

TOWN OF GRAND FALLS-WINDSOR

AUDITOR'S REPORT

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

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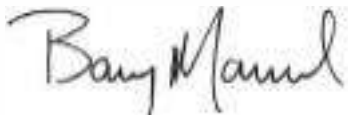
STATEMENT OF RESPONSIBILITY

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



Director of Corporate Services

INDEPENDENT AUDITOR'S REPORT

To The Town Council
Town of Grand Falls-Windsor

Opinion

I have audited the financial statements of the Town of Grand Falls-Windsor, which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles as established by the Public Sector Accounting Board of the Chartered Professional Accountants Association of Canada.

Basis of Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Public Sector Accounting Board and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

As part of the audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

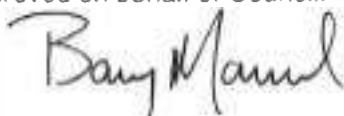
Grand Falls-Windsor, Newfoundland
November 26, 2021


LORI K. MERCER
Chartered Professional Accountant

**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019**

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 5)	\$ 685,512	\$ 541,952
Amounts receivable (Note 6)		
Taxation and other	1,955,710	1,327,671
Due from government	3,920,248	1,830,924
Loans and advances	3,457	4,294
Land held for resale	618,957	454,286
	<u>\$ 7,183,884</u>	<u>\$ 4,159,127</u>
LIABILITIES		
Bank indebtedness (Note 5)	\$ 427,908	\$ 206,744
Accounts payable and accrued liabilities (Note 8)	3,337,006	1,671,720
Employee benefit obligations (Note 9)	1,121,653	1,305,897
Deferred revenue (Note 10)	1,779,132	934,047
Long-term debt (Note 11)		
Municipal share	10,656,511	10,322,039
Provincial share	136,237	398,986
Other liabilities	7,802	12,600
	<u>17,466,249</u>	<u>14,852,033</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (10,282,365)</u>	<u>\$ (10,692,906)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 98,698,396	\$ 97,078,920
Inventories for use (Note 7)	\$ 256,637	\$ 204,610
	<u>\$ 98,955,033</u>	<u>\$ 97,283,530</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 88,672,668</u>	<u>\$ 86,590,624</u>

Approved on behalf of Council:



Mayor



Director of Corporate Services

TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF OPERATIONS
Year Ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
REVENUE			
Taxation	\$ 16,670,204	\$ 16,670,988	\$ 15,115,772
Grants in lieu of taxes	784,254	802,271	768,879
Sales of goods and services	911,922	1,088,536	940,055
Other revenue from own sources	463,190	572,822	622,048
Grants and transfers	4,216,227	6,046,642	4,341,349
Other revenue	-	-	184,859
Total revenue (Schedules 2 and 5)	<u>23,045,797</u>	<u>25,181,259</u>	<u>21,972,962</u>
EXPENSES			
General government services	8,199,693	8,544,815	8,389,162
Protective services	1,045,798	966,733	943,534
Transportation services	4,870,877	5,218,732	4,898,620
Environmental health services	3,827,695	3,788,178	3,494,914
Regional planning and development	396,842	1,694,816	2,128,979
Recreation and cultural services	2,260,025	2,481,722	2,339,732
Fiscal services	404,219	404,219	406,504
Total expenses (Schedules 3 and 5)	<u>21,005,150</u>	<u>23,099,215</u>	<u>22,601,445</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	2,040,647	2,082,044	(628,483)
OTHER (Note 17)			
Donated/Contributed tangible capital assets	-	-	4,853,498
ANNUAL SURPLUS (DEFICIT)	2,040,647	2,082,044	4,225,015
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>86,590,624</u>	<u>86,590,624</u>	<u>82,365,609</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ 88,631,271</u>	<u>\$ 88,672,668</u>	<u>\$ 86,590,624</u>

TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
Year Ended December 31, 2019

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 2,082,044	\$ 4,225,015
Acquisition of tangible capital assets	(7,196,910)	(4,789,322)
Donated/contributed tangible capital assets	-	(4,853,498)
Amortization of tangible capital assets	5,195,153	5,043,498
Loss on disposal of tangible capital assets	382,281	151,741
Increase in inventories	(52,026)	(3,992)
	<u>(1,671,503)</u>	<u>(4,451,573)</u>
CHANGE IN NET FINANCIAL ASSETS	410,541	(226,558)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	<u>(10,692,906)</u>	<u>(10,466,348)</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u><u>\$ (10,282,365)</u></u>	<u><u>\$ (10,692,906)</u></u>

TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 2,082,044	\$ 4,225,015
Changes in non-cash items:		
Amounts receivable	(2,717,362)	1,396,802
Inventories	(52,026)	(3,992)
Accounts payable and accrued liabilities	1,660,485	(253,181)
Employee benefit obligations	(184,244)	(64,325)
Deferred revenue	845,085	69,814
Loss on disposal of TCA	382,281	151,741
Tangible capital assets received as donations/contributions	-	(4,853,498)
Amortization	5,195,153	5,043,498
Cash provided by operating transactions	<u>7,211,416</u>	<u>5,711,874</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(7,196,910)</u>	<u>(4,789,322)</u>
INVESTING TRANSACTIONS		
Purchase of land for resale	(164,671)	-
Loans and advances repaid	4,294	1,574
Loans and advances issued	(3,457)	(4,294)
Cash (applied to) provided by investing transactions	<u>(163,834)</u>	<u>(2,720)</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	1,598,913	1,257,730
Debt repayment	(1,527,190)	(1,567,155)
Cash applied to financing transactions	<u>71,723</u>	<u>(309,425)</u>
(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	(77,605)	610,407
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>335,208</u>	<u>(275,199)</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 257,604</u>	<u>\$ 335,208</u>
	<u>2019</u>	<u>2018</u>
CASH AND TEMPORARY INVESTMENTS IS COMPRISED OF:		
Cash and temporary investments (Note 5)	\$ 685,512	\$ 541,952
Less: Bank indebtedness (Note 5)	(427,908)	(206,744)
	<u>\$ 257,604</u>	<u>\$ 335,208</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2019**

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, 2019 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.

**TOWN OF GRAND FALLS-WINDSOR
 NOTES TO THE FINANCIAL STATEMENTS
 As at December 31, 2019**

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.

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

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2019**

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.

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2019**

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, 2019; 9.7 years as at 2018).

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.

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>2019</u>	<u>2018</u>
Cash - Gas Tax Funding	\$ 685,512	\$ 541,952
Cash - General Operations	(427,908)	(206,744)
	<u>\$ 257,604</u>	<u>\$ 335,208</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 2019 was 3.95% (2018 = 3.95%).

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2019**

6. Amounts Receivable

	<u>2019</u>	<u>2018</u>
Taxation		
Property tax	\$ 829,382	\$ 590,848
Water and sewer tax	700,581	515,013
Business tax	325,360	129,640
Poll tax	83,942	83,982
Local improvement assessment	6,029	6,442
	<u>1,945,294</u>	<u>1,325,925</u>
Other receivables	<u>555,544</u>	<u>413,695</u>
Sub-total	2,500,838	1,739,620
Less: allowances for doubtful amounts	(545,128)	(411,949)
Total taxation and other receivables	<u>1,955,710</u>	<u>1,327,671</u>
Due from governments		
Capital grants	1,474,534	715,926
Gas tax funds	1,114,262	349,537
Other government grants	389,957	509,456
HST rebate and input tax credits	889,796	188,321
Gasoline/diesel rebate	51,698	67,684
	<u>3,920,248</u>	<u>1,830,924</u>
	<u>\$ 5,875,957</u>	<u>\$ 3,158,595</u>

Arrears of taxation revenue increase from \$1,325,924 in 2018 to \$1,945,294 in 2019. Of this amount, \$533,661 has been outstanding for one year or longer.

Collections amounted to 96.1% of the amounts levied in 2019. (2018 - 98.2%).

7. Inventories for use

	<u>2019</u>	<u>2018</u>
Parts and supplies	\$ 56,804	\$ 56,804
Road salt	134,682	107,996
Water treatment chemicals	65,150	39,810
	<u>\$ 256,637</u>	<u>\$ 204,610</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2019**

8. Accounts Payable and Accrued Liabilities

	<u>2019</u>	<u>2018</u>
Trade	\$ 2,897,409	\$ 1,304,470
Payroll benefits	268,571	203,525
Accrued interest	15,511	15,511
Deposits	133,514	126,746
Insurance claims	22,000	22,000
HST collections	-	(534)
	<u>\$ 3,337,005</u>	<u>\$ 1,671,718</u>

9. Employee Benefit Obligations

	<u>2019</u>	<u>2018</u>
Accrued severance benefit	\$ 222,538	\$ 259,241
Accrued vacation benefit	153,458	224,587
Accrued sick days	305,550	268,806
Accrued payroll - 1% cpi/retro	16,807	15,863
Accrued pension benefit	423,300	537,400
	<u>\$ 1,121,653</u>	<u>\$ 1,305,897</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 2019 was \$5,404 (2018 - \$52,017).

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 2019 was \$9,014 (2018 - \$16,230).

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 2019 was \$98,489 (2018 - \$116,471).

Pension benefit

Defined Contribution

There were 105 active members in this plan as of December 31, 2019. 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 2019 was \$357,182 (2018 - \$319,113).

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2019**

9. Employee Benefit Obligations (continued)

Defined Benefit

There were 11 active members, 2 deferred vested and inactive members, and 23 pensioners and beneficiaries participating in this plan as of December 31, 2019. 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 2019).

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, 2019.

Accrued Pension Liability

	2019	2018
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation-opening	\$ 10,656,300	\$ 10,620,600
Current service cost	212,800	261,700
Impact of substantive commitment	-	-
Interest on obligation	553,700	527,000
Benefits paid	(513,900)	(422,400)
Loss(gain) on accrued benefit obligation	810,500	(330,600)
	\$ 11,719,400	\$ 10,656,300
Reconciliation of Pension Plan Assets		
Market value of plan assets - opening	\$ 9,047,200	\$ 9,320,700
Contributions - Town	524,000	508,100
Contributions - employee required	58,100	60,100
Return on plan assets net of expenses	1,439,300	(419,300)
Benefits paid	(513,900)	(422,400)
	\$ 10,554,700	\$ 9,047,200
Funded status - deficit	\$ (1,164,700)	\$ (1,609,100)
Net unamortized actuarial gains and losses	741,400	1,071,700
Accrued Pension Liability	\$ (423,300)	\$ (537,400)
Expense Related to Retirement Benefits		\$ (114,100)

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2019**

9. Employee Benefit Obligations (continued)

Retirement Benefits Expense

Current period benefit cost	\$ 212,800	\$ 261,700
Impact of plan amendment	-	-
Amortization of actuarial losses (gains)	<u>180,100</u>	<u>122,600</u>
	392,900	384,300
Less: employee contributions	<u>(58,100)</u>	<u>(60,100)</u>
Retirement benefits expense	<u>334,800</u>	<u>324,200</u>

Retirement Benefits Interest Expense

Interest on average accrued benefit obligation	553,700	527,000
Interest on average pension fund assets	<u>(478,600)</u>	<u>(469,700)</u>
Retirement benefits interest expense	<u>75,100</u>	<u>57,300</u>

Total Expense Related to Retirement Benefits

<u>\$ 409,900</u>	<u>\$ 381,500</u>
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Reconciliation of Accrued Pension Liability(Asset)

Accrued pension liability(asset) recorded-opening balance	\$ 537,400	\$ 664,000
Total retirement benefit expense	409,900	381,500
Contributions - Town	<u>(524,000)</u>	<u>(508,100)</u>
Accrued Pension Liability(Asset) Recorded-Ending Balance	<u>\$ 423,300</u>	<u>\$ 537,400</u>

Actuarial Assumptions

Discount rate:	4.79%
Salary growth:	3.25%
Retirement age:	67% at earliest date eligible for unreduced retirement and the remainder at age 65.
EARSL:	9.0 years

10. Deferred Revenue

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

	<u>2019</u>	<u>2018</u>
Federal gas tax revenue	\$ 1,589,772	\$ 780,813
Ski-trail funds	6,602	6,602
Other	126,169	146,632
Homelessness partnership	<u>56,589</u>	<u>-</u>
	<u>\$ 1,779,132</u>	<u>\$ 934,047</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2019**

11. Long Term Debt (Schedule 4)

	Loan Balances	
	2019	2018
Canadian Imperial Bank of Commerce	10,792,748	10,721,025
	<u>\$ 10,792,748</u>	<u>\$ 10,721,025</u>
Share of total debt		
Town of Grand Falls-Windsor	\$ 10,656,511	\$ 10,322,039
Government of Newfoundland and Labrador	136,237	398,986
	<u>\$ 10,792,748</u>	<u>\$ 10,721,025</u>

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

	Town	Government	2019	2018
2020	1,346,643	74,495	1,421,138	1,443,324
2021	1,355,064	61,742	1,416,806	1,121,659
2022	1,394,686	-	1,394,686	1,072,399
2023	1,242,117	-	1,242,117	1,015,053
2024	1,211,553	-	1,211,553	1,015,053
	<u>\$ 6,550,063</u>	<u>\$ 136,237</u>	<u>\$ 6,686,300</u>	<u>\$ 5,667,488</u>

12. Contingencies/Commitments

Loan Guarantees

As of December 31, 2019, the Town has guaranteed the following bank loan:

Organization	Authorized Limited	Outstanding Balance	
		2019	2018
Grand Falls Golf Club	350,000	\$ 80,199	\$ 120,298

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

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2019**

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.

SCHEDULE 1

TOWN OF GRAND FALLS-WINDSOR
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 Year Ended December 31, 2019

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	2019	2018	
Opening costs	\$ 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	
Additions during the year	12,950	13,757	1,884,547	181,794	2,806,338	238,895	2,058,628	7,196,910	9,642,820	
Transfers	-	738	34,204	(34,942)	1,740,557	212,464	(1,953,021)	-	-	
Disposals and write downs	-	-	(870,335)	-	(2,677,677)	(34,295)	-	(3,587,306)	(697,820)	
Balance, end of year	\$ 9,661,423	\$ 20,947,225	\$ 15,173,946	\$ 1,571,404	\$ 67,573,424	\$ 59,642,240	\$ 4,612,104	\$ 179,181,764	\$ 175,567,160	
Accumulated Amortization										
Opening accum'd amortization	\$ 2,920,612	\$ 9,065,301	\$ 9,312,828	\$ -	\$ 32,388,618	\$ 24,800,884	\$ -	\$ 78,488,241	\$ 73,990,822	
Amortization	312,840	618,796	854,667	-	2,253,089	1,155,761	-	5,195,153	5,043,488	
Disposals and write downs	-	-	(860,654)	-	(2,305,077)	(34,295)	-	(3,200,026)	(546,079)	
Balance, end of year	\$ 3,233,453	\$ 9,684,096	\$ 9,306,839	\$ -	\$ 32,336,630	\$ 25,922,350	\$ -	\$ 80,483,368	\$ 78,488,241	
Net book value, end of year	6,427,970	11,263,129	5,867,107	1,571,404	35,236,794	33,719,890	4,612,104	98,698,396	97,078,919	
Net book value, beginning 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	89,863,359	
Change in net book value	(299,890)	(604,300)	1,054,402	146,851	1,921,207	(704,403)	105,607	1,619,476	7,215,560	

TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF REVENUES
Year Ended December 31, 2019

SCHEDULE 2

	2019 Budget	2019 Actual	2018 Actual
Taxation			
Property tax	10,207,381	10,122,504	9,196,699
Water and sewer tax	4,598,222	4,588,411	4,194,534
Business tax	1,864,601	1,960,073	1,723,789
Poll tax	-	-	750
	<u>16,670,204</u>	<u>16,670,988</u>	<u>15,115,772</u>
Grants in lieu of taxes			
Federal properties and crown corporations	52,578	55,322	51,550
Municipal Utility(Sales)	731,676	746,949	717,329
	<u>784,254</u>	<u>802,271</u>	<u>768,879</u>
Sales of goods and services			
Joe Byrne Stadium	133,050	154,085	137,871
Windsor Stadium	189,250	197,626	201,863
Recreation, parks, tourism	233,800	320,274	285,998
Animal and pest control fees	2,000	1,863	2,700
Land sales/lease	-	42,912	-
Water supply	353,822	371,776	311,623
	<u>911,922</u>	<u>1,088,536</u>	<u>940,055</u>
Other revenue from own sources			
Licences and permits	88,100	61,005	105,952
Fines	26,800	26,944	24,343
Interest on overdue accounts	85,000	129,239	103,346
Interest income	35,000	72,088	60,049
Tax certificates	40,000	23,050	43,513
EXCITE Centre	143,290	134,956	143,346
HPS-project management	-	42,533	18,625
Other revenue from own sources	45,000	83,007	122,874
	<u>463,190</u>	<u>572,822</u>	<u>622,048</u>
Grants and transfers			
Government of Canada			
Capital grant	812,221	812,221	580,366
Gax tax revenue	621,556	1,146,917	110,678
Service Canada - Homelessness strategy	-	648,301	1,159,695
Genomics project - ACOA	-	527,403	642,775
Aquaculture project - ACOA	-	26,342	-
Other federal grants	15,000	16,715	15,000
Government of Newfoundland and Labrador			
Municipal capital grant	2,374,349	2,374,349	1,303,494
Provincial gas tax revenue	118,563	118,563	118,563
Debt charge grants	274,538	274,538	405,272
Other provincial grants	-	34,443	-
Community healthy living fund	-	14,571	5,506
Other Genomics projects	-	52,279	-
	<u>4,216,227</u>	<u>6,046,642</u>	<u>4,341,349</u>
Other revenue			
Other contributions	-	-	184,859
Donated/Contributed tangible capital assets	-	-	4,853,498
	<u>-</u>	<u>-</u>	<u>5,038,357</u>
Total Revenue	<u>\$ 23,045,797</u>	<u>\$ 25,181,258</u>	<u>\$ 26,826,460</u>

**TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF EXPENSES
Year Ended December 31, 2019**

SCHEDULE 3

	2019 Budget	2019 Actual	2018 Actual
General government services			
Council	\$319,349	\$349,554	\$306,814
General administrative	1,310,550	1,576,836	1,329,039
Engineering & works administrative	1,127,769	1,129,509	1,107,350
Employee benefits	2,405,272	2,243,593	2,709,155
Provision for uncollectible taxes, fees and charges	20,000	162,269	43,461
Discounts and rebates	181,050	211,076	180,988
Municipal election	-	17,895	-
Property assessment services	169,830	156,429	170,545
General insurance	187,068	182,288	179,397
General maintenance	692,502	719,382	601,014
Amortization of capital assets	1,786,303	1,786,303	1,761,399
Loss on disposal	-	9,681	-
	<u>8,199,693</u>	<u>\$8,544,815</u>	<u>8,389,162</u>
Protective services			
Fire protection	303,757	311,141	296,635
Emergency preparedness and response	316,037	241,625	231,684
Municipal enforcement	272,568	260,532	265,523
Other protective services and inspections	153,436	153,435	149,692
	<u>1,045,798</u>	<u>966,733</u>	<u>943,534</u>
Transportation services			
Vehicle and fleet maintenance	1,039,600	1,033,326	1,091,138
Road transport			
Road, street, sidewalk maintenance	394,342	404,173	356,837
Snow removal	472,962	448,506	467,053
Street lighting	402,459	379,478	403,880
Traffic services	194,894	215,115	138,215
Other transportation services	113,530	112,445	94,362
Amortization of capital assets	2,253,089	2,253,089	2,195,393
Loss on disposal	-	372,600	151,741
	<u>4,870,877</u>	<u>5,218,732</u>	<u>4,898,619</u>
Environmental health services			
Water supply and distribution	442,022	425,493	270,498
Water treatment plant	869,569	888,288	862,297
Sewage collection and disposal	463,262	450,761	428,535
Sewage treatment plant	102,550	75,890	127,027
Garbage and waste collection and disposal	794,532	791,985	719,852
Amortization of capital assets	1,155,761	1,155,761	1,086,705
	<u>3,827,695</u>	<u>3,788,178</u>	<u>3,494,914</u>
Regional planning and development			
Regional development			
Genomics project	-	527,403	642,775
Homelessness strategy	-	648,301	1,159,695
Other Provincial grants	-	86,721	-
Aquaculture project	-	37,472	-
Community healthy living fund	-	14,199	5,506
Tourism and marketing	284,942	277,514	235,261
EXCITE centre	111,900	103,206	85,742
	<u>396,842</u>	<u>1,694,816</u>	<u>2,128,979</u>
Recreation and cultural services			
Recreation administration	475,241	485,136	424,783
Development and programs	322,000	442,406	378,571
Community grants	146,900	229,744	240,077
Stadiums			
Joe Byrne Memorial	266,592	255,479	233,365
Windsor	249,258	236,268	198,425
Parks and playgrounds	750,034	763,844	730,484
Festivals (net)	50,000	68,845	134,027
	<u>2,260,025</u>	<u>2,481,722</u>	<u>2,339,732</u>
Fiscal Services			
Long-term debt interest	404,219	404,219	406,504
	<u>404,219</u>	<u>404,219</u>	<u>406,504</u>
Total Expenses	<u>\$ 21,005,150</u>	<u>\$ 23,099,214</u>	<u>\$ 22,601,444</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2019**

SCHEDULE 4

	<u>PROJECT</u>	<u>LOAN BALANCES</u>	
		<u>2019</u>	<u>2018</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	\$ 90,003	\$ 131,791
Interest rate of 2.90% payable over a period of fifteen years maturing in 2021	Multi-year 2004	46,234	75,966
Interest rate of 2.92% repaid during the year	Multi-year 2004	-	112,643
Interest rate of 3.25% repaid during the year	Multi-year 2003	-	78,586
TOTAL CIBC - GOVERNMENT		<u>136,237</u>	<u>398,986</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2019**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2019	2018
CIBC - TOWN LOANS			
Interest rate at 3.57% payable over a period of fifteen years maturing in 2031	Multi-year 2015	1,805,590	1,932,609
Interest rate at 3.20% payable over a period of fifteen years maturing in 2030	Multi-year 2014	1,248,926	1,352,241
Interest rate of 3.34% over a period of fifteen years maturing in 2030	Maloney development 2014	1,117,165	1,204,550
Interest rate of 2.85% payable over a period of five years maturing in 2024	Loaders	1,050,816	-
Interest rate of 3.54% payable over a period of fifteen years maturing in 2033	Multi-year 2017	771,751	817,336
Interest rate of 3.63% payable over a period of fifteen years maturing in 2027	Roads 2012	720,209	796,423
Interest rate at prime over a period of fifteen years maturing in 2029	Maloney development 2013	690,226	765,524
Interest rate of 3.15% payable over a period of ten years maturing in 2026	Multi-year 2016	655,229	732,087
Interest rate of 3.99% payable over a period of ten years maturing in 2029	Capital 2018	491,054	-
Interest rate of 3.39% payable over a period of ten years maturing in 2022	Capital 2012	479,972	629,433
Interest rate of 4.50% payable over a period of fifteen years maturing in 2027	Multi-year 2011	558,045	623,478
Interest rate at prime payable over a period of ten years maturing in 2028	Capital 2017	336,838	378,946

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2019**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2019	2018
CIBC - TOWN LOANS (continued)			
Interest rate at 3.55% payable over a period of ten years maturing in 2024	Capital 2013	302,356	364,487
Interest rate at 2.98% payable over a period of ten years maturing in 2026	Vacuum Truck 2015	295,958	334,963
Interest rate at prime payable over a period of ten years maturing in 2020	Multi-year 2009	57,938	115,876
Interest rate at 2.42% payable over a period of five years maturing in 2020	Capital 2014	8,830	113,511
Interest rate of 4.40% payable over a period of ten years maturing in 2022	Water treatment plant 2011	65,608	93,846
Interest rate of 3.17% repaid during the year	Capital 2011	-	66,729
TOTAL CIBC - TOWN		<u>10,656,511</u>	<u>10,322,039</u>
TOTAL C.I.B.C.		<u>\$ 10,792,748</u>	<u>\$ 10,721,025</u>
LONG TERM DEBT			
Canadian Imperial Bank of Commerce (Page 23)		10,792,748	10,721,025
		<u>10,792,748</u>	<u>10,721,025</u>
Less: Current portion of long term debt		(1,421,138)	(1,475,071)
		<u>\$ 9,371,610</u>	<u>\$ 9,245,954</u>
SHARE OF TOTAL DEBT			
Municipal share		\$ 10,656,511	\$ 10,322,039
Provincial share		136,237	398,986
		<u>\$ 10,792,748</u>	<u>\$ 10,721,025</u>

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

2020 - \$1,421,138; 2021 - \$1,416,805,485; 2022 - \$1,394,686; 2023 - \$1,242,117; 2024 - \$1,211,553

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year Ended December 31, 2019

	Financial Plan	Amortization (TCA)	Principal Expense	Capital Grants	PSAB Budget
REVENUE					
Taxation	\$ 16,670,204	\$ -	\$ -	\$ -	\$ 16,670,204
Grants in lieu of taxes	784,254	-	-	-	784,254
Sales of goods and services	911,922	-	-	-	911,922
Other revenue from own sources	463,190	-	-	-	463,190
Grants and transfers	1,029,657	-	-	3,186,570	4,216,227
Other revenue	-	-	-	-	-
Transfers from accumulated surplus	-	-	-	-	-
Transfers from reserves	-	-	-	-	-
Total revenue	\$ 19,859,227	\$ -	\$ -	\$ 3,186,570	\$ 23,045,797
EXPENSES					
General government services	\$ 6,413,390	\$ 1,787,248	\$ -	\$ -	\$ 8,200,638
Protective services	1,045,798	-	-	-	1,045,798
Transportation services	2,617,788	2,253,089	-	-	4,870,877
Environmental health services	2,670,990	1,155,761	-	-	3,826,751
Regional planning and development	396,842	-	-	-	396,842
Recreation and cultural services	2,260,025	-	-	-	2,260,025
Fiscal services:					
Capital expenditures	2,486,351	(2,486,351)	-	-	-
Debt charges	1,968,043	-	(1,563,824)	-	404,219
Total expenses	\$ 19,859,227	\$ 2,709,747	\$ (1,563,824)	\$ -	\$ 21,005,150
Surplus (Deficit)	\$ -	\$ (2,709,747)	\$ 1,563,824	\$ 3,186,570	\$ 2,040,647