

TOWN OF GRAND FALLS-WINDSOR

AUDITOR'S REPORT

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

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Lori K. Mercer

CHARTERED PROFESSIONAL ACCOUNTANT

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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.

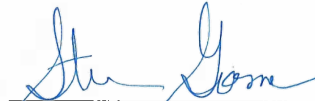
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

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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, 2021, 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, 2021 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.

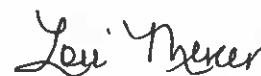
INDEPENDENT AUDITOR'S REPORT - CONTINUED

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
July 20, 2023

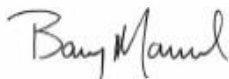


LORI K. MERCER
Chartered Professional Accountant

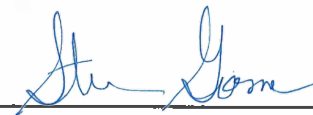
**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF FINANCIAL POSITION
As at December 31, 2021**

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 5)	\$ -	\$ 640,560
Amounts receivable (Note 6)		
Taxation and other	2,258,027	1,986,862
Due from government	3,152,100	2,476,040
Loans and advances	6,080	4,460
Land held for resale	704,781	704,781
	<u>\$ 6,120,988</u>	<u>\$ 5,812,703</u>
LIABILITIES		
Bank indebtedness (Note 5)	\$ 204,364	\$ 308,202
Accounts payable and accrued liabilities (Note 8)	3,718,624	2,985,939
Employee benefit obligations (Note 9)	869,720	908,296
Deferred revenue (Note 10)	1,793,446	1,806,277
Long-term debt (Note 11)		
Municipal share	9,916,752	11,376,204
Provincial share	-	61,742
Other liabilities	6,000	6,000
	<u>16,508,906</u>	<u>17,452,660</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (10,387,918)</u>	<u>\$ (11,639,957)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 108,168,362	\$ 106,765,034
Inventories for use (Note 7)	214,492	235,459
Prepaid expenses	230,442	242,696
	<u>\$ 108,613,296</u>	<u>\$ 107,243,189</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 98,225,378</u>	<u>\$ 95,603,232</u>

Approved on behalf of Council:



Mayor



Director of Corporate Services

**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF OPERATIONS
Year Ended December 31, 2021**

	2021 Budget	2021 Actual	2020 Actual
REVENUE			
Taxation	\$ 16,997,385	\$ 16,777,244	\$ 16,822,531
Grants in lieu of taxes	832,403	837,593	817,283
Sales of goods and services	963,656	973,304	952,196
Other revenue from own sources	452,536	409,163	491,298
Grants and transfers	3,374,642	7,713,613	9,947,915
Other revenue	-	-	864,748
Total revenue (Schedules 2 and 5)	22,620,622	26,710,919	29,895,971
EXPENSES			
General government services	8,980,954	\$8,323,449	8,153,293
Protective services	1,071,421	887,282	932,928
Transportation services	5,249,558	4,730,558	5,029,123
Environmental health services	4,025,300	4,141,073	3,777,494
Regional planning and development	221,225	3,517,305	2,492,035
Recreation and cultural services	2,551,613	2,097,804	2,173,376
Fiscal services	391,302	391,302	407,158
Total expenses (Schedules 3 and 5)	22,491,372	24,088,773	22,965,407
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	129,250	2,622,146	6,930,564
OTHER (Note 17)			
Donated/Contributed tangible capital assets	-	-	-
ANNUAL SURPLUS (DEFICIT)	129,250	2,622,146	6,930,564
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	95,603,232	95,603,232	88,672,668
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ 95,732,482	\$ 98,225,378	\$ 95,603,232

**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
Year Ended December 31, 2021**

	<u>2021 Actual</u>	<u>2020 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ 2,622,146	\$ 6,930,564
Acquisition of tangible capital assets	(7,071,034)	(13,285,715)
Amortization of tangible capital assets	5,629,210	5,173,461
Loss on disposal of tangible capital assets	38,495	45,615
Decrease in inventories	20,967	21,178
Decrease (increase) in prepaids	12,253	(242,696)
	<u>(1,370,108)</u>	<u>(8,288,156)</u>
CHANGE IN NET FINANCIAL ASSETS	1,252,038	(1,357,592)
NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR	(11,639,957)	(10,282,365)
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u><u>\$ (10,387,919)</u></u>	<u><u>\$ (11,639,957)</u></u>

**TOWN OF GRAND FALLS-WINDSOR
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 2,622,146	\$ 6,930,564
Changes in non-cash items:		
Amounts receivable	(947,225)	1,413,055
Inventories	20,967	21,178
Prepays	12,253	(242,696)
Accounts payable and accrued liabilities	732,687	(352,868)
Employee benefit obligations	(38,576)	(213,357)
Deferred revenue	(12,831)	27,145
Loss on disposal of TCA	38,495	45,615
Amortization	5,629,210	5,173,461
Cash provided by operating transactions	<u>8,057,126</u>	<u>12,802,097</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(7,071,034)</u>	<u>(13,285,715)</u>
INVESTING TRANSACTIONS		
Purchase of land for resale	-	(85,823)
Loans and advances repaid	4,460	3,457
Loans and advances issued	(6,080)	(4,460)
Cash (applied to) provided by investing transactions	<u>(1,620)</u>	<u>(86,826)</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	-	2,096,815
Debt repayment	(1,521,194)	(1,451,617)
Cash applied to financing transactions	<u>(1,521,194)</u>	<u>645,198</u>
(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	<u>(536,721)</u>	<u>74,754</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>332,357</u>	<u>257,604</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ (204,364)</u>	<u>\$ 332,357</u>
	<u>2021</u>	<u>2020</u>
CASH AND TEMPORARY INVESTMENTS IS COMPRISED OF:		
Cash and temporary investments (Note 5)	\$ (154,345)	\$ 640,560
Less: Bank indebtedness (Note 5)	(50,019)	(308,202)
	<u>\$ (204,364)</u>	<u>\$ 332,357</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2021**

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, 2021 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, 2021**

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, 2021**

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, 2021**

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, 2021; 9.7 years as at 2020).

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>2021</u>	<u>2020</u>
Cash - Gas Tax Funding	\$ (154,345)	\$ 640,560
Cash - General Operations	(50,019)	(308,202)
	<u>\$ (204,364)</u>	<u>\$ 332,357</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 2021 was 3.25% (2020 = 2.45%).

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2021**

6. Amounts Receivable

	<u>2021</u>	<u>2020</u>
Taxation		
Property tax	\$ 1,044,129	\$ 1,033,774
Water and sewer tax	662,953	793,833
Business tax	431,989	164,824
Poll tax	83,767	83,857
Local improvement assessment	5,739	5,453
	<u>2,228,577</u>	<u>2,081,741</u>
Other receivables	<u>782,999</u>	<u>464,042</u>
Sub-total	3,011,576	2,545,783
Less: allowances for doubtful amounts	(753,549)	(558,921)
Total taxation and other receivables	<u>2,258,027</u>	<u>1,986,862</u>
Due from governments		
Capital grants	390,791	579,051
Gas tax funds	1,751,650	305,059
Other government grants	453,342	317,133
HST rebate and input tax credits	466,891	1,220,909
Gasoline/diesel rebate	89,426	53,889
	<u>3,152,100</u>	<u>2,476,040</u>
	<u>\$ 5,410,127</u>	<u>\$ 4,462,902</u>

Arrears of taxation revenue increase from \$2,081,741 in 2020 to \$2,228,576 in 2021. Of this amount, \$1,145,727 has been outstanding for one year or longer.

Collections amounted to 99.1% of the amounts levied in 2021. (2020 - 98.1%).

7. Inventories for use

	<u>2021</u>	<u>2020</u>
Parts and supplies	\$ 56,871	\$ 56,804
Road salt	117,704	137,880
Water treatment chemicals	39,917	40,774
	<u>\$ 214,492</u>	<u>\$ 235,459</u>

TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2021

8. Accounts Payable and Accrued Liabilities

	<u>2021</u>	<u>2020</u>
Trade	\$ 3,421,810	\$ 2,013,393
Payroll benefits	128,187	149,319
Accrued interest	15,511	15,511
Deposits	131,117	123,792
Insurance claims	22,000	22,000
Gas tax - federal	-	640,560
HST collections	-	21,367
	<u>\$ 3,718,625</u>	<u>\$ 2,985,941</u>

9. Employee Benefit Obligations

	<u>2021</u>	<u>2020</u>
Accrued severance benefit	\$ 95,681	\$ 92,872
Accrued vacation benefit	99,877	113,360
Accrued sick days	358,926	357,044
Accrued payroll	17,436	22,221
Accrued pension benefit	297,800	322,800
	<u>\$ 869,720</u>	<u>\$ 908,296</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 2021 was \$3,921 (2020 - recovery of \$126,231).

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 2021 was a recovery of \$13,483 (2020 - \$40,098).

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 2021 was \$114,566 (2020 - \$140,712).

Pension benefit

Defined Contribution

There were 105 active members in this plan as of December 31, 2021. 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 2021 was \$292,725 (2020 - \$364,780).

TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2021

9. Employee Benefit Obligations (continued)

Defined Benefit

There were 10 active members, 2 deferred vested and inactive members, and 24 pensioners and beneficiaries participating in this plan as of December 31, 2021. 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, 2020, the Town's unfunded liability is \$784,600 (there was no actuarial valuation completed for 2021).

The results below are based on an actuarial valuation of the Plan for accounting purposes conducted as at December 31, 2020 and extrapolated to December 31, 2021.

Accrued Pension Liability

	<u>2021</u>	<u>2020</u>
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation-opening	\$ 12,473,000	\$ 11,719,400
Current service cost	147,900	168,200
Impact of substantive commitment	-	-
Interest on obligation	537,400	551,000
Benefits paid	(613,200)	(599,600)
(Gain) loss on accrued benefit obligation	(167,600)	634,000
Accrued benefit obligation-closing	<u>\$ 12,377,500</u>	<u>\$ 12,473,000</u>
Reconciliation of Pension Plan Assets		
Market value of plan assets - opening	\$ 11,626,800	\$ 10,554,700
Contributions - Town	330,100	438,100
Contributions - employee required	32,200	42,400
Return on plan assets net of expenses	689,800	1,191,200
Benefits paid	(613,200)	(599,600)
Plan assets - closing	<u>\$ 12,065,700</u>	<u>\$ 11,626,800</u>
Funded status - deficit	\$ (311,800)	\$ (846,200)
Net unamortized actuarial gains and losses	14,000	523,400
Accrued Pension Liability	<u>\$ (297,800)</u>	<u>\$ (322,800)</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2021**

9. Employee Benefit Obligations (continued)

Retirement Benefits Expense		
Current period benefit cost	\$ 147,900	\$ 168,200
Impact of plan amendment	-	-
Amortization of actuarial losses (gains)	<u>156,900</u>	<u>163,500</u>
	304,800	331,700
Less: employee contributions	<u>(32,200)</u>	<u>(42,400)</u>
Retirement benefits expense	<u>272,600</u>	<u>289,300</u>
Retirement Benefits Interest Expense		
Interest on average accrued benefit obligation	537,400	551,000
Interest on average pension fund assets	<u>(504,900)</u>	<u>(502,700)</u>
Retirement benefits interest expense	<u>32,500</u>	<u>48,300</u>
Total Expense Related to Retirement Benefits	<u>\$ 305,100</u>	<u>\$ 337,600</u>
Reconciliation of Accrued Pension Liability(Asset)		
Accrued pension liability(asset) recorded-opening balance	\$ 322,800	\$ 423,300
Total retirement benefit expense	305,100	337,600
Contributions - Town	<u>(330,100)</u>	<u>(438,100)</u>
Accrued Pension Liability(Asset) Recorded-Ending Balance	<u>\$ 297,800</u>	<u>\$ 322,800</u>

Actuarial Assumptions

Discount rate:	4.50%
Salary growth:	3.25%
Retirement age:	67% at earliest date eligible for unreduced retirement and the remainder at age 65.
 EARSL:	 9.4 years

10. Deferred Revenue

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

	<u>2021</u>	<u>2020</u>
Federal gas tax revenue	\$ 1,324,397	\$ 886,550
Ski-trail funds	6,602	6,602
Other	84,513	106,429
Homelessness partnership	<u>377,934</u>	<u>806,696</u>
	<u>\$ 1,793,446</u>	<u>\$ 1,806,277</u>

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2021**

11. Long Term Debt (Schedule 4)

	Loan Balances	
	2021	2020
Canadian Imperial Bank of Commerce	9,916,752	11,437,946
	<u>\$ 9,916,752</u>	<u>\$ 11,437,946</u>
Share of total debt		
Town of Grand Falls-Windsor	\$ 9,916,752	\$ 11,376,204
Government of Newfoundland and Labrador	-	61,742
	<u>\$ 9,916,752</u>	<u>\$ 11,437,946</u>

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

	Town	Government	2021	2020
2022	1,634,836	-	1,634,837	1,416,806
2023	1,556,847	-	1,556,847	1,394,686
2024	1,535,900	-	1,535,900	1,242,117
2025	1,336,947	-	1,336,947	1,211,553
2026	1,366,038	-	1,366,038	1,211,553
	<u>\$ 7,430,568</u>	<u>\$ -</u>	<u>\$ 7,430,569</u>	<u>\$ 6,476,715</u>

12. Contingencies/Commitments

Loan Guarantees

As of December 31, 2021, the loan guaranteed by the Town has been paid in full

Organization	Authorized Limited	Outstanding Balance 2021	Outstanding Balance 2020
Grand Falls Golf Club	350,000	\$ -	\$ 40,100

**TOWN OF GRAND FALLS-WINDSOR
NOTES TO THE FINANCIAL STATEMENTS
As at December 31, 2021**

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.

TOWN OF GRAND FALLS-WINDSOR
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 Year Ended December 31, 2021

SCHEDULE 1

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	2021	2020	
Operating costs	\$ 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	
Additions during the year	\$ 3,694	105,697	962,484	1,041,664	1,206,675	324,677	3,426,143	7,071,034	13,285,715	
Transfers	\$ 403,612			(403,612)				(0)	-	
Disposals and write downs					(678,443)		(8,055)	(686,498)	(841,162)	
Balance, end of year	\$ 10,103,711	\$ 21,121,427	\$ 16,780,255	\$ 4,007,809	\$ 69,664,953	\$ 61,374,512	\$ 14,938,189	\$ 198,010,853	\$ 191,626,317	
Accumulated Amortization										
Opening accum'd amortization	3,547,165	\$ 10,075,587	\$ 10,162,638	\$ -	\$ 33,981,215	\$ 27,094,679	\$ -	\$ 84,861,283	\$ 80,483,369	
Amortization	341,736	614,064	931,104		2,559,180	1,183,126		5,629,210	5,173,460	
Disposals and write downs					(648,003)			(648,003)	(795,547)	
Balance, end of year	3,888,901	\$ 10,689,651	\$ 11,093,742	\$ -	\$ 35,892,392	\$ 28,277,806	\$ -	\$ 89,842,490	\$ 84,861,283	
Net book value, end of year	6,214,810	10,431,776	5,686,513	4,007,809	33,792,561	33,096,706	14,938,189	108,168,362	106,765,034	
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	(513,050)	(1,435,653)	873,808	2,583,257	476,974	(1,327,586)	10,431,692	11,089,443	9,686,114	

TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF REVENUES
Year Ended December 31, 2021

SCHEDULE 2

	2021 Budget	2021 Actual	2020 Actual
Taxation			
Property tax	10,357,955	10,367,926	10,274,390
Water and sewer tax	4,651,813	4,437,377	4,573,723
Business tax	1,987,617	1,971,941	1,974,418
	<u>16,997,385</u>	<u>16,777,244</u>	<u>16,822,531</u>
Grants in lieu of taxes			
Federal properties and crown corporations	55,875	48,286	55,323
Municipal Utility(Sales)	776,528	789,307	761,960
	<u>832,403</u>	<u>837,593</u>	<u>817,283</u>
Sales of goods and services			
Joe Byrne Stadium	33,800	32,600	61,666
Windsor Stadium	176,750	124,417	171,693
Recreation, parks, tourism	329,825	326,936	250,332
Animal and pest control fees	2,000	-	975
Land sales/lease	50,000	108,574	136,238
Water supply	371,281	380,778	331,292
	<u>963,656</u>	<u>973,304</u>	<u>952,196</u>
Other revenue from own sources			
Licences and permits	80,800	23,764	43,452
Fines	-	2,068	7,807
Interest on overdue accounts	130,000	124,765	101,768
Interest income	60,000	36,638	27,178
Tax certificates	25,000	23,750	16,900
EXCITE Centre	93,300	95,250	95,806
HPS-project management	18,436	18,439	18,439
Other revenue from own sources	45,000	84,489	179,949
	<u>452,536</u>	<u>409,163</u>	<u>491,298</u>
Grants and transfers			
Government of Canada			
Capital grant	1,150,362	1,150,362	2,530,000
Gax tax revenue	621,556	1,566,183	1,309,250
Service Canada - Homelessness strategy	-	3,015,965	1,797,770
Genomics project - ACOA	-	383,188	257,633
Aquaculture project - ACOA	-	-	9,928
Other federal grants	15,000	-	-
Government of Newfoundland and Labrador			
Municipal capital grant	1,405,463	1,405,463	3,784,309
Provincial gas tax revenue	118,563	118,563	118,563
Debt charge grants	63,698	15,861	79,558
Other provincial grants	-	39,515	27,419
Community healthy living fund	-	18,511	23,517
Other Genomics projects	-	-	9,966
	<u>3,374,642</u>	<u>7,713,613</u>	<u>9,947,915</u>
Other revenue			
Other contributions	-	-	864,748
Donated/Contributed tangible capital assets	-	-	-
	<u>-</u>	<u>-</u>	<u>864,748</u>
Total Revenue	<u>\$ 22,620,621</u>	<u>\$ 26,710,918</u>	<u>\$ 29,895,971</u>

**TOWN OF GRAND FALLS-WINDSOR
SCHEDULE OF EXPENSES
Year Ended December 31, 2021**

SCHEDULE 3

	2021 Budget	2021 Actual	2020 Actual
General government services			
Council	\$310,821	\$288,436	\$308,809
General administrative	1,563,581	1,467,276	1,306,648
Engineering & works administrative	1,297,909	1,087,622	1,173,642
Employee benefits	2,549,154	2,383,766	2,288,514
Provision for uncollectible taxes, fees and charges	30,000	185,546	24,337
Discounts and rebates	181,050	193,566	201,553
Municipal election	20,000	22,893	-
Property assessment services	163,228	163,228	159,858
General insurance	171,571	178,223	173,439
General maintenance	806,736	465,990	933,297
Amortization of capital assets	1,886,904	1,886,904	1,576,777
Loss on disposal	-	-	6,419
	<u>8,980,954</u>	<u>\$8,323,450</u>	<u>8,153,293</u>
Protective services			
Fire protection	315,340	233,669	311,730
Emergency preparedness and response	364,720	199,301	240,996
Municipal enforcement	234,089	305,326	222,932
Other protective services and inspections	157,272	148,985	157,270
	<u>1,071,421</u>	<u>887,282</u>	<u>932,928</u>
Transportation services			
Vehicle and fleet maintenance	1,004,919	740,059	880,890
Road transport			
Road, street, sidewalk maintenance	421,742	281,092	316,971
Snow removal	505,151	447,537	612,614
Street lighting	412,308	457,583	428,664
Traffic services	206,017	134,156	165,945
Other transportation services	140,240	80,509	160,486
Amortization of capital assets	2,559,180	2,559,180	2,424,356
Loss on disposal	-	30,441	39,196
	<u>5,249,558</u>	<u>4,730,559</u>	<u>5,029,123</u>
Environmental health services			
Water supply and distribution	465,181	312,017	498,312
Water treatment plant	928,925	879,522	885,478
Sewage collection and disposal	472,128	230,041	352,335
Sewage treatment plant	100,910	75,868	75,010
Garbage and waste collection and disposal	875,030	1,460,499	794,032
Amortization of capital assets	1,183,126	1,183,126	1,172,327
	<u>4,025,300</u>	<u>4,141,073</u>	<u>3,777,494</u>
Regional planning and development			
Regional development			
Genomics project	-	383,188	257,633
Homelessness strategy	-	3,015,965	1,797,770
Other Provincial grants	-	-	34,170
Aquaculture project	-	-	13,238
Community healthy living fund	-	18,511	22,632
Tourism and marketing	91,225	27,558	261,372
EXCITE centre	130,000	72,083	105,221
	<u>221,225</u>	<u>3,517,305</u>	<u>2,492,035</u>
Recreation and cultural services			
Recreation administration	589,287	657,000	445,169
Development and programs	397,976	445,699	285,250
Community grants	226,360	211,194	161,352
Stadiums			
Joe Byrne Memorial	275,015	175,692	254,037
Windsor	248,407	123,638	243,878
Parks and playgrounds	764,568	482,729	783,690
Festivals (net)	50,000	1,852	-
	<u>2,551,613</u>	<u>2,097,804</u>	<u>2,173,376</u>
Fiscal Services			
Long-term debt interest	391,302	391,302	407,158
	<u>391,302</u>	<u>391,302</u>	<u>407,158</u>
Total Expenses	<u>\$ 22,491,372</u>	<u>\$ 24,088,773</u>	<u>\$ 22,965,407</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2021**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2021	2020
CANADIAN IMPERIAL BANK OF COMMERCE			
C.I.B.C. GOVERNMENT LOANS			
Interest rate of 4.98% repaid during the year	Multi-year 2005	\$ -	\$ 46,108
Interest rate of 2.90% repaid during the year	Multi-year 2004	-	15,634
TOTAL CIBC - GOVERNMENT		<u>-</u>	<u>61,742</u>

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2021**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2021	2020
CIBC - TOWN LOANS			
Interest rate at 3.57% payable over a period of fifteen years maturing in 2031	Multi-year 2015	1,548,840	1,673,962
Interest rate at 3.20% payable over a period of fifteen years maturing in 2030	Multi-year 2014	1,032,121	1,142,256
Interest rate of 2.2% over a period of ten years maturing in 2030	Capital 2019	1,022,901	1,128,874
Interest rate of 3.34% over a period of fifteen years maturing in 2030	Maloney development 2014	933,402	1,026,815
Interest rate of 2.37% payable over a period of fifteen years maturing in 2035	Capital 2018	862,943	920,122
Interest rate of 2.85% payable over a period of five years maturing in 2024	Loaders	639,002	847,840
Interest rate of 3.54% payable over a period of fifteen years maturing in 2033	Multi-year 2017	675,603	724,527
Interest rate of 3.63% payable over a period of fifteen years maturing in 2027	Roads 2012	559,237	641,181
Interest rate at prime over a period of fifteen years maturing in 2029	Maloney development 2013	539,632	614,929
Interest rate of 3.15% payable over a period of ten years maturing in 2026	Multi-year 2016	478,893	570,859
Interest rate of 3.99% payable over a period of ten years maturing in 2029	Capital 2019	418,083	489,606
Interest rate of 3.39% payable over a period of ten years maturing in 2022	Capital 2012	397,644	445,279

**TOWN OF GRAND FALLS-WINDSOR
LONG-TERM DEBT
As at December 31, 2021**

SCHEDULE 4

	PROJECT	LOAN BALANCES	
		2021	2020
CIBC - TOWN LOANS (continued)			
Interest rate of 4.50% payable over a period of fifteen years maturing in 2027	Multi-year 2011	165,436	325,366
Interest rate at prime payable over a period of ten years maturing in 2028	Capital 2017	252,622	294,730
Interest rate at 3.55% payable over a period of ten years maturing in 2024	Capital 2013	170,747	237,983
Interest rate at 2.98% payable over a period of ten years maturing in 2026	Vacuum Truck 2015	214,376	255,774
Interest rate of 4.40% payable over a period of ten years maturing in 2022	Water treatment plant 2011	5,271	36,102
TOTAL CIBC - TOWN		<u>9,916,752</u>	<u>11,376,204</u>
TOTAL C.I.B.C.		<u>\$ 9,916,752</u>	<u>\$ 11,437,946</u>
LONG TERM DEBT			
Canadian Imperial Bank of Commerce (Page 23)		<u>9,916,752</u>	<u>11,437,946</u>
Less: Current portion of long term debt		<u>(1,634,836)</u>	<u>(1,416,805)</u>
		<u>\$ 8,281,916</u>	<u>\$ 10,021,141</u>
SHARE OF TOTAL DEBT			
Municipal share		\$ 9,916,752	\$ 11,376,204
Provincial share		-	61,742
		<u>\$ 9,916,752</u>	<u>\$ 11,437,946</u>

Principal payments required in each of the next five years are as follows :
2022 - \$1,634,836; 2023 - \$1,556,847; 2024 - \$1,535,900; 2025 - \$1,336,947; 2026 - \$1,366,038

TOWN OF GRAND FALLS-WINDSOR
 RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
 Year Ended December 31, 2021

	Financial Plan	Amortization (TCA)	Principal Expense	Capital Grants	PSAB Budget
REVENUE					
Taxation	\$ 16,997,385	\$ -	\$ -	\$ -	\$ 16,997,385
Grants in lieu of taxes	832,403	-	-	-	832,403
Sales of goods and services	963,656	-	-	-	963,656
Other revenue from own sources	452,536	-	-	-	452,536
Grants and transfers	818,817	-	-	2,555,825	3,374,642
Other revenue	-	-	-	-	-
Transfers from accumulated surplus	-	-	-	-	-
Transfers from reserves	-	-	-	-	-
Total revenue	\$ 20,064,797	\$ -	\$ -	\$ 2,555,825	\$ 22,620,622
EXPENSES					
General government services	\$ 7,094,050	\$ 1,886,904	\$ -	\$ -	\$ 8,980,954
Protective services	1,071,421	-	-	-	1,071,421
Transportation services	2,690,377	2,559,180	-	-	5,249,558
Environmental health services	2,842,174	1,183,126	-	-	4,025,300
Regional planning and development	221,225	-	-	-	221,225
Recreation and cultural services	2,551,613	-	-	-	2,551,613
Fiscal services:					
Capital expenditures	1,477,880	(1,477,880)	-	-	-
Debt charges	2,116,057	-	(1,724,755)	-	391,302
Total expenses	\$ 20,064,797	\$ 4,151,330	\$ (1,724,755)	\$ -	\$ 22,491,372
Surplus (Deficit)	\$ -	\$ (4,151,330)	\$ 1,724,755	\$ 2,555,825	\$ 129,250