10,429,123	\$ 7,520,016
Provincial share		1,634,691	2,067,701
		<u>\$ 12,063,814</u>	<u>\$ 9,587,717</u>

Principal payments required in each of the next five years are as follows :

2016 - \$1,492,582; 2017 - \$1,476,467; 2018 - \$1,397,258; 2019 - \$1,276,467; 2020 - \$927,766

TOWN OF GRAND FALLS-WINDSOR
 RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
 Year Ended December 31, 2015

	Financial Plan	Amortization (TCA)	Principal Expense	Capital Grants	Pension Accruals	PSAB Budget
REVENUE						
Taxation	\$ 13,695,193	\$ -	\$ -	\$ -	\$ -	\$ 13,695,193
Grants in lieu of taxes	860,374	-	-	-	-	860,374
Sales of goods and services	1,000,527	-	-	-	-	1,000,527
Other revenue from own sources	447,847	-	-	-	-	447,847
Grants and transfers	1,116,855	-	-	5,105,661	-	6,222,516
Total revenue	\$ 17,120,796	\$ -	\$ -	\$ 5,105,661	\$ -	\$ 22,226,457
EXPENSES						
General government services	\$ 5,672,785	\$ 1,511,920	\$ -	\$ -	\$ (117,200)	\$ 7,067,505
Protective services	931,878	-	-	-	-	931,878
Transportation services	2,465,650	1,983,833	(40,056)	-	-	4,409,427
Environmental health services	2,493,265	972,234	-	-	-	3,465,499
Regional planning and development	482,660	-	-	-	-	482,660
Recreation and cultural services	1,830,383	-	-	-	-	1,830,383
Fiscal services:						
Capital expenditures	1,300,741	(1,300,741)	-	-	-	-
Debt charges	1,943,434	-	(1,370,460)	-	-	572,974
Total expenses	\$ 17,120,796	\$ 3,167,246	\$ (1,410,516)	\$ -	\$ (117,200)	\$ 18,760,326
Surplus (Deficit)	\$ -	\$ (3,167,246)	\$ 1,410,516	\$ 5,105,661	\$ 117,200	\$ 3,466,131