

**TOWN OF GRAND FALLS-WINDSOR**

**AUDITOR'S REPORT**

**FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2020**

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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

# **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

### **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, 2020, 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, 2020 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  
April 7, 2022

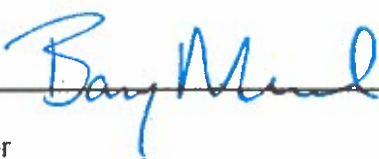


LORI K. MERCER  
Chartered Professional Accountant

**TOWN OF GRAND FALLS-WINDSOR  
STATEMENT OF FINANCIAL POSITION  
As at December 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 5)	\$ 640,560	\$ 685,512
Amounts receivable (Note 6)		
Taxation and other	1,986,862	1,955,710
Due from government	2,476,040	3,920,248
Loans and advances	4,460	3,457
Land held for resale	704,781	618,957
	<u>\$ 5,812,703</u>	<u>\$ 7,183,883</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 5)	\$ 308,202	\$ 427,908
Accounts payable and accrued liabilities (Note 8)	2,985,939	3,337,006
Employee benefit obligations (Note 9)	908,296	1,121,653
Deferred revenue (Note 10)	1,806,277	1,779,132
Long-term debt (Note 11)		
Municipal share	11,376,204	10,656,511
Provincial share	61,742	136,237
Other liabilities	6,000	7,802
	<u>17,452,660</u>	<u>17,466,249</u>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<u><b>\$ (11,639,957)</b></u>	<u><b>\$ (10,282,366)</b></u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	\$ 106,765,034	\$ 98,698,396
Inventories for use (Note 7)	235,459	256,637
Prepaid expenses	242,696	-
	<u>\$ 107,243,189</u>	<u>\$ 98,955,033</u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<u><b>\$ 95,603,232</b></u>	<u><b>\$ 88,672,668</b></u>

Approved on behalf of Council:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Director of Corporate Services

**TOWN OF GRAND FALLS-WINDSOR**  
**STATEMENT OF OPERATIONS**  
**Year Ended December 31, 2020**

	<u>2020 Budget</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
<b>REVENUE</b>			
Taxation	\$ 16,946,244	\$ 16,822,531	\$ 16,670,988
Grants in lieu of taxes	724,701	817,283	802,271
Sales of goods and services	1,028,229	952,196	1,088,536
Other revenue from own sources	522,736	491,298	572,822
Grants and transfers	7,148,986	9,947,915	6,046,642
Other revenue	-	864,748	-
<b>Total revenue (Schedules 2 and 5)</b>	<u>26,370,896</u>	<u>29,895,971</u>	<u>25,181,259</u>
<b>EXPENSES</b>			
General government services	8,427,762	8,153,293	8,544,815
Protective services	1,038,289	932,928	966,733
Transportation services	5,198,847	5,029,123	5,218,732
Environmental health services	3,984,432	3,777,494	3,788,178
Regional planning and development	471,409	2,492,035	1,694,816
Recreation and cultural services	2,477,657	2,173,376	2,481,722
Fiscal services	407,158	407,158	404,219
<b>Total expenses (Schedules 3 and 5)</b>	<u>22,005,553</u>	<u>22,965,407</u>	<u>23,099,215</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	4,365,343	6,930,564	2,082,044
<b>ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<u>88,672,668</u>	<u>88,672,668</u>	<u>86,590,624</u>
<b>ACCUMULATED SURPLUS (DEFICIT), END OF YEAR</b>	<u>\$ 93,038,011</u>	<u>\$ 95,603,232</u>	<u>\$ 88,672,668</u>

**TOWN OF GRAND FALLS-WINDSOR**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)**  
**Year Ended December 31, 2020**

	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 6,930,564</b>	<b>\$ 2,082,044</b>
Acquisition of tangible capital assets	(13,285,715)	(7,196,910)
Donated/contributed tangible capital assets	-	-
Amortization of tangible capital assets	5,173,461	5,195,153
Loss on disposal of tangible capital assets	45,615	382,281
Decrease (increase) in inventories	21,178	(52,026)
Increase in prepaids	(242,696)	-
	<u>(8,288,156)</u>	<u>(1,671,503)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>(1,357,592)</b>	<b>410,541</b>
<b>NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR</b>	<b>(10,282,365)</b>	<b>(10,692,906)</b>
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	<b><u>\$ (11,639,957)</u></b>	<b><u>\$ (10,282,365)</u></b>



**TOWN OF GRAND FALLS-WINDSOR  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 6,930,564	\$ 2,082,044
Changes in non-cash items:		
Amounts receivable	1,413,055	(2,717,362)
Inventories	21,178	(52,026)
Prepays	(242,696)	-
Accounts payable and accrued liabilities	(352,868)	1,660,485
Employee benefit obligations	(213,357)	(184,244)
Deferred revenue	27,145	845,085
Loss on disposal of TCA	45,615	382,281
Amortization	5,173,461	5,195,153
Cash provided by operating transactions	<u>12,802,097</u>	<u>7,211,416</u>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	<u>(13,285,715)</u>	<u>(7,196,910)</u>
<b>INVESTING TRANSACTIONS</b>		
Purchase of land for resale	(85,823)	(164,671)
Loans and advances repaid	3,457	4,294
Loans and advances issued	(4,460)	(3,457)
Cash (applied to) provided by investing transactions	<u>(86,826)</u>	<u>(163,834)</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of long-term debt	2,096,815	1,598,913
Debt repayment	(1,451,617)	(1,527,190)
Cash applied to financing transactions	<u>645,198</u>	<u>71,723</u>
<b>(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS</b>	<b>74,754</b>	<b>(77,605)</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u>257,604</u>	<u>335,208</u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<u>\$ 332,357</u>	<u>\$ 257,604</u>
	<u>2020</u>	<u>2019</u>
<b>CASH AND TEMPORARY INVESTMENTS IS COMPRISED OF:</b>		
Cash and temporary investments (Note 5)	\$ 640,560	\$ 685,512
Less: Bank indebtedness (Note 5)	(308,202)	(427,908)
	<u>\$ 332,357</u>	<u>\$ 257,604</u>

**TOWN OF GRAND FALLS-WINDSOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2020**

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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, 2020 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, 2020**

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**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, 2020**

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**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, 2020**

**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, 2020; 9.7 years as at 2019).

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>2020</u>	<u>2019</u>
Cash - Gas Tax Funding	\$ 640,560	\$ 685,512
Cash - General Operations	(308,202)	(427,908)
	<u>\$ 332,357</u>	<u>\$ 257,604</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 2020 was 3.95% (2019 = 3.95%).

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2020**

**6. Amounts Receivable**

	<u>2020</u>	<u>2019</u>
Taxation		
Property tax	\$ 1,033,774	\$ 829,382
Water and sewer tax	793,833	700,581
Business tax	164,824	325,360
Poll tax	83,857	83,942
Local improvement assessment	5,453	6,029
	<u>2,081,741</u>	<u>1,945,294</u>
Other receivables	<u>464,042</u>	<u>555,544</u>
Sub-total	2,545,783	2,500,838
Less: allowances for doubtful amounts	(558,921)	(545,128)
Total taxation and other receivables	<u>1,986,862</u>	<u>1,955,710</u>
Due from governments		
Capital grants	579,051	1,474,534
Gas tax funds	305,059	1,114,262
Other government grants	317,133	389,957
HST rebate and input tax credits	1,220,909	889,796
Gasoline/diesel rebate	53,889	51,698
	<u>2,476,040</u>	<u>3,920,248</u>
	<u>\$ 4,462,902</u>	<u>\$ 5,875,957</u>

Arrears of taxation revenue increase from \$1,945,294 in 2019 to \$2,081,741 in 2020. Of this amount, \$869,806 has been outstanding for one year or longer.

Collections amounted to 98.1% of the amounts levied in 2020. (2019 - 96.1%).

**7. Inventories for use**

	<u>2020</u>	<u>2019</u>
Parts and supplies	\$ 56,804	\$ 56,804
Road salt	137,880	134,682
Water treatment chemicals	40,774	65,150
	<u>\$ 235,459</u>	<u>\$ 256,637</u>

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2020**

**8. Accounts Payable and Accrued Liabilities**

	<u>2020</u>	<u>2019</u>
Trade	\$ 2,013,393	\$ 2,897,409
Payroll benefits	149,319	268,571
Accrued interest	15,511	15,511
Deposits	123,792	133,514
Insurance claims	22,000	22,000
Gas tax - federal	640,560	-
HST collections	21,367	-
	<u>\$ 2,985,941</u>	<u>\$ 3,337,005</u>

**9. Employee Benefit Obligations**

	<u>2020</u>	<u>2019</u>
Accrued severance benefit	\$ 92,872	\$ 222,538
Accrued vacation benefit	113,360	153,458
Accrued sick days	357,044	305,550
Accrued payroll	22,221	16,807
Accrued pension benefit	322,800	423,300
	<u>\$ 908,296</u>	<u>\$ 1,121,653</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 2020 was a recovery of \$126,231 (2019 - \$5,404).

**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 2020 was a recovery of \$40,098 (2019 - \$9,014).

**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 2020 was \$140,712 (2019 - \$98,489).

**Pension benefit**

**Defined Contribution**

There were 105 active members in this plan as of December 31, 2020. 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 2020 was \$364,780 (2019 - \$357,182).

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2020**

**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, 2020. 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 2020).

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, 2020.

**Accrued Pension Liability**

	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued benefit obligation-opening	\$ 11,719,400	\$ 10,656,300
Current service cost	168,200	212,800
Impact of substantive commitment	-	-
Interest on obligation	551,000	553,700
Benefits paid	(599,600)	(513,900)
Loss on accrued benefit obligation	634,000	810,500
	<u>\$ 12,473,000</u>	<u>\$ 11,719,400</u>
<b>Reconciliation of Pension Plan Assets</b>		
Market value of plan assets - opening	\$ 10,554,700	\$ 9,047,200
Contributions - Town	438,100	524,000
Contributions - employee required	42,400	58,100
Return on plan assets net of expenses	1,191,200	1,439,300
Benefits paid	(599,600)	(513,900)
	<u>\$ 11,626,800</u>	<u>\$ 10,554,700</u>
Plan assets - closing	<u>\$ 11,626,800</u>	<u>\$ 10,554,700</u>
Funded status - deficit	\$ (846,200)	\$ (1,164,700)
Net unamortized actuarial gains and losses	523,400	741,400
<b>Accrued Pension Liability</b>	<u>\$ (322,800)</u>	<u>\$ (423,300)</u>



**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2020**

**9. Employee Benefit Obligations (continued)**

**Retirement Benefits Expense**

Current period benefit cost	\$ 168,200	\$ 212,800
Impact of plan amendment	-	-
Amortization of actuarial losses (gains)	<u>163,500</u>	<u>180,100</u>
	<u>331,700</u>	<u>392,900</u>
Less: employee contributions	<u>(42,400)</u>	<u>(58,100)</u>
Retirement benefits expense	<u>289,300</u>	<u>334,800</u>

**Retirement Benefits Interest Expense**

Interest on average accrued benefit obligation	551,000	553,700
Interest on average pension fund assets	<u>(502,700)</u>	<u>(478,600)</u>
Retirement benefits interest expense	<u>48,300</u>	<u>75,100</u>

**Total Expense Related to Retirement Benefits**

<u>\$ 337,600</u>	<u>\$ 409,900</u>
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**Reconciliation of Accrued Pension Liability(Asset)**

Accrued pension liability(asset) recorded-opening balance	\$ 423,300	\$ 537,400
Total retirement benefit expense	337,600	409,900
Contributions - Town	<u>(438,100)</u>	<u>(524,000)</u>
Accrued Pension Liability(Asset) Recorded-Ending Balance	<u>\$ 322,800</u>	<u>\$ 423,300</u>

**Actuarial Assumptions**

Discount rate:	4.39%
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>2020</u>	<u>2019</u>
Federal gas tax revenue	\$ 886,550	\$ 1,589,772
Ski-trail funds	6,602	6,602
Other	106,429	126,169
Homelessness partnership	<u>806,696</u>	<u>56,589</u>
	<u>\$ 1,806,277</u>	<u>\$ 1,779,132</u>

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2020**

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

	<b>Loan Balances</b>	
	<u>2020</u>	<u>2019</u>
Canadian Imperial Bank of Commerce	11,437,946	10,792,748
	<u>\$ 11,437,946</u>	<u>\$ 10,792,748</u>
<b>Share of total debt</b>		
Town of Grand Falls-Windsor	\$ 11,376,204	\$ 10,656,511
Government of Newfoundland and Labrador	<u>61,742</u>	<u>136,237</u>
	<u>\$ 11,437,946</u>	<u>\$ 10,792,748</u>

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

	<u>Town</u>	<u>Government</u>	<u>2020</u>	<u>2019</u>
2021	1,355,064	61,742	1,416,805	1,421,138
2022	1,394,686	-	1,394,686	1,416,806
2023	1,242,117	-	1,242,117	1,394,686
2024	1,211,553	-	1,211,553	1,242,117
2025	1,118,440	-	1,118,440	1,211,553
	<u>\$ 6,321,860</u>	<u>\$ 61,742</u>	<u>\$ 6,383,602</u>	<u>\$ 6,686,300</u>

**12. Contingencies/Commitments**

**Loan Guarantees**

As of December 31, 2020, the Town has guaranteed the following bank loan:

<u>Organization</u>	<u>Authorized Limited</u>	<u>Outstanding Balance</u>	
		<u>2020</u>	<u>2019</u>
Grand Falls Golf Club	350,000	\$ 40,100	\$ 80,199

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, 2020**

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**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.

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**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.

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**SCHEDULE 1**

**TOWN OF GRAND FALLS-WINDSOR  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
Year Ended December 31, 2020**

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	2020	2019
Operating costs	\$ 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
Additions during the year	34,981	68,505	658,879	1,805,492	2,402,265	1,407,595	6,907,998	13,285,715	7,196,910
Transfers	-	-	7,139	(7,139)	-	-	-	-	-
Disposals and write downs	-	-	(22,194)	-	(818,968)	-	-	(841,162)	(3,582,306)
Balance, end of year	\$ 9,696,405	\$ 21,015,730	\$ 15,817,770	\$ 3,369,757	\$ 69,156,720	\$ 61,049,835	\$ 11,520,101	\$ 191,626,317	\$ 179,181,764
<b>Accumulated Amortization</b>									
Opening accum'd amortization	\$ 3,233,453	\$ 9,684,096	\$ 9,306,839	\$ -	\$ 32,336,630	\$ 25,922,350	\$ -	\$ 80,483,369	\$ 78,488,241
Amortization	313,713	391,491	871,574	-	2,424,356	1,172,327	-	5,173,460	5,195,153
Disposals and write downs	-	-	(15,775)	-	(779,772)	-	-	(795,547)	(3,200,026)
Balance, end of year	\$ 3,547,165	\$ 10,075,587	\$ 10,162,638	\$ -	\$ 33,981,215	\$ 27,094,679	\$ -	\$ 84,861,283	\$ 80,483,368
<b>Net book value, end of year</b>	<b>6,149,239</b>	<b>10,940,144</b>	<b>5,655,132</b>	<b>3,369,757</b>	<b>35,175,507</b>	<b>33,955,156</b>	<b>11,520,101</b>	<b>106,765,034</b>	<b>98,698,396</b>
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	97,078,920
Change in net book value	(578,620)	(927,285)	842,427	1,945,205	1,859,920	(469,136)	7,013,604	9,686,115	1,619,476

**TOWN OF GRAND FALLS-WINDSOR  
SCHEDULE OF REVENUES  
Year Ended December 31, 2020**

SCHEDULE 2

	2020 Budget	2020 Actual	2019 Actual
<b>Taxation</b>			
Property tax	10,253,615	10,274,390	10,122,504
Water and sewer tax	4,650,915	4,573,723	4,588,411
Business tax	2,041,714	1,974,418	1,960,073
	<u>16,946,244</u>	<u>16,822,531</u>	<u>16,670,988</u>
<b>Grants in lieu of taxes</b>			
Federal properties and crown corporations	55,322	55,323	55,322
Municipal Utility(Sales)	669,379	761,960	746,949
	<u>724,701</u>	<u>817,283</u>	<u>802,271</u>
<b>Sales of goods and services</b>			
Joe Byrne Stadium	127,050	61,666	154,085
Windsor Stadium	187,750	171,693	197,626
Recreation, parks, tourism	306,930	250,332	320,274
Animal and pest control fees	2,000	975	1,863
Land sales/lease	50,000	136,238	42,912
Water supply	354,500	331,292	371,776
	<u>1,028,229</u>	<u>952,196</u>	<u>1,088,536</u>
<b>Other revenue from own sources</b>			
Licences and permits	82,600	43,452	61,005
Fines	26,700	7,807	26,944
Interest on overdue accounts	130,000	101,768	129,239
Interest income	60,000	27,178	72,088
Tax certificates	25,000	16,900	23,050
EXCITE Centre	135,000	95,806	134,956
HPS-project management	18,436	18,439	42,533
Other revenue from own sources	45,000	179,949	83,007
	<u>522,736</u>	<u>491,299</u>	<u>572,822</u>
<b>Grants and transfers</b>			
Government of Canada			
Capital grant	2,530,000	2,530,000	812,221
Gax tax revenue	621,556	1,309,250	1,146,917
Service Canada - Homelessness strategy	-	1,797,770	648,301
Genomics project - ACOA	-	257,633	527,403
Aquaculture project - ACOA	-	9,928	26,342
Other federal grants	15,000	-	16,715
Government of Newfoundland and Labrador			
Municipal capital grant	3,784,309	3,784,309	2,374,349
Provincial gas tax revenue	118,563	118,563	118,563
Debt charge grants	79,558	79,558	274,538
Other provincial grants	-	27,419	34,443
Community healthy living fund	-	23,517	14,571
Other Genomics projects	-	9,966	52,279
	<u>7,148,986</u>	<u>9,947,915</u>	<u>6,046,642</u>
<b>Other revenue</b>			
Other contributions	-	864,748	-
Donated/Contributed tangible capital assets	-	-	-
	<u>-</u>	<u>864,748</u>	<u>-</u>
<b>Total Revenue</b>	<u>\$ 26,370,896</u>	<u>\$ 29,895,971</u>	<u>\$ 25,181,259</u>

**TOWN OF GRAND FALLS-WINDSOR  
SCHEDULE OF EXPENSES  
Year Ended December 31, 2020**

**SCHEDULE 3**

	2020 Budget	2020 Actual	2019 Actual
<b>General government services</b>			
Council	\$314,321	\$308,809	\$349,554
General administrative	1,513,399	1,306,648	1,576,836
Engineering & works administrative	1,168,843	1,173,642	1,129,509
Employee benefits	2,625,630	2,288,514	2,243,593
Provision for uncollectible taxes, fees and charges	20,000	24,337	162,269
Discounts and rebates	181,050	201,553	211,076
Municipal election	-	-	17,895
Property assessment services	163,670	159,858	156,429
General insurance	171,571	173,439	182,288
General maintenance	692,502	933,297	719,382
Amortization of capital assets	1,576,777	1,576,777	1,786,303
Loss on disposal	-	6,419	9,681
	<u>8,427,762</u>	<u>\$8,153,293</u>	<u>8,544,815</u>
<b>Protective services</b>			
Fire protection	312,739	311,730	311,141
Emergency preparedness and response	339,860	240,996	241,625
Municipal enforcement	228,419	222,932	260,532
Other protective services and inspections	157,272	157,270	153,435
	<u>1,038,289</u>	<u>932,928</u>	<u>966,733</u>
<b>Transportation services</b>			
Vehicle and fleet maintenance	1,004,920	880,890	1,033,326
Road transport			
Road, street, sidewalk maintenance	355,052	316,971	404,173
Snow removal	674,514	612,614	448,506
Street lighting	412,308	428,664	379,478
Traffic services	203,468	165,945	215,115
Other transportation services	124,230	160,486	112,445
Amortization of capital assets	2,424,356	2,424,356	2,253,089
Loss on disposal	-	39,196	372,600
	<u>5,198,847</u>	<u>5,029,123</u>	<u>5,218,732</u>
<b>Environmental health services</b>			
Water supply and distribution	544,923	498,312	425,493
Water treatment plant	896,034	885,478	888,288
Sewage collection and disposal	427,538	352,335	450,761
Sewage treatment plant	106,743	75,010	75,890
Garbage and waste collection and disposal	836,867	794,032	791,985
Amortization of capital assets	1,172,327	1,172,327	1,155,761
	<u>3,984,432</u>	<u>3,777,494</u>	<u>3,788,178</u>
<b>Regional planning and development</b>			
Regional development			
Genomics project	-	257,633	527,403
Homelessness strategy	-	1,797,770	648,301
Other Provincial grants	-	34,170	86,721
Aquaculture project	-	13,238	37,472
Community healthy living fund	-	22,632	14,199
Tourism and marketing	341,409	261,372	277,514
EXCITE centre	130,000	105,221	103,206
	<u>471,409</u>	<u>2,492,035</u>	<u>1,694,816</u>
<b>Recreation and cultural services</b>			
Recreation administration	501,293	445,169	485,136
Development and programs	392,219	285,250	442,406
Community grants	216,960	161,352	229,744
Stadiums			
Joe Byrne Memorial	285,867	254,037	255,479
Windsor	266,619	243,878	236,268
Parks and playgrounds	764,699	783,690	763,844
Festivals (net)	50,000	-	68,845
	<u>2,477,657</u>	<u>2,173,376</u>	<u>2,481,722</u>
<b>Fiscal Services</b>			
Long-term debt interest	407,158	407,158	404,219
	<u>407,158</u>	<u>407,158</u>	<u>404,219</u>
<b>Total Expenses</b>	<u>\$ 22,005,553</u>	<u>\$ 22,965,407</u>	<u>\$ 23,099,214</u>

**TOWN OF GRAND FALLS-WINDSOR  
LONG-TERM DEBT  
As at December 31, 2020**

**SCHEDULE 4**

	<u>PROJECT</u>	<u>LOAN BALANCES</u>	
		<u>2020</u>	<u>2019</u>
<b>CANADIAN IMPERIAL BANK OF COMMERCE</b>			
<b>C.I.B.C. GOVERNMENT LOANS</b>			
Interest rate of 4.98% payable over a period of fifteen years maturing in 2021	Multi-year 2005	\$ 46,108	\$ 90,003
Interest rate of 2.90% payable over a period of fifteen years maturing in 2021	Multi-year 2004	15,634	46,234
<b>TOTAL CIBC - GOVERNMENT</b>		<u>61,742</u>	<u>136,237</u>

**TOWN OF GRAND FALLS-WINDSOR  
LONG-TERM DEBT  
As at December 31, 2020**

**SCHEDULE 4**

	PROJECT	LOAN BALANCES	
		2020	2019
<b>CIBC - TOWN LOANS</b>			
Interest rate at 3.57% payable over a period of fifteen years maturing in 2031	Multi-year 2015	1,673,962	1,805,590
Interest rate at 3.20% payable over a period of fifteen years maturing in 2030	Multi-year 2014	1,142,256	1,248,926
Interest rate of 2.2% over a period of ten years maturing in 2030	Capital 2019	1,128,874	-
Interest rate of 3.34% over a period of fifteen years maturing in 2030	Maloney development 2014	1,026,815	1,117,165
Interest rate of 2.37% payable over a period of fifteen years maturing in 2035	Capital 2018	920,122	-
Interest rate of 2.85% payable over a period of five years maturing in 2024	Loaders	847,840	1,050,816
Interest rate of 3.54% payable over a period of fifteen years maturing in 2033	Multi-year 2017	724,527	771,751
Interest rate of 3.63% payable over a period of fifteen years maturing in 2027	Roads 2012	641,181	720,209
Interest rate at prime over a period of fifteen years maturing in 2029	Maloney development 2013	614,929	690,226
Interest rate of 3.15% payable over a period of ten years maturing in 2026	Multi-year 2016	570,859	655,229
Interest rate of 3.99% payable over a period of ten years maturing in 2029	Capital 2019	489,606	491,054
Interest rate of 3.39% payable over a period of ten years maturing in 2022	Capital 2012	445,279	479,972



**TOWN OF GRAND FALLS-WINDSOR  
LONG-TERM DEBT  
As at December 31, 2020**

**SCHEDULE 4**

	PROJECT	LOAN BALANCES	
		2020	2019
<b>CIBC - TOWN LOANS (continued)</b>			
Interest rate of 4.50% payable over a period of fifteen years maturing in 2027	Multi-year 2011	325,366	558,045
Interest rate at prime payable over a period of ten years maturing in 2028	Capital 2017	294,730	336,838
Interest rate at 3.55% payable over a period of ten years maturing in 2024	Capital 2013	237,983	302,356
Interest rate at 2.98% payable over a period of ten years maturing in 2026	Vacuum Truck 2015	255,774	295,958
Interest rate of 4.40% payable over a period of ten years maturing in 2022	Water treatment plant 2011	36,102	65,608
Interest rate at prime repaid during the year	Multi-year 2009	-	57,938
Interest rate at 2.42% repaid during the year	Capital 2014	-	8,830
<b>TOTAL CIBC - TOWN</b>		<u>11,376,204</u>	<u>10,656,511</u>
<b>TOTAL C.I.B.C.</b>		<u>\$ 11,437,946</u>	<u>\$ 10,792,748</u>
<b>LONG TERM DEBT</b>			
Canadian Imperial Bank of Commerce (Page 23)		<u>11,437,946</u>	<u>10,792,748</u>
Less: Current portion of long term debt		<u>(1,416,805)</u>	<u>(1,421,138)</u>
		<u>\$ 10,021,141</u>	<u>\$ 9,371,610</u>
<b>SHARE OF TOTAL DEBT</b>			
Municipal share		\$ 11,376,204	\$ 10,656,511
Provincial share		61,742	136,237
		<u>\$ 11,437,946</u>	<u>\$ 10,792,748</u>

Principal payments required in each of the next five years are as follows :  
2021 - \$1,416,805; 2022 - \$1,394,686; 2023 - \$1,242,117; 2024 - \$1,211,553; 2025 - \$1,118,440

**TOWN OF GRAND FALLS-WINDSOR**  
**RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET**  
 Year Ended December 31, 2020

	Financial Plan	Amortization (TCA)	Principal Expense	Capital Grants	PSAB Budget
<b>REVENUE</b>					
Taxation	\$ 16,946,244	\$ -	\$ -	\$ -	\$ 16,946,244
Grants in lieu of taxes	724,701	-	-	-	724,701
Sales of goods and services	1,028,229	-	-	-	1,028,229
Other revenue from own sources	522,736	-	-	-	522,736
Grants and transfers	832,242	-	-	6,316,744	7,148,986
Other revenue	-	-	-	-	-
Transfers from accumulated surplus	-	-	-	-	-
Transfers from reserves	-	-	-	-	-
<b>Total revenue</b>	<b>\$ 20,054,152</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,316,744</b>	<b>\$ 26,370,896</b>
<b>EXPENSES</b>					
General government services	\$ 6,850,986	\$ 1,576,777	\$ -	\$ -	\$ 8,427,762
Protective services	1,038,289	-	-	-	1,038,289
Transportation services	2,774,490	2,424,356	-	-	5,198,847
Environmental health services	2,812,105	1,172,327	-	-	3,984,432
Regional planning and development	471,409	-	-	-	471,409
Recreation and cultural services	2,477,657	-	-	-	2,477,657
Fiscal services:					
Capital expenditures	1,907,912	(1,907,912)	-	-	-
Debt charges	1,721,305	-	(1,314,147)	-	407,158
<b>Total expenses</b>	<b>\$ 20,054,152</b>	<b>\$ 3,265,549</b>	<b>\$ (1,314,147)</b>	<b>\$ -</b>	<b>\$ 22,005,554</b>
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ (3,265,549)</b>	<b>\$ 1,314,147</b>	<b>\$ 6,316,744</b>	<b>\$ 4,365,343</b>