

TOWN OF GRAND FALLS-WINDSOR

AUDITOR'S REPORT

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

CONTENTS

	<u>Page</u>
MANAGEMENT STATEMENT OF RESPONSIBILITY	3
INDEPENDENT AUDITORS'S REPORT	4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF OPERATIONS	6
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9-18
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS	19
SCHEDULE 2 - SCHEDULE OF REVENUES	20
SCHEDULE 3 - SCHEDULE OF EXPENSES	21
SCHEDULE 4 - LONG TERM DEBT	22-24
SCHEDULE 5.- RECONCILIATION OF THE FINANCIAL PLAN TO BUDGET	25

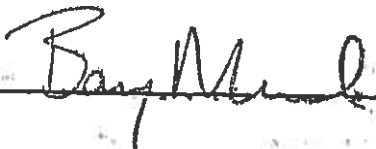
STATEMENT OF RESPONSIBILITY

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.

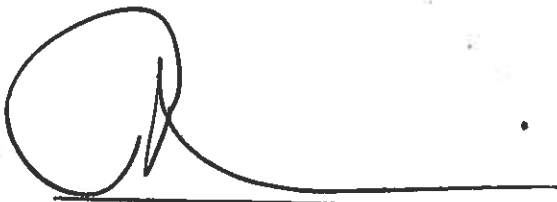
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

The Council of the Municipality met with management and its external auditor 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 Professional 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



Treasurer

LORI K. MERCER

CHARTERED PROFESSIONAL ACCOUNTANT

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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 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 Grand Falls-Windsor 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 Grand Falls-Windsor 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.

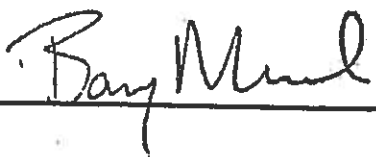
Grand Falls-Windsor, Newfoundland
September 9, 2017


LORI K. MERCER
Chartered Professional Accountant

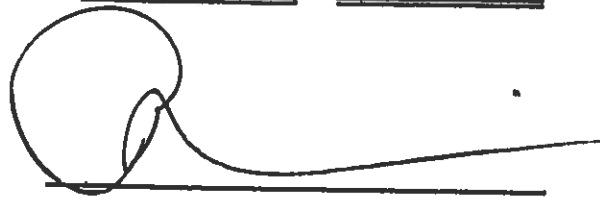
**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF FINANCIAL POSITION
As at December 31, 2016**

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 5)	\$ 610,118	\$ 741,998
Amounts receivable (Note 6)		
Taxation and other	1,100,990	751,624
Due from government	3,259,866	3,386,147
Loans and advances	1,053	3,484
Land held for resale	<u>455,006</u>	<u>455,773</u>
	<u>\$ 5,427,033</u>	<u>\$ 5,339,036</u>
LIABILITIES		
Bank indebtedness (Note 5)	\$ 232,651	
Accounts payable and accrued liabilities (Note 8)	2,278,420	3,377,958
Employee benefit obligations (Note 9)	1,241,098	1,151,174
Deferred revenue (Note 10)	230,734	136,882
Long-term debt (Note 11)		
Municipal share	11,023,909	10,429,123
Provincial share	1,200,936	1,634,691
Obligations under capital leases (Note 12)	2,722	34,533
Other liabilities	<u>48,483</u>	<u>90,750</u>
	<u>16,258,953</u>	<u>16,855,111</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (10,831,920)</u>	<u>\$ (11,516,075)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 89,863,359	\$ 87,516,177
Inventories for use (Note 7)	<u>189,220</u>	<u>192,793</u>
	<u>90,052,579</u>	<u>87,708,970</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 79,220,659</u>	<u>\$ 76,192,895</u>

Approved on behalf of Council:



Mayor



Director of Finance

**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF OPERATIONS
Year Ended December 31, 2016**

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2016 Actual</u>
REVENUE			
Taxation	\$ 14,785,479	\$ 14,708,902	\$ 13,659,720
Grants in lieu of taxes	892,523	883,534	877,504
Sales of goods and services	674,111	902,327	681,313
Other revenue from own sources	490,609	691,178	498,182
Grants and transfers	4,916,307	6,305,209	7,698,408
Other revenue	<u>0</u>	<u>0</u>	<u>250,000</u>
Total revenue (Schedules 2 and 5)	<u>21,759,029</u>	<u>23,491,148</u>	<u>23,663,127</u>
EXPENSES			
General government services	7,551,243	7,401,854	6,923,571
Protective services	980,616	933,996	875,201
Transportation services	4,638,006	4,551,556	4,414,073
Environmental health services	3,583,591	3,678,775	3,303,563
Regional planning and development	417,217	1,526,080	1,258,597
Recreation and cultural services	1,955,388	1,943,115	2,573,739
Fiscal services	<u>679,496</u>	<u>428,009</u>	<u>403,884</u>
Total expenses (Schedules 3 and 5)	<u>19,805,557</u>	<u>20,463,384</u>	<u>19,752,628</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	1,953,472	3,027,764	3,910,499
OTHER (Note 17)			
Donated/Contributed tangible capital assets	<u>0</u>	<u>0</u>	<u>22,250</u>
ANNUAL SURPLUS (DEFICIT)	1,953,472	3,027,764	3,932,749
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>76,192,895</u>	<u>76,192,895</u>	<u>72,260,146</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ 78,146,367</u>	<u>\$ 79,220,659</u>	<u>\$ 76,192,895</u>

**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS(NET DEBT)
Year Ended December 31, 2016**

	<u>2016 Actual</u>	<u>2015 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 3,027,764	\$ 3,932,749
Acquisition of tangible capital assets	(7,043,534)	(9,532,336)
Donated/contributed tangible capital assets	-	(22,250)
Amortization of tangible capital assets	4,844,814	4,467,987
Loss (Gain) on disposal of tangible capital assets	51,738	20,369
Decrease (increase) in inventories	3,573	14,348
	<u>(2,343,609)</u>	<u>(5,051,882)</u>
CHANGE IN NET FINANCIAL ASSETS	684,155	(1,119,133)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	(11,516,075)	(10,396,942)
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u>\$ (10,831,920)</u>	<u>\$ (11,516,075)</u>

**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CASH FLOWS
Year Ended December 31, 2016**

	<u>2016</u>	<u>2015</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 3,027,764	\$ 3,932,749
Changes in non-cash items:		
Amounts receivable	(223,085)	621,066
Inventories	3,573	14,348
Accounts payable and accrued liabilities	(1,141,805)	501,161
Employee benefit obligations	89,924	(98,000)
Deferred revenue	93,852	(672,437)
Loss on disposal of TCA	51,738	20,369
Tangible capital assets received as donations/contributions	-	(22,250)
Amortization	4,844,814	4,467,987
Cash provided by operating transactions	<u>6,548,575</u>	<u>8,764,993</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(7,043,534)</u>	<u>(9,532,336)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of land for resale	767	1,038
Loans and advances repaid	3,494	5,442
Loans and advances issued	(1,053)	(1,250)
Cash applied to investing transactions	<u>3,208</u>	<u>5,230</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	1,668,594	3,846,557
Debt repayment	(1,507,563)	(1,370,460)
Repayment of obligation under capital lease	(31,811)	(40,054)
Cash applied to financing transactions	<u>129,220</u>	<u>2,436,043</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	<u>(364,531)</u>	<u>1,673,930</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>741,998</u>	<u>(931,932)</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 377,467</u>	<u>\$ 741,998</u>
	<u>2016</u>	<u>2015</u>
CASH AND TEMPORARY INVESTMENTS IS COMPRISED OF:		
Cash and temporary investments (Note 5)	\$ 610,118	\$ 741,998
Less: Bank indebtedness (Note 5)	(232,651)	-
	<u>\$ 377,467</u>	<u>\$ 741,998</u>

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, 2016 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, 2016**

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.

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 (11.6 years as at December 31, 2015).

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, 2016**

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>2016</u>	<u>2015</u>
Cash - Gas Tax Funding	\$ 610,118	\$ 325,508
Cash - General Operations	(232,661)	416,490
	<u>\$ 377,457</u>	<u>\$ 741,998</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 2016 was 2.70% (2015 = 2.70%).

6. Amounts Receivable

	<u>2016</u>	<u>2015</u>
Taxation		
Property tax	\$ 403,108	\$ 354,211
Water and sewer tax	343,992	409,957
Business tax	114,873	(15,055)
Poll tax	81,717	84,028
Local improvement assessment	7,800	8,078
	<u>951,190</u>	<u>841,218</u>
Other receivables	<u>538,392</u>	<u>310,693</u>
Sub-total	1,487,582	1,151,909
Less: allowances for doubtful amounts	(386,592)	(400,285)
Total taxation and other receivables	<u>1,100,990</u>	<u>751,624</u>
Due from governments		
Capital grants	1,792,426	2,210,678
Gas tax funds	870,159	365,497
Other government grants	288,380	274,308
HST rebate and input tax credits	236,628	485,256
Gasoline/diesel rebate	73,273	50,408
	<u>3,259,866</u>	<u>3,386,147</u>
	<u>\$ 4,360,856</u>	<u>\$ 4,137,771</u>

Arrears of taxation revenue increase from \$943,336 in 2015 to \$950,131 in 2016. Of this amount, \$514,730 has been outstanding for one year or longer.

Collections in 2016 on taxes and rates amounted to 99.25% of the amounts levied in 2016. (2015-101.40%).

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2016**

7. Inventories

Inventories for sale:

<u>2016</u>	<u>2015</u>
\$ -	\$ -

Inventories for use:

	<u>2016</u>	<u>2015</u>
Parts and supplies	\$ 58,804	\$ 58,804
Road salt	91,088	118,837
Water treatment chemicals	41,331	17,152
	<u>\$ 189,220</u>	<u>\$ 192,793</u>

8. Accounts Payable and Accrued Liabilities

	<u>2016</u>	<u>2015</u>
Trade	\$ 1,758,701	\$ 3,181,092
Payroll benefits	162,188	119,633
Accrued interest	19,206	14,151
Deposits	44,131	40,588
Insurance claims	22,000	22,000
Gas tax - federal	290,718	-
HST collections	(8,500)	494
	<u>\$ 2,278,420</u>	<u>\$ 3,377,958</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2016**

9. Employee Benefit Obligations

	<u>2016</u>	<u>2015</u>
Accrued severance benefit	\$ 198,781	\$ 209,895
Accrued vacation benefit	238,839	214,779
Accrued payroll - 1% cpi	81,108	
Accrued pension benefit	748,400	726,700
	<u>\$ 1,241,098</u>	<u>\$ 1,151,174</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 2016 was \$36,289 (2015 - \$19,000).

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 2016 was \$30,579 (2015 - \$30,312).

Pension benefit

Defined Contribution

There were 103 active members in this plan as of December 31, 2016. 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 2016 was \$246,866 (2015-\$236,901).

Defined Benefit

There were 16 active members, 2 deferred vested and inactive member, and 19 pensioners and beneficiaries participating in this plan as of December 31, 2016. 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, 2015, the Town's unfunded liability is \$1,934,500.

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2016**

**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, 2015 and extrapolated to December 31, 2016.

Accrued Pension Liability

	<u>2016</u>	<u>2015</u>
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation-opening	\$ 9,881,900	\$ 8,914,000
Current service cost	292,200	282,200
Impact of substantive commitment	-	125,800
Interest on obligation	466,900	450,300
Benefits paid	(398,100)	(349,200)
Loss(gain) on accrued benefit obligation	151,900	458,800
	<u>\$ 10,386,800</u>	<u>\$ 9,881,900</u>
Reconciliation of Pension Plan Assets		
Market value of plan assets - opening	\$ 7,900,800	\$ 7,093,000
Contributions - Town	436,800	655,100
Contributions - employee required	75,100	73,300
Return on plan assets net of expenses	409,800	428,600
Benefits paid	(396,100)	(349,200)
	<u>\$ 8,425,000</u>	<u>\$ 7,900,800</u>
Funded status - deficit	\$ (1,971,800)	\$ (1,981,100)
Net unamortized actuarial gains and losses	1,223,400	1,254,400
Accrued Pension Liability	<u>\$ (748,400)</u>	<u>\$ (726,700)</u>
Expense Related to Retirement Benefits		
Retirement Benefits Expense		
Current period benefit cost	\$ 292,200	\$ 282,200
Impact of plan amendment	-	125,800
Amortization of actuarial losses (gains)	151,300	117,000
	<u>443,500</u>	<u>525,000</u>
Less: employee contributions	(75,100)	(73,300)
Retirement benefits expense	<u>368,400</u>	<u>451,700</u>
Retirement Benefits Interest Expense		
Interest on average accrued benefit obligation	466,900	450,300
Interest on average pension fund assets	(378,000)	(364,100)
Retirement benefits interest expense	<u>88,900</u>	<u>86,200</u>
Total Expense Related to Retirement Benefits	<u>\$ 457,300</u>	<u>\$ 537,900</u>
Reconciliation of Accrued Pension Liability(Asset)		
Accrued pension liability(asset) recorded-opening balance	\$ 726,700	\$ 843,900
Total retirement benefit expense	457,300	537,900
Contributions - Town	(436,800)	(655,100)
Accrued Pension Liability(Asset) Recorded-Ending Balance	<u>\$ 748,400</u>	<u>\$ 726,700</u>
Actuarial Assumptions		
Discount rate:	4.68%	
Salary growth:	3.25%	
Retirement age:	67% at earliest date eligible for unreduced retirement and the remainder at age 65.	
EARSL:	11.6 years	

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2016**

10. Deferred Revenue

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

	<u>2016</u>	<u>2015</u>
Conservation Centre funds	\$ 150,000	\$ -
Cranberry Industry development funds	40,883	84,883
Other	40,081	52,199
	<u>\$ 230,734</u>	<u>\$ 136,882</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2016**

11. Long Term Debt (Schedule 4)

	Loan Balances	
	2016	2015
Newfoundland Municipal Financing Corporation	\$ 31,458	\$ 78,155
Canadian Imperial Bank of Commerce	12,193,390	11,985,659
	<u>\$ 12,224,848</u>	<u>\$ 12,063,814</u>
Share of total debt		
Town of Grand Falls-Windsor	\$ 11,023,909	\$ 10,429,123
Government of Newfoundland and Labrador	1,200,938	1,634,691
	<u>\$ 12,224,848</u>	<u>\$ 12,063,814</u>

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

	Town	Government	2016	2015
2016	\$ -	\$ -	\$ -	\$ 1,492,582
2017	1,076,847	420,945	1,497,792	1,476,467
2018	1,083,543	381,005	1,464,548	1,397,258
2019	1,089,085	282,750	1,351,835	1,276,468
2020	1,044,822	74,495	1,119,117	927,766
2021	915,142	81,741	976,883	-
	<u>\$ 5,209,239</u>	<u>\$ 1,200,936</u>	<u>\$ 6,410,175</u>	<u>\$ 6,570,541</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:

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

13. Contingencies/Commitments

Loan Guarantees

As of December 31, 2016, the Town has guaranteed the following bank loan:

<u>Organization</u>	<u>Authorized Limited</u>	<u>Outstanding Balance</u>	
		<u>2016</u>	<u>2015</u>
Grand Falls Golf Club	350,000	\$ 180,632	\$ 200,866

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

Donated and Contributed assets are amortized as per the Town's Tangible Capital Asset Policy. In 2016, we did not record any donated or contributed tangible capital assets.

TOWN OF GRAND FALLS-WINDSOR
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 Year Ended December 31, 2016

	General Capital Assets				Infrastructure Assets				Totals	
	Land and Land Improvements	Buildings	Vehicles and Equipment	Asset Under Construction	Transportation	Water and Sewer	Assets Under Construction	2016	2015	
Asset Cost										
Opening costs	\$ 8,712,014	\$ 18,749,696	\$ 12,475,558	\$ 957,502	\$ 57,808,633	\$ 51,676,452	\$ 5,415,054	\$ 155,794,908	\$ 147,457,528	
Additions during the year	230,335	332,598	655,181	1,245,831	2,580,080	221,712	1,777,797	7,043,534	9,554,586	
Transfers	470,419	231,368	-	(701,787)	2,001,057	1,538,989	(3,540,046)	-	-	
Disposals and write downs	(102,625)	(60,744)	(40,174)	-	(975,269)	(362,065)	-	(1,540,877)	(1,217,204)	
Balance, end of year	\$ 9,310,143	\$ 19,252,918	\$ 13,090,565	\$ 1,501,546	\$ 61,414,501	\$ 53,075,088	\$ 3,652,805	\$ 161,297,566	\$ 155,794,910	
Accumulated Amortization										
Opening accum'd amortization	\$ 2,127,788	\$ 7,247,552	\$ 7,279,982	\$ -	\$ 28,765,370	\$ 22,858,041	\$ -	\$ 68,278,733	\$ 65,007,581	
Amortization	284,515	536,320	801,979	-	2,017,870	1,003,930	-	4,644,614	4,467,987	
Disposals and write downs	(102,625)	(60,744)	(40,174)	-	(923,532)	(362,065)	-	(1,489,140)	(1,196,835)	
Balance, end of year	\$ 2,309,678	\$ 7,723,128	\$ 8,041,787	\$ -	\$ 29,859,708	\$ 23,499,906	\$ -	\$ 71,434,207	\$ 68,278,733	
Net book value, end of year	7,000,465	11,529,790	5,048,778	1,501,546	31,554,793	29,575,182	3,652,805	89,863,359	87,516,177	
Net book value, beginning of year	6,584,227	11,502,144	5,195,576	857,502	29,043,263	28,818,411	5,415,054	87,516,177	82,449,947	
Change in net book value	416,238	27,646	(146,798)	644,044	2,511,530	756,771	(1,762,249)	2,347,182	5,066,230	

TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF REVENUES
Year Ended December 31, 2016

SCHEDULE 2

	2016 Budget	2016 Actual	2015 Actual
Taxation			
Property tax	\$ 8,932,114	8,896,051	8,226,899
Water and sewer tax	4,133,602	4,139,565	4,068,234
Business tax	1,719,763	1,671,181	1,351,391
Poll tax	-	2,105	13,196
	<u>14,785,479</u>	<u>14,708,902</u>	<u>13,659,720</u>
Grants in lieu of taxes			
Federal properties and crown corporations	49,026	51,550	49,027
Municipal Utility(Sales)	843,497	831,984	828,477
	<u>892,523</u>	<u>883,534</u>	<u>877,504</u>
Sales of goods and services			
Joe Byrne Stadium	161,401	86,387	125,708
Windsor Stadium	161,045	196,222	175,376
Recreation, parks, tourism	21,500	45,318	36,825
Animal and pest control fees	2,000	2,309	2,020
Land sales/lease	-	219,724	24,826
Water supply	328,165	352,367	316,558
	<u>674,111</u>	<u>902,327</u>	<u>681,313</u>
Other revenue from own sources			
Licences and permits	68,000	77,602	77,996
Fines	60,600	39,534	42,564
Interest on overdue accounts	100,000	74,118	100,459
Interest income	30,000	36,739	33,085
Tax certificates	45,000	47,700	50,800
EXCITE Centre	142,009	146,152	141,183
HPS-project management	-	12,411	9,220
Other revenue from own sources	45,000	256,920	42,875
	<u>490,609</u>	<u>691,176</u>	<u>498,182</u>
Grants and transfers			
Government of Canada			
Capital grant	381,760	381,760	36,682
Gas tax revenue	569,919	804,093	1,131,722
Homelessness strategy		776,243	442,175
Genomics project - ACOA		196,628	152,765
Targeted Initiative for older workers		107,043	
Other federal grants	26,500	41,665	64,762
Government of Newfoundland and Labrador			
Municipal capital grant	3,350,599	3,350,599	5,068,979
Provincial gas tax revenue	88,923	88,923	59,282
Debt charge grants	498,604	489,349	513,615
Other provincial grants	-	35,325	14,386
Community healthy living fund	-	15,225	6,175
Genomics project - INTRD	-	18,356	205,865
	<u>4,916,305</u>	<u>6,305,209</u>	<u>7,696,408</u>
Other revenue			
Other contributions	-	-	250,000
Donated/Contributed tangible capital assets	-	-	22,250
	<u>-</u>	<u>-</u>	<u>272,250</u>
Total Revenue	<u>\$ 21,759,027</u>	<u>\$ 23,491,148</u>	<u>\$ 23,685,377</u>

TOWN OF GRAND FALLS-WINDSOR
 SCHEDULE OF EXPENSES
 Year Ended December 31, 2016

SCHEDULE 3

	2016 Budget	2016 Actual	2015 Actual
General government services			
Council	\$ 303,020	\$ 289,753	\$ 262,354
General administrative	1,202,039	1,280,408	1,182,674
Engineering & works administrative	1,121,751	1,093,322	1,023,423
Employee benefits	2,178,079	2,032,554	1,894,813
Provision for uncollectible taxes, fees and charges	20,000	25,825	43,945
Discounts and rebates	170,500	172,226	154,944
Municipal election	20,000	17,580	-
Property assessment services	173,152	174,792	172,032
General insurance	135,000	131,874	117,553
General maintenance	804,868	570,906	549,793
Amortization of capital assets	1,622,816	1,622,814	1,511,920
Loss/(gain) on disposal	-	-	10,120
	<u>7,551,243</u>	<u>7,401,854</u>	<u>6,923,571</u>
Protective services			
Fire protection	280,853	286,262	287,967
Emergency preparedness and response	299,320	243,941	232,793
Municipal enforcement	259,385	261,324	238,715
Other protective services and inspections	141,058	142,468	135,726
	<u>980,616</u>	<u>933,995</u>	<u>875,201</u>
Transportation services			
Vehicle and fleet maintenance	1,009,500	1,013,486	965,036
Road transport			
Road, street, sidewalk maintenance	473,180	338,698	344,716
Snow removal	426,985	444,666	438,345
Street lighting	418,800	401,403	410,456
Traffic services	184,079	168,704	180,551
Other transportation services	107,591	114,991	80,887
Amortization of capital assets	2,017,871	2,017,870	1,983,833
Loss/(gain) on disposal	-	51,738	10,249
	<u>4,838,008</u>	<u>4,551,556</u>	<u>4,414,073</u>
Environmental health services			
Water supply and distribution	375,444	446,076	354,411
Water treatment plant	805,840	872,896	754,153
Sewage collection and disposal	482,560	495,130	451,825
Sewage treatment plant	108,243	80,920	95,448
Garbage and waste collection and disposal	807,575	779,823	675,692
Amortization of capital assets	1,003,929	1,003,930	972,234
	<u>3,583,591</u>	<u>3,678,775</u>	<u>3,303,563</u>
Regional planning and development			
Regional development			
Genomics project	-	214,983	358,830
Homelessness strategy	-	776,243	442,175
Forestry diversification	-	35,325	-
Targeted initiative for older workers	-	107,043	-
Community healthy living fund	-	15,225	6,175
Tourism and marketing	289,567	280,132	332,134
EXCITE centre	127,650	97,129	119,483
	<u>417,217</u>	<u>1,528,080</u>	<u>1,258,597</u>
Recreation and cultural services			
Recreation administration	385,241	387,729	410,835
Development and programs	213,000	177,364	167,892
Community grants	178,400	185,232	188,247
Stadiums			
Joe Byrne Memorial	280,048	257,204	246,602
Windsor	217,387	161,791	200,589
Parks and playgrounds	633,332	713,789	679,407
Salmon festival (net)	50,000	60,006	680,167
	<u>1,955,388</u>	<u>1,943,115</u>	<u>2,573,739</u>
Fiscal Services			
Long-term debt interest	679,496	428,009	403,884
	<u>679,496</u>	<u>428,009</u>	<u>403,884</u>
Total Expenses	<u>\$ 19,805,557</u>	<u>\$ 20,463,384</u>	<u>\$ 19,752,628</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2016**

SCHEDULE 4

	<u>PROJECT</u>	<u>LOAN BALANCES</u>	
		<u>2016</u>	<u>2015</u>
NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION			
NMFC - GOVERNMENT LOANS			
7.75% payable over a period of fifteen years maturing in 2016	Water Treatment	-	17,667
7.25% payable over a period of fifteen years maturing in 2016	Water and Sewer	-	3,099
7.375% payable over a period of fifteen years maturing in 2017	Water and Sewer	5,182	15,000
6.75% payable over a period of fifteen years maturing in 2018	Water and Sewer	12,074	22,909
6.75% payable over a period of fifteen years maturing in 2018	Water and Sewer	14,199	19,480
TOTAL NMFC - GOVERNMENT		<u>31,455</u>	<u>78,155</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2016**

SCHEDULE 4

	<u>PROJECT</u>	<u>LOAN BALANCES</u>	
		<u>2016</u>	<u>2015</u>
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 2008	28,641	139,566
Interest rate at prime payable over a period of ten years maturing in 2017	Multi-year 2007	40,882	81,783
Interest rate at prime payable over a period of ten years maturing in 2020	Multi-year 2009	231,752	289,690
Interest rate of 3.17% payable over a period of seven years maturing in 2019	Capital 2011	258,670	350,178
Interest rate of 4.50% payable over a period of fifteen years maturing in 2027	Multi-year 2011	745,849	803,033
Interest rate of 4.40% payable over a period of ten years maturing in 2022	Water treatment plant 2011	146,734	171,486
Interest rate of 3.39% payable over a period of ten years maturing in 2022	Capital 2012	913,594	1,048,621
Interest rate of 3.63% payable over a period of fifteen years maturing in 2027	Roads 2012	940,810	1,009,172
Interest rate at prime over a period of fifteen years maturing in 2029	Maloney development 2013	916,118	991,416
Interest rate of 3.34% over a period of fifteen years maturing in 2030	Maloney development 2014	1,370,816	1,450,096
Interest rate at 3.55% payable over a period of ten years maturing in 2024	Capital 2013	482,333	538,196
Interest rate at 2.42% payable over a period of five years maturing in 2020	Capital 2014	315,441	412,799
Interest rate at 3.20% payable over a period of fifteen years maturing in 2030	Multi-year 2014	1,549,235	1,643,105

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2016**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2016	2015
Interest rate at 3.57% payable over a period of fifteen years maturing in 2031	Multi-year 2015	2,173,458	1,500,000
Interest rate at 2.98% payable over a period of ten years maturing in 2026	Vacuum Truck 2015	409,576	-
Interest rate of 3.15% payable over a period of ten years maturing in 2026	Multi-year 2016	500,000	-
TOTAL CIBC - TOWN		<u>11,023,909</u>	<u>10,429,123</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	\$ 118,183	\$ 191,938
Interest rate of 3.25% payable over a period of fifteen years maturing in 2019	Multi-year 2003	380,564	524,408
Interest rate of 2.92% payable over a period of fifteen years maturing in 2019	Multi-year 2004	328,366	431,827
Interest rate of 2.90% payable over a period of fifteen years maturing in 2021	Multi-year 2004	132,923	163,065
Interest rate of 4.98% payable over a period of fifteen years maturing in 2021	Multi-year 2005	209,448	245,500
TOTAL CIBC - GOVERNMENT		<u>1,169,481</u>	<u>1,556,538</u>
TOTAL C.I.B.C.		<u>\$ 12,193,390</u>	<u>\$ 11,985,659</u>
LONG TERM DEBT			
Newfoundland Municipal Financing Corporation (Page 22)		\$ 31,455	\$ 78,155
Canadian Imperial Bank of Commerce (Page 23)		12,193,390	11,985,659
		<u>12,224,845</u>	<u>12,063,814</u>
Less: Current portion of long term debt		(1,497,792)	(1,492,582)
		<u>\$ 10,727,053</u>	<u>\$ 10,571,232</u>
SHARE OF TOTAL DEBT			
Municipal share		\$ 11,023,909	\$ 10,429,123
Provincial share		1,200,936	1,634,691
		<u>\$ 12,224,845</u>	<u>\$ 12,063,814</u>

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

2017 - \$1,497,792; 2018 - \$1,464,548; 2019 - \$1,351,835; 2020 - \$1,119,117; 2021 - \$976,883

TOWN OF GRAND FALLS-WINDSOR
 RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
 Year Ended December 31, 2016

SCHEDULE 5

	Financial Plan	Amortization (TCA)	Principal Expense	Capital Grants	Pension Accruals	PSAB Budget
REVENUE						
Taxation	\$ 14,785,479	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,785,479
Grants in lieu of taxes	892,523					892,523
Sales of goods and services	674,111	0	0	0	0	674,111
Other revenue from own sources	490,609					490,609
Grants and transfers	1,183,948	0	0	3,732,369	0	4,916,307
Total revenue	\$ 18,026,670	\$ 0	\$ 0	\$ 3,732,369	\$ 0	\$ 21,759,029
EXPENSES						
General government services	\$ 6,906,729	\$ 1,622,814	\$ 0	\$ 0	21,700	\$ 7,551,243
Protective services	880,816	0	0	0	0	880,816
Transportation services	2,851,947	2,017,870	(31,811)	0	0	4,838,006
Environmental health services	2,679,861	1,003,930	0	0	0	3,583,591
Regional planning and development	417,217	0	0	0	0	417,217
Recreation and cultural services	1,955,388	0	0	0	0	1,955,388
Fiscal services:						
Capital expenditures	1,348,053	(1,348,053)		0	0	0
Debt charges	2,187,059	0	(1,507,583)	0	0	679,486
Total expenses	\$ 18,026,670	\$ 3,298,661	\$ (1,539,374)	\$ 0	\$ 21,700	\$ 19,905,657
Surplus (Deficit)	\$ 0	\$ (3,298,661)	\$ 1,539,374	\$ 3,732,369	\$ (21,700)	\$ 1,953,472