

TOWN OF GRAND FALLS-WINDSOR

**Financial Statements
For the Year Ended December 31, 2018**

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 Canadian Institute of Chartered Accountants.

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

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

Lori K. Mercer, Chartered Accountant as the Municipality's appointed external auditor, have audited the Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider 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.

Barry Manuel
Mayor

Steve Gosse, CPA, CA
Director of Corporate Services

INDEPENDENT AUDITOR'S REPORT

To the Mayor and members of Council of the
TOWN OF GRAND FALLS-WINDSOR

We have audited the accompanying financial statements for the Town of Grand Falls-Windsor, which is comprised of the Statement of Financial Position, the Statement of Operations, the Statement of Change in Net Financial Assets, the Statement of Cash Flows, a summary of the significant accounting policies and other explanatory information for the year ended, December 31, 2018.

Municipality'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 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 excuted 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 our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we 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 we have obtained is sufficient and appropriate to provide a basis for our 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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with the standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

Grand Falls-Windsor, NL

Lori K. Mercer, CPA, CA

TOWN OF GRAND FALLS-WINDSOR
Financial Statements
For the Year Ended December 31, 2018

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**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF FINANCIAL POSITION
As at December 31, 2018**

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 5)	\$ 541,952	\$ 47,335
Amounts receivable (Note 6)		
Taxation and other	1,327,671	1,340,181
Due from government	1,830,924	3,215,216
Loans and advances	4,294	1,574
Land held for resale	454,286	454,286
	<u>\$ 4,159,127</u>	<u>\$ 5,058,592</u>
LIABILITIES		
Bank indebtedness (Note 5)	\$ 206,744	\$ 322,534
Accounts payable and accrued liabilities (Note 8)	1,671,718	1,880,056
Employee benefit obligations (Note 9)	1,305,897	1,370,222
Deferred revenue (Note 10)	934,047	864,233
Long-term debt (Note 11)		
Municipal share	10,322,039	10,250,462
Provincial share	398,986	779,990
Other liabilities	12,600	57,443
	<u>14,852,031</u>	<u>15,524,940</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (10,692,904)</u>	<u>\$ (10,466,348)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 97,078,920	\$ 92,631,338
Inventories for use (Note 7)	204,610	200,619
	<u>97,283,530</u>	<u>92,831,957</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 86,590,626</u>	<u>\$ 82,365,609</u>

Approved on behalf of Council:

Mayor

Director of Finance

TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF OPERATIONS
Year Ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Taxation	\$ 15,112,905	\$ 15,115,772	\$ 14,942,997
Grants in lieu of taxes	786,356	768,879	786,357
Sales of goods and services	870,520	940,055	1,101,188
Other revenue from own sources	468,351	622,048	489,598
Grants and transfers	3,029,625	4,341,349	6,866,412
Other revenue	184,859	184,859	220,055
Total revenue (Schedules 2 and 5)	<u>20,452,616</u>	<u>21,972,962</u>	<u>24,406,607</u>
EXPENSES			
General government services	7,985,835	8,389,162	8,100,769
Protective services	1,008,523	943,534	965,441
Transportation services	4,751,564	4,898,620	4,785,356
Environmental health services	3,789,870	3,494,914	3,567,670
Regional planning and development	376,212	2,128,979	2,215,829
Recreation and cultural services	2,087,103	2,339,732	2,076,313
Fiscal services	455,553	406,504	414,636
Total expenses (Schedules 3 and 5)	<u>20,454,661</u>	<u>22,601,445</u>	<u>22,126,014</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	(2,045)	(628,483)	2,280,593
OTHER (Note 17)			
Donated/Contributed tangible capital assets	-	4,853,498	864,357
ANNUAL SURPLUS (DEFICIT)	(2,045)	4,225,015	3,144,950
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>82,365,609</u>	<u>82,365,609</u>	<u>79,220,659</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ 82,363,564</u>	<u>\$ 86,590,624</u>	<u>\$ 82,365,609</u>

TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
Year Ended December 31, 2018

	2018	2017
	Actual	Actual
ANNUAL SURPLUS (DEFICIT)	\$ 4,225,015	\$ 3,144,950
Acquisition of tangible capital assets	(4,789,322)	(6,975,860)
Donated/contributed tangible capital assets	(4,853,498)	(864,357)
Amortization of tangible capital assets	5,043,498	4,930,485
Loss on disposal of tangible capital assets	151,741	141,752
(Increase) decrease in inventories	(3,992)	(11,398)
	(4,451,573)	(2,779,378)
CHANGE IN NET FINANCIAL ASSETS	(226,558)	365,572
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	(10,466,348)	(10,831,920)
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	\$ (10,692,906)	\$ (10,466,348)

TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 4,225,015	\$ 3,144,950
Changes in non-cash items:		
Amounts receivable	1,396,802	(194,541)
Inventories	(3,992)	(11,399)
Accounts payable and accrued liabilities	(253,181)	(367,544)
Employee benefit obligations	(64,325)	129,124
Deferred revenue	69,814	611,639
Loss on disposal of TCA	151,741	141,752
Tangible capital assets received as donations/contributions	(4,853,498)	(864,357)
Amortization	5,043,498	4,930,485
Cash provided by operating transactions	<u>5,711,874</u>	<u>7,520,109</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(4,789,322)</u>	<u>(6,975,860)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of land for resale	-	720
Loans and advances repaid	1,574	1,054
Loans and advances issued	(4,294)	(1,574)
Cash (applied to) provided by investing transactions	<u>(2,720)</u>	<u>200</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	1,257,730	350,000
Debt repayment	(1,567,155)	(1,544,393)
Repayment of obligation under capital lease	-	(2,722)
Cash applied to financing transactions	<u>(309,425)</u>	<u>(1,197,115)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	610,407	(652,666)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>(275,199)</u>	<u>377,467</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 335,208</u>	<u>\$ (275,199)</u>
	<u>2018</u>	<u>2017</u>
CASH AND TEMPORARY INVESTMENTS IS COMPRISED OF:		
Cash and temporary investments (Note 5)	\$ 541,952	\$ 47,335
Less: Bank indebtedness (Note 5)	(206,744)	(322,534)
	<u>\$ 335,208</u>	<u>\$ (275,199)</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2018**

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, 2018 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, 2018**

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, 2018**

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.

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 (9.7 years as at December 31, 2018; 10.9 years as at 2017).

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, 2018

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>2018</u>	<u>2017</u>
Cash - Gas Tax Funding	\$ 541,952	\$ 47,335
Cash - General Operations	(206,744)	(322,534)
	<u>\$ 335,208</u>	<u>\$ (275,199)</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 2018 was 3.95% (2017 = 3.20%).

6. Amounts Receivable

	<u>2018</u>	<u>2017</u>
Taxation		
Property tax	\$ 590,848	\$ 440,763
Water and sewer tax	515,013	371,578
Business tax	129,640	114,358
Poll tax	83,982	84,732
Local improvement assessment	6,442	6,904
	<u>1,325,925</u>	<u>1,018,335</u>
Other receivables	<u>413,695</u>	<u>708,203</u>
Sub-total	1,739,620	1,726,538
Less: allowances for doubtful amounts	(411,949)	(386,357)
Total taxation and other receivables	<u>1,327,671</u>	<u>1,340,181</u>
Due from governments		
Capital grants	715,926	2,353,923
Gas tax funds	349,537	290,715
Other government grants	509,456	71,351
HST rebate and input tax credits	188,321	422,591
Gasoline/diesel rebate	67,684	76,636
	<u>1,830,924</u>	<u>3,215,216</u>
	<u>\$ 3,158,595</u>	<u>\$ 4,555,397</u>

Arrears of taxation revenue increase from \$1,018,335 in 2017 to \$1,325,924 in 2018. Of this amount, \$502,619 has been outstanding for one year or longer.

Collections amounted to 98.2% of the amounts levied in 2018. (2017-99.6%).

TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2018

7. Inventories for use

	<u>2018</u>	<u>2017</u>
Parts and supplies	\$ 56,804	\$ 56,804
Road salt	107,996	112,652
Water treatment chemicals	39,810	31,163
	<u>\$ 204,610</u>	<u>\$ 200,619</u>

8. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Trade	\$ 1,304,471	\$ 1,535,424
Payroll benefits	203,525	146,953
Accrued interest	15,511	18,641
Deposits	126,746	157,353
Insurance claims	22,000	22,000
Gas tax - federal	-	-
HST collections	(534)	(315)
	<u>\$ 1,671,718</u>	<u>\$ 1,880,056</u>

9. Employee Benefit Obligations

	<u>2018</u>	<u>2017</u>
Accrued severance benefit	\$ 259,241	\$ 212,400
Accrued vacation benefit	224,587	208,357
Accrued sick days	268,806	254,863
Accrued payroll - 1% cpi/retro	15,863	30,602
Accrued pension benefit	537,400	664,000
	<u>\$ 1,305,897</u>	<u>\$ 1,370,222</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 2018 was \$52,017 (2017 - \$17,181).

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 2018 was \$16,230 (2017 - \$50,588).

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 2018 was \$116,471 (2017 - \$351,090).

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2018**

9. Employee Benefit Obligations (continued)

Pension benefit

Defined Contribution

There were 105 active members in this plan as of December 31, 2018. Employees are required to contribute 7%. The Town is required to contribute an amount equal to the employees' required contributions. Pension expense for this plan in 2018 was \$319,113 (2017 - \$279,043).

Defined Benefit

There were 15 active members, 2 deferred vested and inactive members, and 20 pensioners and beneficiaries participating in this plan as of December 31, 2018. 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 (there was no actuarial valuation completed for 2018).

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2018**

**9. 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, 2017 and extrapolated to December 31, 2018.

Accrued Pension Liability

	<u>2018</u>	<u>2017</u>
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation-opening	\$ 10,620,600	\$ 10,396,800
Current service cost	261,700	293,000
Impact of substantive commitment	-	-
Interest on obligation	527,000	483,900
Benefits paid	(422,400)	(409,200)
Loss(gain) on accrued benefit obligation	(330,600)	(143,900)
Accrued benefit obligation-closing	<u>\$ 10,656,300</u>	<u>\$ 10,620,600</u>
Reconciliation of Pension Plan Assets		
Market value of plan assets - opening	\$ 9,320,700	\$ 8,425,000
Contributions - Town	508,100	558,600
Contributions - employee required	60,100	65,000
Return on plan assets net of expenses	(419,300)	681,300
Benefits paid	(422,400)	(409,200)
Plan assets - closing	<u>\$ 9,047,200</u>	<u>\$ 9,320,700</u>
Funded status - deficit	\$ (1,609,100)	\$ (1,299,900)
Net unamortized actuarial gains and losses	<u>1,071,700</u>	<u>635,900</u>
Accrued Pension Liability	<u>\$ (537,400)</u>	<u>\$ (664,000)</u>
Expense Related to Retirement Benefits		\$ (126,600)
Retirement Benefits Expense		
Current period benefit cost	\$ 261,700	\$ 293,000
Impact of plan amendment	-	-
Amortization of actuarial losses (gains)	122,600	161,600
	<u>384,300</u>	<u>454,600</u>
Less: employee contributions	(60,100)	(65,000)
Retirement benefits expense	<u>324,200</u>	<u>389,600</u>
Retirement Benefits Interest Expense		
Interest on average accrued benefit obligation	527,000	483,900
Interest on average pension fund assets	(469,700)	(399,300)
Retirement benefits interest expense	<u>57,300</u>	<u>84,600</u>
Total Expense Related to Retirement Benefits	<u>\$ 381,500</u>	<u>\$ 474,200</u>
Reconciliation of Accrued Pension Liability(Asset)		
Accrued pension liability(asset) recorded-opening balance	\$ 664,000	\$ 748,400
Total retirement benefit expense	381,500	474,200
Contributions - Town	(508,100)	(558,600)
Accrued Pension Liability(Asset) Recorded-Ending Balance	<u>\$ 537,400</u>	<u>\$ 664,000</u>

Actuarial Assumptions

Discount rate:	5.27%
Salary growth:	3.25%
Retirement age:	67% at earliest date eligible for unreduced retirement and the remainder at age 65.
EARSL:	9.7 years

TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2018

10. Deferred Revenue

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

	<u>2018</u>	<u>2017</u>
Federal gas tax revenue	\$ 780,813	\$ 338,050
Ski-trail funds	6,602	46,183
Other	146,632	19,372
Conservation Centre funds	-	54,945
Homelessness partnership	-	365,000
Cranberry industry development funds	-	40,683
	<u>\$ 934,047</u>	<u>\$ 864,233</u>

11. Long Term Debt (Schedule 4)

	Loan Balances	
	<u>2018</u>	<u>2017</u>
Newfoundland Municipal Financing Corporation	\$ -	\$ 9,050
Canadian Imperial Bank of Commerce	10,721,025	11,021,402
	<u>\$ 10,721,025</u>	<u>\$ 11,030,452</u>
Share of total debt		
Town of Grand Falls-Windsor	\$ 10,322,039	\$ 10,250,462
Government of Newfoundland and Labrador	398,986	779,990
	<u>\$ 10,721,025</u>	<u>\$ 11,030,452</u>

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

	<u>Town</u>	<u>Government</u>	<u>2018</u>	<u>2017</u>
2019	1,212,322	262,749	1,475,071	1,547,366
2020	1,080,552	74,495	1,155,047	1,443,324
2021	1,045,743	61,742	1,107,485	1,121,659
2022	1,076,133	-	1,076,133	1,072,399
2023	914,049	-	914,049	1,015,053
	<u>\$ 5,328,800</u>	<u>\$ 398,986</u>	<u>\$ 5,727,786</u>	<u>\$ 6,199,801</u>

**TOWN OF GRAND FALLS-WINDSOR
 NOTES TO THE FINANCIAL STATEMENTS
 As at December 31, 2018**

12. Contingencies/Commitments

Loan Guarantees

As of December 31, 2018, the Town has guaranteed the following bank loan:

<u>Organization</u>	<u>Authorized Limited</u>	<u>Outstanding Balance</u>	
		<u>2018</u>	<u>2017</u>
Grand Falls Golf Club	350,000	\$ 120,298	\$ 160,398

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

13. 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.

14. 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.

15. Donated/Contributed tangible capital assets

In 2018, the Town of Grand Falls-Windsor added segments of Hedges Street, Pardy Place, Sampson Street, Cohen Place, Ivany's Road, Ryan Street, Wells Place and Locke Street 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.

TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2018

SCHEDULE 1

	General Capital Assets				Infrastructure Assets			Totals	
	Land and Land Improvements	Buildings	Vehicles and Equipment	Asset Under Construction	Transportation	Water and Sewer	Assets Under Construction	2018	2017
Asset Cost									
Opening costs	\$ 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
Additions during the year	77,623	13,838	732,813	455,183	3,107,857	3,344,049	1,911,459	9,642,821	7,840,217
Transfers	121,278	1,474,309	-	(1,595,587)	-	309,506	(309,506)	-	-
Disposals and write downs	-	(6,328)	(11,649)	-	(446,868)	(232,975)	-	(697,820)	(2,515,623)
Balance, end of year	\$ 9,648,472	\$ 20,932,729	\$ 14,125,530	\$ 1,424,552	\$ 65,704,205	\$ 59,225,175	\$ 4,506,497	\$ 175,567,160	\$ 166,622,160
Accumulated Amortization									
Opening accum'd amortization	\$ 2,612,338	\$ 8,391,078	\$ 8,551,901	\$ -	\$ 30,488,352	\$ 23,947,153	\$ -	\$ 73,990,822	\$ 71,434,207
Amortization	308,274	680,551	772,574	-	2,195,393	1,086,705	-	5,043,498	4,930,485
Disposals and write downs	-	(6,328)	(11,649)	-	(295,127)	(232,975)	-	(546,079)	(2,373,870)
Balance, end of year	\$ 2,920,612	\$ 9,065,301	\$ 9,312,826	\$ -	\$ 32,388,618	\$ 24,800,884	\$ -	\$ 78,488,241	\$ 73,990,822
Net book value, end of year	6,727,860	11,867,429	4,812,705	1,424,552	33,315,587	34,424,292	4,506,497	97,078,920	92,631,338
Net book value, beginning of year	6,837,233	11,059,832	4,852,466	2,564,956	32,554,865	31,857,442	2,904,544	92,631,338	89,863,359
Change in net book value	(109,373)	807,597	(39,761)	(1,140,404)	760,722	2,566,850	1,601,953	4,447,582	2,767,979

**TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF REVENUES
Year Ended December 31, 2018**

SCHEDULE 2

	2018 Budget	2018 Actual	2017 Actual
Taxation			
0500D Property tax	\$9,132,698	9,196,699	9,045,692
0530D Water and sewer tax	4,203,000	4,194,534	4,150,209
0520D Business tax	1,777,207	1,723,789	1,746,723
0540D Poll tax	-	750	373
	<u>15,112,905</u>	<u>15,115,772</u>	<u>14,942,997</u>
Grants in lieu of taxes			
3120/25/30 Federal properties and crown corporations	51,550	51,550	51,550
3115/40/45/50/51 Municipal Utility(Sales)	734,806	717,329	734,807
	<u>786,356</u>	<u>768,879</u>	<u>786,357</u>
Sales of goods and services			
0935D-6410D Joe Byrne Stadium	129,674	137,871	129,728
0940D-6420D Windsor Stadium	192,648	201,863	197,830
3510/0920D/0921D/0922D Recreation, parks, tourism	187,476	285,998	205,205
3210 Animal and pest control fees	2,000	2,700	4,050
3205/3206 Land sales/lease	-	-	217,224
3212/16/21/27 Water supply	358,722	311,623	347,151
	<u>870,520</u>	<u>940,055</u>	<u>1,101,188</u>
Other revenue from own sources			
0810D Licences and permits	80,500	105,952	79,667
0820D Fines	34,800	24,343	34,739
3332/33/35/36 Interest on overdue accounts	85,000	103,346	83,925
3330 Interest income	35,000	60,049	40,155
3340 Tax certificates	40,000	43,513	38,700
3326 EXCITE Centre	148,051	143,346	147,974
3365 HPS-project management	-	18,625	18,439
3355/3350/3360 Other revenue from own sources	45,000	122,874	45,999
8005	<u>468,351</u>	<u>622,048</u>	<u>489,598</u>
Grants and transfers			
Government of Canada			
3450 Capital grant	580,366	580,366	2,136,975
3455 Gax tax revenue	581,430	110,678	-
8065/8069 Homelessness strategy		1,159,695	1,247,948
8080/8081/8082/8083 Genomics project - ACOA		642,775	416,460
7970 Targeted Initiative for older workers		-	26,307
3515/4301 Other federal grants	40,500	15,000	22,235
Government of Newfoundland and Labrador			
3406 Municipal capital grant	1,303,494	1,303,494	2,336,414
3407 Provincial gas tax revenue	118,563	118,563	118,563
3410 Debt charge grants	405,272	405,272	461,517
7930 Other provincial grants	-	-	21,175
7981 Community healthy living fund	-	5,506	-
8079 Genomics project - INTRD	-	-	78,818
	<u>3,029,625</u>	<u>4,341,349</u>	<u>6,866,412</u>
Other revenue			
3480 Other contributions	184,859	184,859	220,055
Donated/Contributed tangible capital assets	-	4,853,498	864,357
	<u>184,859</u>	<u>5,038,358</u>	<u>1,084,412</u>
Total Revenue	<u><u>\$ 20,452,616</u></u>	<u><u>\$ 26,826,460</u></u>	<u><u>\$ 25,270,964</u></u>

TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF EXPENSES
Year Ended December 31, 2018

SCHEDULE 3

	2018 Budget	2018 Actual	2017 Actual
General government services			
Council	\$294,577	\$306,814	\$293,976
General administrative	1,380,386	1,329,039	1,225,515
Engineering & works administrative	1,127,044	1,107,350	1,101,896
Employee benefits	2,267,144	2,709,155	2,446,285
Provision for uncollectible taxes, fees and charges	20,000	43,461	(891)
Discounts and rebates	181,050	180,988	178,251
Municipal election	-	-	19,808
Property assessment services	169,695	170,545	174,727
General insurance	183,025	179,397	168,214
General maintenance	601,515	601,014	689,198
Amortization of capital assets	1,761,399	1,761,399	1,795,909
Loss on disposal	-	-	7,881
	<u>7,985,835</u>	<u>8,389,162</u>	<u>8,100,769</u>
Protective services			
Fire protection	294,640	296,635	292,434
Emergency preparedness and response	286,805	231,684	258,775
Municipal enforcement	277,382	265,523	268,408
Other protective services and inspections	149,696	149,692	145,824
	<u>1,008,523</u>	<u>943,534</u>	<u>965,441</u>
Transportation services			
Vehicle and fleet maintenance	1,023,000	1,091,138	1,018,122
Road transport			
Road, street, sidewalk maintenance	385,760	356,837	373,385
Snow removal	456,500	467,053	517,368
Street lighting	405,000	403,880	389,981
Traffic services	166,050	138,215	128,028
Other transportation services	119,861	94,362	111,868
Amortization of capital assets	2,195,393	2,195,393	2,112,733
Loss on disposal	-	151,741	133,871
	<u>4,751,564</u>	<u>4,898,620</u>	<u>4,785,356</u>
Environmental health services			
Water supply and distribution	475,347	270,498	440,309
Water treatment plant	828,902	862,297	805,602
Sewage collection and disposal	494,416	428,535	434,910
Sewage treatment plant	102,550	127,027	96,633
Garbage and waste collection and disposal	801,950	719,852	768,373
Amortization of capital assets	1,086,705	1,086,705	1,021,843
	<u>3,789,870</u>	<u>3,494,914</u>	<u>3,567,670</u>
Regional planning and development			
Regional development			
Genomics project	-	642,775	495,278
Homelessness strategy	-	1,159,695	1,247,948
Forestry diversification	-	-	21,175
Targeted initiative for older workers	-	-	26,307
Community healthy living fund	-	5,506	-
Tourism and marketing	264,312	235,261	304,579
EXCITE centre	111,900	85,742	120,542
	<u>376,212</u>	<u>2,128,979</u>	<u>2,215,829</u>
Recreation and cultural services			
Recreation administration	453,031	424,783	383,302
Development and programs	242,033	378,571	300,444
Community grants	149,200	240,077	204,404
Stadiums			
Joe Byrne Memorial	246,309	233,365	229,851
Windsor	230,882	198,425	206,077
Parks and playgrounds	715,648	730,484	703,240
Festivals (net)	50,000	134,027	48,995
	<u>2,087,103</u>	<u>2,339,732</u>	<u>2,076,313</u>
Fiscal Services			
Long-term debt interest	455,553	406,504	414,636
	<u>455,553</u>	<u>406,504</u>	<u>414,636</u>
Total Expenses	<u>\$ 20,454,661</u>	<u>\$ 22,601,445</u>	<u>\$ 22,126,014</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2018**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2018	2017
NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION			
NMFC - GOVERNMENT LOANS			
Interest rate of 6.75%, repaid during the year	Water and Sewer	-	4,159
Interest rate of 6.75%, repaid during the year	Water and Sewer	-	4,891
TOTAL NMFC - GOVERNMENT		<u>-</u>	<u>9,050</u>

CANADIAN IMPERIAL BANK OF COMMERCE

C.I.B.C. GOVERNMENT LOANS

Interest rate of 4.98% payable over a period of fifteen years maturing in 2021	Multi-year 2005	\$ 131,791	\$ 171,573
Interest rate of 2.92% payable over a period of fifteen years maturing in 2019	Multi-year 2004	112,643	222,068
Interest rate of 3.25% payable over a period of fifteen years maturing in 2019	Multi-year 2003	78,586	232,008
Interest rate of 2.90% payable over a period of fifteen years maturing in 2021	Multi-year 2004	75,966	104,854
Interest rate of 5.34%, repaid during the year	Multi-year 2002	-	40,437
TOTAL CIBC - GOVERNMENT		<u>398,986</u>	<u>770,940</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2018**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2018	2017
CIBC - TOWN LOANS			
Interest rate at 3.57% payable over a period of fifteen years maturing in 2031	Multi-year 2015	1,932,609	2,055,180
Interest rate at 3.20% payable over a period of fifteen years maturing in 2030	Multi-year 2014	1,352,241	1,452,316
Interest rate of 3.34% over a period of fifteen years maturing in 2030	Maloney development 2014	1,204,550	1,289,070
Interest rate of 3.54% payable over a period of fifteen years maturing in 2033	Multi-year 2017	817,336	-
Interest rate of 3.63% payable over a period of fifteen years maturing in 2027	Roads 2012	796,423	869,925
Interest rate at prime over a period of fifteen years maturing in 2029	Maloney development 2013	765,524	840,821
Interest rate of 3.15% payable over a period of ten years maturing in 2026	Multi-year 2016	732,087	811,312
Interest rate of 3.39% payable over a period of ten years maturing in 2022	Capital 2012	629,433	773,918
Interest rate of 4.50% payable over a period of fifteen years maturing in 2027	Multi-year 2011	623,478	686,037
Interest rate at prime payable over a period of ten years maturing in 2028	Capital 2017	378,946	-
Interest rate at 3.55% payable over a period of ten years maturing in 2024	Capital 2013	364,487	424,454
Interest rate at 2.98% payable over a period of ten years maturing in 2026	Vacuum Truck 2015	334,963	372,825

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2018**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2018	2017
CIBC - TOWN LOANS (continued)			
Interest rate at prime payable over a period of ten years maturing in 2020	Multi-year 2009	115,876	173,814
Interest rate at 2.42% payable over a period of five years maturing in 2020	Capital 2014	113,511	215,701
Interest rate of 4.40% payable over a period of ten years maturing in 2022	Water treatment plant 2011	93,846	120,871
Interest rate of 3.17% payable over a period of seven years maturing in 2019	Capital 2011	66,729	164,218
TOTAL CIBC - TOWN		<u>10,322,039</u>	<u>10,250,462</u>
TOTAL C.I.B.C.		<u>\$ 10,721,025</u>	<u>\$ 11,021,402</u>
LONG TERM DEBT			
Newfoundland Municipal Financing Corporation (Page 22)		\$ -	\$ 9,050
Canadian Imperial Bank of Commerce (Page 23)		10,721,025	11,021,402
		<u>10,721,025</u>	<u>11,030,452</u>
Less: Current portion of long term debt		(1,475,071)	(1,547,366)
		<u>\$ 9,245,954</u>	<u>\$ 9,483,086</u>
SHARE OF TOTAL DEBT			
Municipal share		\$ 10,322,039	\$ 10,250,462
Provincial share		398,986	779,990
		<u>\$ 10,721,025</u>	<u>\$ 11,030,452</u>

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

2019 - \$1,475,071; 2020 - \$1,155,047; 2021 - \$1,107,485; 2022 - \$1,076,133; 2023 - \$914,049

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year Ended December 31, 2018

	Financial Plan	Amortization (TCA)	Principal Expense	Capital Grants	Pension Accruals	PSAB Budget
REVENUE						
Taxation	\$ 15,112,905	\$ -	\$ -	\$ -	\$ -	\$ 15,112,905
Grants in lieu of taxes	786,356	-	-	-	-	786,356
Sales of goods and services	870,520	-	-	-	-	870,520
Other revenue from own sources	468,351	-	-	-	-	468,351
Grants and transfers	1,145,765	-	-	1,883,860	-	3,029,625
Other revenue	-	-	-	184,859	-	184,859
Transfers from accumulated surplus	-	-	-	-	-	-
Transfers from reserves	-	-	-	-	-	-
Total revenue	\$ 18,383,897	\$ -	\$ -	\$ 2,068,719	\$ -	\$ 20,452,616
EXPENSES						
General government services	\$ 6,351,036	\$ 1,761,399	\$ -	\$ -	\$ (126,600)	\$ 7,985,835
Protective services	1,008,523	-	-	-	-	1,008,523
Transportation services	2,556,171	2,195,393	-	-	-	4,751,564
Environmental health services	2,703,165	1,086,705	-	-	-	3,789,870
Regional planning and development	376,212	-	-	-	-	376,212
Recreation and cultural services	2,087,103	-	-	-	-	2,087,103
Fiscal services:						
Capital expenditures	1,278,977	(1,278,977)	-	-	-	-
Debt charges	2,022,710	-	(1,567,157)	-	-	455,553
Total expenses	\$ 18,383,897	\$ 3,764,521	\$ (1,567,157)	\$ -	\$ (126,600)	\$ 20,454,661
Surplus (Deficit)	\$ -	\$ (3,764,521)	\$ 1,567,157	\$ 2,068,719	\$ 126,600	\$ (2,045)