

**TOWN OF GRAND FALLS-WINDSOR**

**AUDITOR'S REPORT**

**FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2017**

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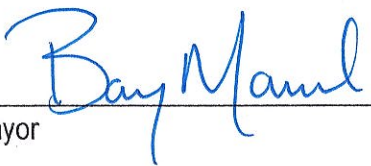
**STATEMENT OF RESPONSIBILITY**

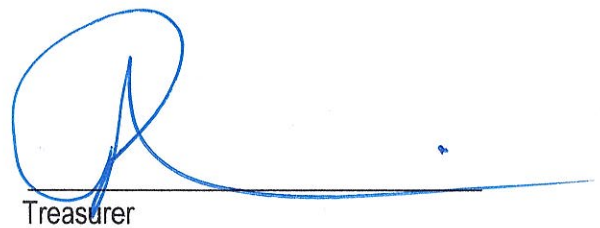
The accompanying Financial Statements are the responsibility of the management of the Town of Grand Falls-Windsor and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Institute of 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 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**

28 Hardy Ave, P.O. Box 673  
Grand Falls-Windsor, NL

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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, 2017 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**

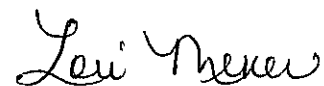
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements 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, 2017 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  
August 19, 2018



LORI K. MERCER  
Chartered Professional Accountant

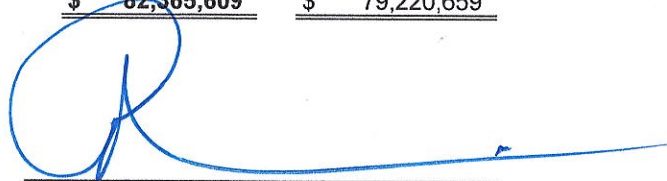
**TOWN OF GRAND FALLS-WINDSOR  
STATEMENT OF FINANCIAL POSITION  
As at December 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 5)	\$ 47,335	\$ 610,118
Amounts receivable (Note 6)		
Taxation and other	1,340,181	1,100,990
Due from government	3,215,216	3,259,866
Loans and advances	1,574	1,053
Land held for resale	454,286	455,006
	<u>\$ 5,058,592</u>	<u>\$ 5,427,033</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 5)	\$ 322,534	\$ 232,651
Accounts payable and accrued liabilities (Note 8)	1,880,056	2,278,420
Employee benefit obligations (Note 9)	1,370,222	1,241,098
Deferred revenue (Note 10)	864,233	252,594
Long-term debt (Note 11)		
Municipal share	10,250,462	11,023,909
Provincial share	779,990	1,200,936
Obligations under capital leases (Note 12)	0	2,722
Other liabilities	57,443	26,623
	<u>15,524,940</u>	<u>16,258,953</u>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<u>\$ (10,466,348)</u>	<u>\$ (10,831,920)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	\$ 92,631,338	\$ 89,863,359
Inventories for use (Note 7)	200,619	189,220
	<u>92,831,957</u>	<u>90,052,579</u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<u>\$ 82,365,609</u>	<u>\$ 79,220,659</u>

Approved on behalf of Council:



Mayor



Director of Finance

**TOWN OF GRAND FALLS-WINDSOR  
STATEMENT OF OPERATIONS  
Year Ended December 31, 2017**

	2017 Budget	2017 Actual	2016 Actual
<b>REVENUE</b>			
Taxation	\$ 15,005,958	\$ 14,942,997	\$ 14,708,902
Grants in lieu of taxes	878,741	786,357	883,534
Sales of goods and services	906,290	1,101,188	902,327
Other revenue from own sources	462,433	489,598	691,176
Grants and transfers	5,675,399	6,866,412	6,305,209
Other revenue	220,055	220,055	0
Total revenue (Schedules 2 and 5)	<u>23,148,876</u>	<u>24,406,607</u>	<u>23,491,148</u>
<b>EXPENSES</b>			
General government services	7,621,174	8,100,769	7,401,854
Protective services	973,170	965,441	933,995
Transportation services	4,715,055	4,785,356	4,551,556
Environmental health services	3,558,087	3,567,670	3,678,775
Regional planning and development	453,754	2,215,829	1,526,080
Recreation and cultural services	1,950,660	2,076,313	1,943,115
Fiscal services	534,187	414,636	428,009
Total expenses (Schedules 3 and 5)	<u>19,806,087</u>	<u>22,126,014</u>	<u>20,463,384</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER</b>	3,342,789	2,280,593	3,027,764
<b>OTHER (Note 17)</b>			
Donated/Contributed tangible capital assets	<u>0</u>	<u>864,357</u>	
<b>ANNUAL SURPLUS (DEFICIT)</b>	3,342,789	3,144,950	3,027,764
<b>ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<u>79,220,659</u>	<u>79,220,659</u>	<u>76,192,895</u>
<b>ACCUMULATED SURPLUS (DEFICIT), END OF YEAR</b>	<u>\$ 82,563,448</u>	<u>\$ 82,365,609</u>	<u>\$ 79,220,659</u>

**TOWN OF GRAND FALLS-WINDSOR  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)  
Year Ended December 31, 2017**

	<u>2017 Actual</u>	<u>2016 Actual</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 3,144,950</b>	<b>\$ 3,027,764</b>
Acquisition of tangible capital assets	(6,975,860)	(7,043,534)
Donated/contributed tangible capital assets	(864,357)	0
Amortization of tangible capital assets	4,930,485	4,644,614
Loss (Gain) on disposal of tangible capital assets	141,752	51,738
Decrease (increase) in inventories	(11,398)	3,573
	<u>(2,779,378)</u>	<u>(2,343,609)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>365,572</b>	<b>684,155</b>
<b>NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR</b>	<b><u>(10,831,920)</u></b>	<b><u>(11,516,075)</u></b>
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	<b><u>\$ (10,466,348)</u></b>	<b><u>\$ (10,831,920)</u></b>

**TOWN OF GRAND FALLS-WINDSOR  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus (deficit)	\$ 3,144,950	\$ 3,027,764
Changes in non-cash items:		
Amounts receivable	(194,541)	(223,085)
Inventories	(11,399)	3,573
Accounts payable and accrued liabilities	(367,544)	(1,141,805)
Employee benefit obligations	129,124	89,924
Deferred revenue	611,639	93,852
Loss on disposal of TCA	141,752	51,738
Tangible capital assets received as donations/contributions	(864,357)	0
Amortization	<u>4,930,485</u>	<u>4,644,614</u>
Cash provided by operating transactions	<u>7,520,109</u>	<u>6,546,575</u>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	<u>(6,975,860)</u>	<u>(7,043,534)</u>
<b>INVESTING TRANSACTIONS</b>		
Proceeds on sale of land for resale	720	767
Loans and advances repaid	1,054	3,494
Loans and advances issued	<u>(1,574)</u>	<u>(1,053)</u>
Cash applied to investing transactions	<u>200</u>	<u>3,208</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of long-term debt	350,000	1,668,594
Debt repayment	(1,544,393)	(1,507,563)
Repayment of obligation under capital lease	<u>(2,722)</u>	<u>(31,811)</u>
Cash applied to financing transactions	<u>(1,197,115)</u>	<u>129,220</u>
<b>INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS</b>	<b>(652,666)</b>	<b>(364,531)</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u>377,467</u>	<u>741,998</u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<u>\$ (275,199)</u>	<u>\$ 377,467</u>
	<u>2017</u>	<u>2016</u>
<b>CASH AND TEMPORARY INVESTMENTS IS COMPRISED OF:</b>		
Cash and temporary investments (Note 5)	\$ 47,335	\$ 610,118
Less: Bank indebtedness (Note 5)	<u>(322,534)</u>	<u>(232,651)</u>
	<u>\$ (275,199)</u>	<u>\$ 377,467</u>



**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2017**

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**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.

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**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, 2017 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, 2017**

**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, 2017**

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**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.

**Sick leave**

Sick leave is accounted for on an accrual basis and the cost is calculated based on number of days accumulated at the daily rate for each employee. The amount is payable when the employee uses a sick day, or immediately after the close of each calendar year at the employee's request.

**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 (10.9 years as at December 31, 2017; 11.6 years as at 2016).

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.

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2017**

**p) Deferred Revenue**

Deferred Revenue represents 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.

**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:

	2017	2016
Cash - Gas Tax Funding	\$ 47,335	\$ 610,118
Cash - General Operations	(322,534)	(232,651)
	<u>\$ (275,199)</u>	<u>\$ 377,467</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 2017 was 3.20% (2016 = 2.70%).

**6. Amounts Receivable**

	2017	2016
Taxation		
Property tax	\$ 440,763	\$ 403,108
Water and sewer tax	371,578	343,992
Business tax	114,358	114,573
Poll tax	84,732	81,717
Local improvement assessment	6,904	7,800
	<u>1,018,335</u>	<u>951,190</u>
Other receivables	<u>708,203</u>	<u>536,392</u>
Sub-total	1,726,538	1,487,582
Less: allowances for doubtful amounts	(386,357)	(386,592)
Total taxation and other receivables	<u>1,340,181</u>	<u>1,100,990</u>
Due from governments		
Capital grants	2,353,923	1,792,426
Gas tax funds	290,715	870,159
Other government grants	71,351	288,380
HST rebate and input tax credits	422,591	235,628
Gasoline/diesel rebate	76,636	73,273
	<u>3,215,216</u>	<u>3,259,866</u>
	<u>\$ 4,555,397</u>	<u>\$ 4,360,856</u>

Arrears of taxation revenue increase from \$951,190 in 2016 to \$1,018,335 in 2017. Of this amount, \$502,619 has been outstanding for one year or longer.

Collections in 2017 on taxes and rates amounted to 99.55% of the amounts levied in 2017. (2016-99.25%).

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2017**

**7. Inventories for use**

	<u>2017</u>	<u>2016</u>
Parts and supplies	\$ 56,804	\$ 56,804
Road salt	112,652	91,085
Water treatment chemicals	<u>31,163</u>	<u>41,331</u>
	<u>\$ 200,619</u>	<u>\$ 189,220</u>

**8. Accounts Payable and Accrued Liabilities**

	<u>2017</u>	<u>2016</u>
Trade	\$ 1,535,424	\$ 1,756,701
Payroll benefits	146,953	152,168
Accrued interest	18,641	19,205
Deposits	157,353	44,131
Insurance claims	22,000	22,000
Gas tax - federal	0	290,715
HST collections	(315)	(6,500)
	<u>\$ 1,880,056</u>	<u>\$ 2,278,420</u>

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2017**

**9. Employee Benefit Obligations**

	<u>2017</u>	<u>2016</u>
Accrued severance benefit	\$ 212,400	\$ 195,751
Accrued vacation benefit	208,357	235,839
Accrued sick days	254,863	0
Accrued payroll - 1% cpi/retro	30,602	61,108
Accrued pension benefit	664,000	748,400
	<u>\$ 1,370,222</u>	<u>\$ 1,241,098</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 2017 was \$17,181 (2016 - \$36,289).

**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 2017 was \$50,588 (2016 - \$30,579).

**Sick leave**

Unused sick leave can accumulate up to a maximum of 48 days. The cost of the benefit is accrued and is calculated based on the number of days and the employee's daily rate of the previous year. Sick leave expense recorded in 2017 was \$351,090 (2016 - \$98,349).

**Pension benefit**

**Defined Contribution**

There were 105 active members in this plan as of December 31, 2017. 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 2017 was \$279,043 (2016 - \$246,866).

**Defined Benefit**

There were 15 active members, 2 deferred vested and inactive member, and 20 pensioners and beneficiaries participating in this plan as of December 31, 2017. 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, 2017, the Town's unfunded liability is \$1,394,600 (2016 - \$2,214,100).

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2017**

**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, 2016 and extrapolated to December 31, 2017.

**Accrued Pension Liability**

	2017	2016
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued benefit obligation-opening	\$ 10,396,800	\$ 9,881,900
Current service cost	293,000	292,200
Impact of substantive commitment	0	0
Interest on obligation	483,900	466,900
Benefits paid	(409,200)	(396,100)
Loss(gain) on accrued benefit obligation	(143,900)	151,900
Accrued benefit obligation-closing	<u>\$ 10,620,600</u>	<u>\$ 10,396,800</u>
<b>Reconciliation of Pension Plan Assets</b>		
Market value of plan assets - opening	\$ 8,425,000	\$ 7,900,800
Contributions - Town	558,600	435,600
Contributions - employee required	65,000	75,100
Return on plan assets net of expenses	681,300	409,600
Benefits paid	(409,200)	(396,100)
Plan assets - closing	<u>\$ 9,320,700</u>	<u>\$ 8,425,000</u>
Funded status - deficit	\$ (1,299,900)	\$ (1,971,800)
Net unamortized actuarial gains and losses	635,900	1,223,400
<b>Accrued Pension Liability</b>	<u><u>\$ (664,000)</u></u>	<u><u>\$ (748,400)</u></u>
<b>Expense Related to Retirement Benefits</b>		
<b>Retirement Benefits Expense</b>		
Current period benefit cost	\$ 293,000	\$ 292,200
Impact of plan amendment	0	0
Amortization of actuarial losses (gains)	161,600	151,300
	<u>454,600</u>	<u>443,500</u>
Less: employee contributions	(65,000)	(75,100)
Retirement benefits expense	<u>389,600</u>	<u>368,400</u>
<b>Retirement Benefits Interest Expense</b>		
Interest on average accrued benefit obligation	483,900	466,900
Interest on average pension fund assets	(399,300)	(378,000)
Retirement benefits interest expense	<u>84,600</u>	<u>88,900</u>
<b>Total Expense Related to Retirement Benefits</b>	<u><u>\$ 474,200</u></u>	<u><u>\$ 457,300</u></u>
<b>Reconciliation of Accrued Pension Liability(Asset)</b>		
Accrued pension liability(asset) recorded-opening balance	\$ 748,400	\$ 726,700
Total retirement benefit expense	474,200	457,300
Contributions - Town	(558,600)	(435,600)
Accrued Pension Liability(Asset) Recorded-Ending Balance	<u><u>\$ 664,000</u></u>	<u><u>\$ 748,400</u></u>

**Actuarial Assumptions**

Discount rate:	5.00%
Salary growth:	3.25%
Retirement age:	67% at earliest date eligible for unreduced retirement and the remainder at age 65.
EARSL:	10.9 years

**TOWN OF GRAND FALLS-WINDSOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2017**

**10 Deferred Revenue**

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

	<u>2017</u>	<u>2016</u>
Federal gas tax revenue	\$ 338,050	\$ 0
Conservation Centre funds	54,945	150,000
Homelessness	365,000	
Cranberry industry development funds	40,683	40,683
Ski-trail funds	46,183	4,208
Other	19,372	57,703
	<u>\$ 864,233</u>	<u>\$ 252,594</u>

**11. Long Term Debt (Schedule 4)**

	<b>Loan Balances</b>	
	<u>2017</u>	<u>2016</u>
Newfoundland Municipal Financing Corporation	\$ 9,050	\$ 31,455
Canadian Imperial Bank of Commerce	11,021,402	12,193,390
	<u>\$ 11,030,452</u>	<u>\$ 12,224,845</u>
<b>Share of total debt</b>		
Town of Grand Falls-Windsor	\$ 10,250,462	\$ 11,023,909
Government of Newfoundland and Labrador	779,990	1,200,936
	<u>\$ 11,030,452</u>	<u>\$ 12,224,845</u>

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

	<u>Town</u>	<u>Government</u>	<u>2017</u>	<u>2016</u>
2017	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,497,792
2018	1,166,361	381,005	1,547,366	1,464,548
2019	1,180,575	262,749	1,443,324	1,351,835
2020	1,047,163	74,496	1,121,659	1,119,117
2021	1,010,658	61,741	1,072,399	976,883
2022	1,015,053	0	1,015,053	0
	<u>\$ 5,419,810</u>	<u>\$ 779,991</u>	<u>\$ 6,199,801</u>	<u>\$ 6,410,175</u>



**TOWN OF GRAND FALLS-WINDSOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2017**

**12 Obligations 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:

	<u>2017</u>	<u>2016</u>
2017	\$ 0	\$ 2,722
Total minimum principal lease payments	<u>\$ 0</u>	<u>\$ 2,722</u>

**13. Contingencies/Commitments**

**Loan Guarantees**

As of December 31, 2017, the Town has guaranteed the following bank loan:

<u>Organization</u>	<u>Limited</u>	<u>Outstanding Balance</u>	
		<u>2017</u>	<u>2016</u>
Grand Falls Golf Club	350,000	\$ 160,398	\$ 160,532

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.

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2017**

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**16. 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.

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**17. Donated/Contributed tangible capital assets**

In 2017, the Town of Grand Falls-Windsor added segments of Griffin Street and McCarthy St. to its tangible capital asset inventory. These costs were derived from consultations with external consultant and Town's engineering staff. These assets will be amortized as per the Town's Tangible Capital Asset Policy.

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**SCHEDULE 1**

**TOWN OF GRAND FALLS-WINDSOR  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
Year Ended December 31, 2017**

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	2017	2016
Opening costs	\$ 9,310,143	\$ 19,252,918	\$ 13,090,565	\$ 1,501,546	\$ 61,414,501	\$ 53,075,088	\$ 3,652,805	\$ 161,297,566	\$ 155,794,909
Additions during the year	118,560	46,733	636,868	1,235,517	2,385,221	2,534,332	882,966	7,840,217	7,043,534
Transfers	20,848	151,259	0	(172,107)	861,456	769,771	(1,631,227)	0	0
Disposals and write downs	0	0	(323,066)	0	(1,617,961)	(574,596)	0	(2,515,623)	(1,540,877)
Balance, end of year	\$ 9,449,571	\$ 19,450,910	\$ 13,404,367	\$ 2,564,956	\$ 63,043,217	\$ 55,804,595	\$ 2,904,544	\$ 166,622,160	\$ 161,297,566
<b>Accumulated Amortization</b>									
Opening accumulated amortization	\$ 2,309,678	\$ 7,723,128	\$ 8,041,787	\$ 0	\$ 29,859,708	\$ 23,499,906	0.00	\$ 71,434,207	\$ 68,278,733
Amortization	302,660	667,950	825,299	0.00	2,112,733	1,021,843	0.00	4,930,485	4,644,614
Disposals and write downs	0	0	(315,185)	0.00	(1,484,089)	(574,596)	0.00	(2,373,870)	(1,489,140)
Balance, end of year	\$ 2,612,338	\$ 8,391,078	\$ 8,551,901	\$ 0	\$ 30,486,352	\$ 23,947,153	\$ 0	\$ 73,990,822	\$ 71,434,207
<b>Net book value, end of year</b>	<b>6,837,233</b>	<b>11,059,832</b>	<b>4,852,466</b>	<b>2,564,956</b>	<b>32,554,865</b>	<b>31,857,442</b>	<b>2,904,544</b>	<b>92,631,338</b>	<b>89,863,359</b>
Net book value, beginning 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
Change in net book value	(163,232)	(469,958)	(196,312)	1,063,410	1,000,072	2,282,260	(748,261)	2,767,979	2,347,182

**TOWN OF GRAND FALLS-WINDSOR  
SCHEDULE OF REVENUES  
Year Ended December 31, 2017**

**SCHEDULE 2**

	2017 Budget	2017 Actual	2016 Actual
<b>Taxation</b>			
Property tax	\$ 9,096,503	9,045,692	8,896,051
Water and sewer tax	4,165,000	4,150,209	4,139,565
Business tax	1,744,455	1,746,723	1,671,181
Poll tax	0	373	2,105
	<u>15,005,958</u>	<u>14,942,997</u>	<u>14,708,902</u>
<b>Grants in lieu of taxes</b>			
Federal properties and crown corporations	51,550	51,550	51,550
Municipal Utility(Sales)	827,191	734,807	831,984
	<u>878,741</u>	<u>786,357</u>	<u>883,534</u>
<b>Sales of goods and services</b>			
Joe Byrne Stadium	134,700	129,728	86,387
Windsor Stadium	188,100	197,830	196,222
Recreation, parks, tourism	66,100	205,205	45,318
Animal and pest control fees	2,000	4,050	2,309
Land sales/lease	180,000	217,224	219,724
Water supply	335,390	347,151	352,367
	<u>906,290</u>	<u>1,101,188</u>	<u>902,327</u>
<b>Other revenue from own sources</b>			
Licences and permits	75,000	79,667	77,602
Fines	41,500	34,739	39,534
Interest on overdue accounts	75,000	83,925	74,118
Interest income	35,000	40,155	36,739
Tax certificates	45,000	38,700	47,700
EXCITE Centre	145,933	147,974	146,152
HPS-project management	0	18,439	12,411
Other revenue from own sources	45,000	45,999	256,920
	<u>462,433</u>	<u>489,598</u>	<u>691,176</u>
<b>Grants and transfers</b>			
Government of Canada			
Capital grant	2,136,975	2,136,975	381,760
Gax tax revenue	581,430	0	804,093
Homelessness strategy		1,247,948	776,243
Genomics project - ACOA		416,460	196,628
Targeted Initiative for older workers		26,307	107,043
Other federal grants	40,500	22,235	41,665
Government of Newfoundland and Labrador			
Municipal capital grant	2,336,414	2,336,414	3,350,599
Provincial gas tax revenue	118,563	118,563	88,923
Debt charge grants	461,517	461,517	489,349
Other provincial grants	0	21,175	35,325
Community healthy living fund	0	0	15,225
Genomics project - INTRD	0	78,818	18,356
	<u>5,675,399</u>	<u>6,866,412</u>	<u>6,305,209</u>
<b>Other revenue</b>			
Other contributions	220,055	220,055	0
Donated/Contributed tangible capital assets	0	864,357	0
	<u>220,055</u>	<u>1,084,412</u>	<u>0</u>
<b>Total Revenue</b>	<u>\$ 23,148,876</u>	<u>\$ 25,270,964</u>	<u>\$ 23,491,148</u>

TOWN OF GRAND FALLS-WINDSOR  
 SCHEDULE OF EXPENSES  
 Year Ended December 31, 2017

SCHEDULE 3

	2017 Budget	2017 Actual	2016 Actual
<b>General government services</b>			
Council	\$ 317,694	\$ 293,976	\$ 289,753
General administrative	1,211,423	1,225,515	1,280,408
Engineering & works administrative	1,023,134	1,101,896	1,083,322
Employee benefits	2,105,736	2,446,285	2,032,554
Provision for uncollectible taxes, fees and charges	20,000	(891)	25,625
Discounts and rebates	184,800	178,251	172,226
Municipal election	29,000	19,808	17,580
Property assessment services	174,412	174,727	174,792
General insurance	162,000	168,214	131,874
General maintenance	597,066	689,198	570,906
Amortization of capital assets	1,795,909	1,795,909	1,622,814
Loss/(gain) on disposal	0	7,881	0
	<u>7,621,174</u>	<u>8,100,769</u>	<u>7,401,854</u>
<b>Protective services</b>			
Fire protection	278,073	292,434	286,262
Emergency preparedness and response	286,915	258,775	243,941
Municipal enforcement	267,539	268,408	261,324
Other protective services and inspections	140,643	145,824	142,468
	<u>973,170</u>	<u>965,441</u>	<u>933,995</u>
<b>Transportation services</b>			
Vehicle and fleet maintenance	1,005,654	1,018,122	1,013,486
Road transport			
Road, street, sidewalk maintenance	473,463	373,385	338,698
Snow removal	422,095	517,368	444,666
Street lighting	412,200	389,981	401,403
Traffic services	183,969	128,028	168,704
Other transportation services	104,941	111,868	114,991
Amortization of capital assets	2,112,733	2,112,733	2,017,870
Loss/(gain) on disposal	0	133,871	51,738
	<u>4,715,055</u>	<u>4,785,356</u>	<u>4,551,556</u>
<b>Environmental health services</b>			
Water supply and distribution	402,857	440,309	446,076
Water treatment plant	783,449	805,602	872,896
Sewage collection and disposal	467,489	434,910	495,130
Sewage treatment plant	103,310	96,633	80,920
Garbage and waste collection and disposal	779,139	768,373	779,823
Amortization of capital assets	1,021,843	1,021,843	1,003,930
	<u>3,558,087</u>	<u>3,567,670</u>	<u>3,678,775</u>
<b>Regional planning and development</b>			
Regional development			
Genomics project	0	495,278	214,983
Homelessness strategy	0	1,247,948	776,243
Forestry diversification	0	21,175	35,325
Targeted initiative for older workers	0	26,307	107,043
Community healthy living fund	0	0	15,225
Tourism and marketing	316,754	304,579	280,132
EXCITE centre	137,000	120,542	97,129
	<u>453,754</u>	<u>2,215,829</u>	<u>1,526,080</u>
<b>Recreation and cultural services</b>			
Recreation administration	377,753	383,302	387,729
Development and programs	199,700	300,444	177,364
Community grants	170,500	204,404	185,232
Stadiums			
Joe Byrne Memorial	263,664	229,851	257,204
Windsor	221,184	206,077	161,791
Parks and playgrounds	667,859	703,240	713,789
Festivals (net)	50,000	48,995	60,006
	<u>1,950,660</u>	<u>2,076,313</u>	<u>1,943,115</u>
<b>Fiscal Services</b>			
Long-term debt interest	534,187	414,636	428,009
	<u>534,187</u>	<u>414,636</u>	<u>428,009</u>
<b>Total Expenses</b>	<u>\$ 19,806,087</u>	<u>\$ 22,126,014</u>	<u>\$ 20,463,384</u>

**TOWN OF GRAND FALLS-WINDSOR  
LONG-TERM DEBT  
As at December 31, 2017**

**SCHEDULE 4**

	PROJECT	LOAN BALANCES	
		2017	2016
<b>NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION</b>			
<b>NMFC - GOVERNMENT LOANS</b>			
7.375% payable over a period of fifteen years maturing in 2017	Water and Sewer	\$ 0	\$ 5,182
6.75% payable over a period of fifteen years maturing in 2018	Water and Sewer	4,159	12,074
6.75% payable over a period of fifteen years maturing in 2018	Water and Sewer	4,891	14,199
<b>TOTAL NMFC - GOVERNMENT</b>		<u>9,050</u>	<u>31,455</u>
<b>CANADIAN IMPERIAL BANK OF COMMERCE</b>			
<b>C.I.B.C. GOVERNMENT LOANS</b>			
Interest rate of 5.34% payable over a period of fifteen years maturing in 2018	Multi-year 2002	\$ 40,437	\$ 118,183
Interest rate of 3.25% payable over a period of fifteen years maturing in 2019	Multi-year 2003	232,008	380,564
Interest rate of 2.92% payable over a period of fifteen years maturing in 2019	Multi-year 2004	222,068	328,366
Interest rate of 2.90% payable over a period of fifteen years maturing in 2021	Multi-year 2004	104,854	132,923
Interest rate of 4.98% payable over a period of fifteen years maturing in 2021	Multi-year 2005	171,573	209,445
<b>TOTAL CIBC - GOVERNMENT</b>		<u>770,940</u>	<u>1,169,481</u>

**TOWN OF GRAND FALLS-WINDSOR  
LONG-TERM DEBT  
As at December 31, 2017**

**SCHEDULE 4**

CIBC - TOWN LOANS	PROJECT	LOAN BALANCES	
		2017	2016
Interest rate of 5.19% payable over a period of ten years maturing in 2017	Multi-year 2006	\$ 0	\$ 28,641
Interest rate at prime payable over a period of ten years maturing in 2017	Multi-year 2007	0	40,882
Interest rate at prime payable over a period of ten years maturing in 2020	Multi-year 2009	173,814	231,752
Interest rate of 3.17% payable over a period of seven years maturing in 2019	Capital 2011	164,218	258,670
Interest rate of 4.50% payable over a period of fifteen years maturing in 2027	Multi-year 2011	686,037	745,849
Interest rate of 4.40% payable over a period of ten years maturing in 2022	Water treatment plant 2011	120,871	146,734
Interest rate of 3.39% payable over a period of ten years maturing in 2022	Capital 2012	773,918	913,594
Interest rate of 3.63% payable over a period of fifteen years maturing in 2027	Roads 2012	869,925	940,810
Interest rate at prime over a period of fifteen years maturing in 2029	Maloney development 2013	840,821	916,118
Interest rate of 3.34% over a period of fifteen years maturing in 2030	Maloney development 2014	1,289,070	1,370,816
Interest rate at 3.55% payable over a period of ten years maturing in 2024	Capital 2013	424,454	482,333
Interest rate at 2.42% payable over a period of five years maturing in 2020	Capital 2014	215,701	315,441
Interest rate at 3.20% payable over a period of fifteen years maturing in 2030	Multi-year 2014	1,452,316	1,549,235

**TOWN OF GRAND FALLS-WINDSOR  
LONG-TERM DEBT  
As at December 31, 2017**

**SCHEDULE 4**

	PROJECT	LOAN BALANCES	
		2017	2016
<b>CIBC - TOWN LOANS (continued)</b>			
Interest rate at 3.57% payable over a period of fifteen years maturing in 2031	Multi-year 2015	2,055,180	2,173,458
Interest rate at 2.98% payable over a period of ten years maturing in 2026	Vacuum Truck 2015	372,825	409,576
Interest rate of 3.15% payable over a period of ten years maturing in 2026	Multi-year 2016	811,312	500,000
<b>TOTAL CIBC - TOWN</b>		<u>10,252,479</u>	<u>11,025,925</u>
<b>TOTAL C.I.B.C.</b>		<u>\$ 11,023,419</u>	<u>\$ 12,195,406</u>
<b>LONG TERM DEBT</b>			
Newfoundland Municipal Financing Corporation (Page 22)		\$ 9,050	\$ 31,455
Canadian Imperial Bank of Commerce (Page 23)		11,023,419	12,195,406
		11,032,469	12,226,861
Less: Current portion of long term debt		(1,547,366)	(1,547,366)
		<u>\$ 9,485,103</u>	<u>\$ 10,679,495</u>
<b>SHARE OF TOTAL DEBT</b>			
Municipal share		\$ 10,252,479	\$ 11,025,925
Provincial share		779,990	1,200,936
		<u>\$ 11,032,469</u>	<u>\$ 12,226,861</u>

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

2018 - \$1,547,366; 2019 - \$1,443,324; 2020 - \$1,121,659; 2021 - \$1,072,399; 2022 - \$1,015,053



SCHEDULE 5

TOWN OF GRAND FALLS-WINDSOR  
 RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET  
 Year Ended December 31, 2017

	Financial Plan	Amortization (TCA)	Principal Expense	Capital Grants	Pension Accruals	PSAB Budget
<b>REVENUE</b>						
Taxation	\$ 15,005,958	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,005,958
Grants in lieu of taxes	878,741					878,741
Sales of goods and services	906,290	0	0	0	0	906,290
Other revenue from own sources	462,433					462,433
Grants and transfers	1,202,010	0	0	4,473,389	0	5,675,399
Other revenue	0	0	0	220,055	0	220,055
Transfers from accumulated surplus	0	0	0	0	0	0
Transfers from reserves	0	0	0	0	0	0
<b>Total revenue</b>	<b>\$ 18,455,432</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,693,444</b>	<b>\$ 0</b>	<b>\$ 23,148,876</b>
<b>EXPENSES</b>						
General government services	\$ 5,909,665	\$ 1,795,909	\$ 0	\$ 0	\$ (84,400)	\$ 7,621,174
Protective services	973,170	0	0	0	0	973,170
Transportation services	2,605,043	2,112,733	(2,721)	0	0	4,715,055
Environmental health services	2,536,244	1,021,843	0	0	0	3,558,087
Regional planning and development	453,754	0	0	0	0	453,754
Recreation and cultural services	1,950,660	0	0	0	0	1,950,660
Fiscal services:						
Capital expenditures	1,948,316	(1,948,316)		0	0	0
Debt charges	2,078,580	0	(1,544,393)	0	0	534,187
<b>Total expenses</b>	<b>\$ 18,455,432</b>	<b>\$ 2,982,169</b>	<b>\$ (1,547,114)</b>	<b>\$ 0</b>	<b>\$ (84,400)</b>	<b>\$ 19,806,087</b>
<b>Surplus (Deficit)</b>	<b>\$ 0</b>	<b>\$ (2,982,169)</b>	<b>\$ 1,547,114</b>	<b>\$ 4,693,444</b>	<b>\$ 84,400</b>	<b>\$ 3,342,789</b>