

**TOWN OF GRAND FALLS-WINDSOR  
AUDITOR'S REPORT  
FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2022**

## CONTENTS

	<u>Page</u>
MANAGEMENT STATEMENT OF RESPONSIBILITY	2
INDEPENDENT AUDITORS'S REPORT	3-4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF OPERATIONS	6
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9-18
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS	19
SCHEDULE 2 - SCHEDULE OF REVENUES	20
SCHEDULE 3 - SCHEDULE OF EXPENSES	21
SCHEDULE 4 - LONG TERM DEBT	22-23
SCHEDULE 5 - RECONCILIATION OF THE FINANCIAL PLAN TO BUDGET	24

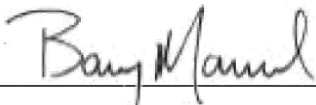
**STATEMENT OF RESPONSIBILITY**

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.

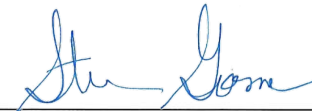
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial 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, 2022, 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, 2022 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.

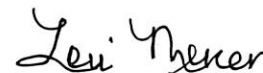
## INDEPENDENT AUDITOR'S REPORT - CONTINUED

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  
February 9, 2024



LORI K. MERCER

Chartered Professional Accountant

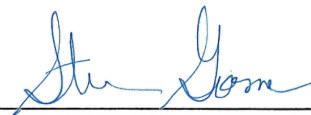
**TOWN OF GRAND FALLS-WINDSOR  
STATEMENT OF FINANCIAL POSITION  
As at December 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>FINANCIAL ASSETS</b>		
Amounts receivable (Note 6)		
Taxation and other	\$ 2,138,659	\$ 2,258,027
Due from government	4,155,356	3,152,101
Loans and advances	6,537	6,080
Land held for resale	704,781	704,781
	<u>\$ 7,005,332</u>	<u>\$ 6,120,988</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 5)	\$ 1,637,530	\$ 204,364
Accounts payable and accrued liabilities (Note 8)	1,840,542	3,718,624
Employee benefit obligations (Note 9)	720,437	869,720
Deferred revenue (Note 10)	1,239,016	1,793,446
Long-term debt (Note 11)		
Municipal share	11,442,952	9,916,752
Other liabilities	6,000	6,000
	<u>16,886,477</u>	<u>16,508,906</u>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<u>\$ (9,881,145)</u>	<u>\$ (10,387,918)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	\$ 109,362,786	\$ 108,168,362
Inventories for use (Note 7)	\$ 250,863	\$ 214,492
Prepaid expenses	\$ 256,270	\$ 230,442
	<u>\$ 109,869,920</u>	<u>\$ 108,613,296</u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<u>\$ 99,988,775</u>	<u>\$ 98,225,378</u>

Approved on behalf of Council:



Mayor



Director of Corporate Services

**TOWN OF GRAND FALLS-WINDSOR**  
**STATEMENT OF OPERATIONS**  
**Year Ended December 31, 2022**

	2022 Budget	2022 Actual	2021 Actual
<b>REVENUE</b>			
Taxation	\$ 16,853,482	\$ 16,660,247	\$ 16,777,244
Grants in lieu of taxes	837,575	809,318	837,593
Sales of goods and services	1,275,711	1,283,723	973,304
Other revenue from own sources	422,334	585,362	409,163
Grants and transfers	4,321,410	7,333,020	7,713,613
Other revenue	-	-	-
Total revenue (Schedules 2 and 5)	<u>23,710,513</u>	<u>26,671,671</u>	<u>26,710,919</u>
<b>EXPENSES</b>			
General government services	9,239,836	\$8,874,721	8,323,449
Protective services	1,099,342	955,861	887,282
Transportation services	5,152,402	5,384,839	4,730,558
Environmental health services	4,398,500	4,059,865	4,141,073
Regional planning and development	197,000	2,184,608	3,517,305
Recreation and cultural services	2,728,056	3,027,065	2,097,804
Fiscal services	421,313	421,313	391,302
Total expenses (Schedules 3 and 5)	<u>23,236,449</u>	<u>24,908,274</u>	<u>24,088,773</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER</b>	474,063	1,763,397	2,622,146
<b>OTHER (Note 17)</b>			
Donated/Contributed tangible capital assets	-	-	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	474,063	1,763,397	2,622,146
<b>ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<u>98,225,378</u>	<u>98,225,378</u>	<u>95,603,232</u>
<b>ACCUMULATED SURPLUS (DEFICIT), END OF YEAR</b>	<u>\$ 98,699,442</u>	<u>\$ 99,988,775</u>	<u>\$ 98,225,378</u>

**TOWN OF GRAND FALLS-WINDSOR**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)**  
**Year Ended December 31, 2022**

	<u>2022</u> Actual	<u>2021</u> Actual
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 1,763,397</b>	<b>\$ 2,622,146</b>
Acquisition of tangible capital assets	(6,931,811)	(7,071,034)
Amortization of tangible capital assets	5,737,387	5,629,210
Loss on disposal of tangible capital assets	-	38,495
Decrease in inventories	(36,371)	20,967
Decrease (increase) in prepaids	(25,828)	12,253
	<u>(1,256,623)</u>	<u>(1,370,108)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>506,774</b>	<b>1,252,038</b>
<b>NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR</b>	<b><u>(10,387,919)</u></b>	<b><u>(11,639,957)</u></b>
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	<b><u><u>\$ (9,881,145)</u></u></b>	<b><u><u>\$ (10,387,919)</u></u></b>



**TOWN OF GRAND FALLS-WINDSOR**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 1,763,397	\$ 2,622,146
Changes in non-cash items:		
Amounts receivable	(883,888)	(947,225)
Inventories	(36,371)	20,967
Prepays	(25,828)	12,253
Accounts payable and accrued liabilities	(1,878,082)	732,687
Employee benefit obligations	(149,282)	(38,576)
Deferred revenue	(554,430)	(12,831)
Loss on disposal of TCA	-	38,495
Amortization	<u>5,737,387</u>	<u>5,629,210</u>
Cash provided by operating transactions	<u>3,972,903</u>	<u>8,057,127</u>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	<u>(6,931,811)</u>	<u>(7,071,034)</u>
<b>INVESTING TRANSACTIONS</b>		
Loans and advances repaid	6,080	4,460
Loans and advances issued	<u>(6,537)</u>	<u>(6,080)</u>
Cash (applied to) provided by investing transactions	<u>(457)</u>	<u>(1,621)</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of long-term debt	3,271,718	-
Debt repayment	<u>(1,745,518)</u>	<u>(1,521,194)</u>
Cash applied to financing transactions	<u>1,526,200</u>	<u>(1,521,194)</u>
<b>(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS</b>	<b>(1,433,166)</b>	<b>(536,721)</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u>(204,364)</u>	<u>332,357</u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<u>\$ (1,637,530)</u>	<u>\$ (204,364)</u>
	<u>2022</u>	<u>2021</u>
<b>CASH AND TEMPORARY INVESTMENTS IS COMPRISED OF:</b>		
Cash and temporary investments (Note 5)	\$ (662,599)	\$ (154,345)
Less: Bank indebtedness (Note 5)	<u>(974,931)</u>	<u>(50,019)</u>
	<u>\$ (1,637,530)</u>	<u>\$ (204,364)</u>

**TOWN OF GRAND FALLS-WINDSOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2022**

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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, 2022 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, 2022**

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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, 2022**

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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, 2022**

**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 (8.7 years as at December 31, 2022; 9.7 years as at 2021).

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>2022</u>	<u>2021</u>
Cash - Gas Tax Funding	\$ (662,599)	\$ (154,345)
Cash - General Operations	(974,931)	(50,019)
	<u>\$ (1,637,530)</u>	<u>\$ (204,364)</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 2022 was 6.45% (2021 = 3.25%).

**TOWN OF GRAND FALLS-WINDSOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2022**

**6. Amounts Receivable**

	<u>2022</u>	<u>2021</u>
Taxation		
Property tax	\$ 1,038,860	\$ 1,044,129
Water and sewer tax	669,740	662,953
Business tax	454,657	431,989
Poll tax	-	83,767
Local improvement assessment	5,178	5,739
	<u>2,168,435</u>	<u>2,228,577</u>
Other receivables	<u>667,566</u>	<u>782,999</u>
Sub-total	2,836,001	3,011,576
Less: allowances for doubtful amounts	(697,342)	(753,549)
Total taxation and other receivables	<u>2,138,659</u>	<u>2,258,027</u>
Due from governments		
Capital grants	694,176	390,791
Gas tax funds	1,901,913	1,751,650
Other government grants	719,213	453,342
HST rebate and input tax credits	766,442	466,891
Gasoline/diesel rebate	73,612	89,426
	<u>4,155,356</u>	<u>3,152,101</u>
	<u>\$ 6,294,015</u>	<u>\$ 5,410,127</u>

Arrears of taxation revenue increase from \$2,081,741 in 2021 to \$2,228,576 in 2022. Of this amount, \$1,145,727 has been outstanding for one year or longer.

Collections amounted to 99.1% of the amounts levied in 2022. (2021 - 98.1%).

**7. Inventories for use**

	<u>2022</u>	<u>2021</u>
Parts and supplies	\$ 56,871	\$ 56,871
Road salt	140,410	117,704
Water treatment chemicals	53,583	39,917
	<u>\$ 250,863</u>	<u>\$ 214,492</u>

**TOWN OF GRAND FALLS-WINDSOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2022**

**8. Accounts Payable and Accrued Liabilities**

	<u>2022</u>	<u>2021</u>
Trade	\$ 1,389,127	\$ 3,421,810
Payroll benefits	174,520	128,187
Accrued interest	122,653	15,511
Deposits	132,244	131,117
Insurance claims	22,000	22,000
	<u>\$ 1,840,542</u>	<u>\$ 3,718,625</u>

**9. Employee Benefit Obligations**

	<u>2022</u>	<u>2021</u>
Accrued severance benefit	\$ 97,116	\$ 95,681
Accrued vacation benefit	107,308	99,877
Accrued sick days	302,179	358,926
Accrued payroll	17,436	17,436
Accrued pension benefit	127,300	297,800
Accrued group insurance benefit	69,098	-
	<u>\$ 720,437</u>	<u>\$ 869,720</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 2022 was \$1,435 (2021 - \$3,921).

**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 2022 was a recovery of \$7,432 (2021 - \$13,483).

**Group Insurance**

All staff pay 10% of their group insurance premium and this is held to offset future increases in the group insurance plan.

**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 2022 was \$51,478 (2021 - \$114,566).

**Pension benefit**

**Defined Contribution**

There were 105 active members in this plan as of December 31, 2022. 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 2022 was \$384,101 (2021 - \$292,725).

**TOWN OF GRAND FALLS-WINDSOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2022**

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

**Defined Benefit**

There were 10 active members, 2 deferred vested and inactive members, and 25 pensioners and beneficiaries participating in this plan as of December 31, 2022. 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 2022).

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, 2022.

**Accrued Pension Liability**

	<u>2022</u>	<u>2021</u>
<b>Reconciliation of Accrued Benefit Obligation</b>		
Accrued benefit obligation-opening	\$ 12,377,500	\$ 12,473,000
Current service cost	127,700	147,900
Impact of substantive commitment	-	-
Interest on obligation	545,800	537,400
Benefits paid	(625,800)	(613,200)
(Gain) loss on accrued benefit obligation	(809,000)	(167,600)
Accrued benefit obligation-closing	<u>\$ 11,616,200</u>	<u>\$ 12,377,500</u>
<b>Reconciliation of Pension Plan Assets</b>		
Market value of plan assets - opening	\$ 12,065,700	\$ 11,626,800
Contributions - Town	393,400	330,100
Contributions - employee required	31,300	32,200
Return on plan assets net of expenses	(1,781,100)	689,800
Benefits paid	(625,800)	(613,200)
Plan assets - closing	<u>\$ 10,083,500</u>	<u>\$ 12,065,700</u>
Funded status - deficit	\$ (1,532,700)	\$ (311,800)
Net unamortized actuarial gains and losses	1,405,400	14,000
<b>Accrued Pension Liability</b>	<u>\$ (127,300)</u>	<u>\$ (297,800)</u>



**TOWN OF GRAND FALLS-WINDSOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2022**

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

<b>Retirement Benefits Expense</b>		
Current period benefit cost	\$ 127,700	\$ 147,900
Impact of plan amendment	-	-
Amortization of actuarial losses (gains)	<u>119,100</u>	<u>156,900</u>
	<b>246,800</b>	<b>304,800</b>
Less: employee contributions	<u>(31,300)</u>	<u>(32,200)</u>
Retirement benefits expense	<u><b>215,500</b></u>	<u><b>272,600</b></u>
<b>Retirement Benefits Interest Expense</b>		
Interest on average accrued benefit obligation	545,800	537,400
Interest on average pension fund assets	<u>(538,400)</u>	<u>(504,900)</u>
Retirement benefits interest expense	<u>7,400</u>	<u>32,500</u>
<b>Total Expense Related to Retirement Benefits</b>	<u><b>\$ 222,900</b></u>	<u><b>\$ 305,100</b></u>
<b>Reconciliation of Accrued Pension Liability(Asset)</b>		
Accrued pension liability(asset) recorded-opening balance	\$ 297,800	\$ 322,800
Total retirement benefit expense	222,900	305,100
Contributions - Town	<u>(393,400)</u>	<u>(330,100)</u>
Accrued Pension Liability(Asset) Recorded-Ending Balance	<u><b>\$ 127,300</b></u>	<u><b>\$ 297,800</b></u>

**Actuarial Assumptions**

Discount rate:	5.05%
Salary growth:	3.25%
Retirement age:	67% at earliest date eligible for unreduced retirement and the remainder at age 65.
EARSL:	8.7 years

**10. Deferred Revenue**

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

	<u>2022</u>	<u>2021</u>
Federal gas tax revenue	\$ 630,925	\$ 1,324,397
Homelessness partnership	538,449	377,934
Other	<u>69,641</u>	<u>91,115</u>
	<u><b>\$ 1,239,016</b></u>	<u><b>\$ 1,793,446</b></u>

**TOWN OF GRAND FALLS-WINDSOR  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2022**

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

	<b>Loan Balances</b>	
	<u>2022</u>	<u>2021</u>
Canadian Imperial Bank of Commerce	11,442,952	9,916,752
	<u>\$ 11,442,952</u>	<u>\$ 9,916,752</u>
<b>Share of total debt</b>		
Town of Grand Falls-Windsor	\$ 11,442,952	\$ 9,916,752
Government of Newfoundland and Labrador	-	-
	<u>\$ 11,442,952</u>	<u>\$ 9,916,752</u>

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

	<u>Town</u>	<u>Government</u>	<u>2022</u>	<u>2021</u>
2022	1,556,847		1,556,847	1,634,837
2023	1,535,900		1,535,900	1,556,847
2024	1,336,947		1,336,947	1,535,900
2025	1,366,038		1,366,038	1,336,947
2026	1,180,067		1,180,067	1,366,038
	<u>\$ 6,975,799</u>	<u>\$ -</u>	<u>\$ 6,975,799</u>	<u>\$ 7,430,569</u>

**TOWN OF GRAND FALLS-WINDSOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2022**

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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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TOWN OF GRAND FALLS-WINDSOR  
 SCHEDULE OF TANGIBLE CAPITAL ASSETS  
 Year Ended December 31, 2022

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	2022	2021
Opening costs	\$ 10,103,711	\$ 21,121,427	\$ 16,780,255	\$ 4,007,809	\$ 69,684,953	\$ 61,374,512	\$ 14,938,189	\$ 198,010,853	\$ 191,626,317
Additions during the year	\$ 64,737	124,037	1,240,039	1,453,504	659,159	151,489	3,238,846	6,931,811	7,071,034
Transfers	\$ 868,968	-	-	(868,968)	-	-	-	-	(0)
Disposals and write downs	-	-	-	-	(688,524)	-	-	(688,524)	(688,498)
Balance, end of year	\$ 11,037,416	\$ 21,245,464	\$ 18,020,294	\$ 4,592,345	\$ 69,655,588	\$ 61,526,001	\$ 18,177,035	\$ 204,254,140	\$ 198,010,853
<b>Accumulated Amortization</b>									
Opening accum'd amortization	3,888,901	\$ 10,689,651	\$ 11,093,742	\$ -	\$ 35,892,392	\$ 28,277,806	\$ -	\$ 89,842,490	\$ 84,861,283
Amortization	406,685	616,447	963,741	-	2,441,697	1,308,818	-	5,737,387	5,629,210
Disposals and write downs	-	-	-	-	(688,524)	-	-	(688,524)	(648,003)
Balance, end of year	4,295,586	\$ 11,306,098	\$ 12,057,483	\$ -	\$ 37,645,565	\$ 29,586,624	\$ -	\$ 94,891,353	\$ 89,842,490
Net book value, end of year	6,741,830	9,939,366	5,962,811	4,592,345	32,010,023	31,939,377	18,177,035	109,362,787	108,168,362
Net book value, beginning 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
Change in net book value	527,020	(492,410)	276,298	584,536	(1,782,538)	(1,157,329)	3,238,846	1,194,425	1,403,328

**TOWN OF GRAND FALLS-WINDSOR**  
**SCHEDULE OF REVENUES**  
**Year Ended December 31, 2022**

SCHEDULE 2

	2022 Budget	2022 Actual	2021 Actual
<b>Taxation</b>			
Property tax	10,063,503	10,149,981	10,367,926
Water and sewer tax	4,820,342	4,547,568	4,437,377
Business tax	1,969,638	1,962,699	1,971,941
	<u>16,853,482</u>	<u>16,660,247</u>	<u>16,777,244</u>
<b>Grants in lieu of taxes</b>			
Federal properties and crown corporations	48,286	46,141	48,286
Municipal Utility(Sales)	789,289	763,177	789,307
	<u>837,575</u>	<u>809,318</u>	<u>837,593</u>
<b>Sales of goods and services</b>			
Joe Byrne Stadium	133,800	106,216	32,600
Windsor Stadium	195,000	180,956	124,417
Recreation, parks, tourism	418,150	500,002	326,936
Land sales/lease	100,000	149,954	108,574
Water supply	428,761	346,594	380,778
	<u>1,275,711</u>	<u>1,283,723</u>	<u>973,304</u>
<b>Other revenue from own sources</b>			
Licences and permits	44,775	39,480	23,764
Fines	-	11,899	2,068
Interest on overdue accounts	130,000	133,613	124,765
Interest income	60,000	94,170	36,638
Tax certificates	25,000	38,900	23,750
EXCITE Centre	99,123	87,763	95,250
HPS-project management	18,436	24,772	18,439
Other revenue from own sources	45,000	154,764	84,489
	<u>422,334</u>	<u>585,362</u>	<u>409,162</u>
<b>Grants and transfers</b>			
Government of Canada			
Capital grant	1,719,391	1,719,391	1,150,362
Gax tax revenue	621,556	1,439,582	1,566,183
Service Canada - Homelessness strategy	-	1,862,292	3,015,965
Genomics project - ACOA	-	205,453	383,188
Other federal grants	15,000	106,956	-
Government of Newfoundland and Labrador			
Municipal capital grant	1,822,981	1,822,981	1,405,463
Provincial gas tax revenue	118,563	118,563	118,563
Debt charge grants	23,919	23,919	15,861
Other provincial grants	-	16,000	39,515
Community healthy living fund	-	17,883	18,511
Other Genomics projects	-	-	-
	<u>4,321,410</u>	<u>7,333,020</u>	<u>7,713,613</u>
<b>Total Revenue</b>	<u>\$ 23,710,512</u>	<u>\$ 26,671,670</u>	<u>\$ 26,710,918</u>

**TOWN OF GRAND FALLS-WINDSOR**  
**SCHEDULE OF EXPENSES**  
**Year Ended December 31, 2022**

**SCHEDULE 3**

	2022 Budget	2022 Actual	2021 Actual
<b>General government services</b>			
Council	\$335,064	\$357,332	\$288,436
General administrative	1,618,230	1,642,684	1,467,276
Engineering & works administrative	1,271,379	1,181,123	1,087,622
Employee benefits	2,633,352	2,487,557	2,383,766
Provision for uncollectible taxes, fees and charges	40,000	68,011	185,546
Discounts and rebates	215,000	199,017	193,566
Municipal election	-	-	22,893
Property assessment services	163,072	163,072	163,228
General insurance	178,434	195,238	178,223
General maintenance	852,390	647,772	465,990
Amortization of capital assets	1,932,915	1,932,915	1,886,904
Loss on disposal	-	-	-
	<u>9,239,836</u>	<u>\$8,874,722</u>	<u>8,323,450</u>
<b>Protective services</b>			
Fire protection	323,992	328,603	233,669
Emergency preparedness and response	373,028	237,035	199,301
Municipal enforcement	242,691	227,508	305,326
Other protective services and inspections	159,631	162,716	148,985
	<u>1,099,342</u>	<u>955,861</u>	<u>887,282</u>
<b>Transportation services</b>			
Vehicle and fleet maintenance	988,805	1,202,184	740,059
Road transport			
Road, street, sidewalk maintenance	436,037	429,149	281,092
Snow removal	516,587	486,497	447,537
Street lighting	428,100	505,016	457,583
Traffic services	212,736	202,465	134,156
Other transportation services	128,440	117,830	80,509
Amortization of capital assets	2,441,697	2,441,697	2,559,180
Loss on disposal	-	-	30,441
	<u>5,152,402</u>	<u>5,384,839</u>	<u>4,730,559</u>
<b>Environmental health services</b>			
Water supply and distribution	472,783	344,766	312,017
Water treatment plant	1,098,216	950,455	879,522
Sewage collection and disposal	480,720	466,081	230,041
Sewage treatment plant	101,225	176,527	75,868
Garbage and waste collection and disposal	882,780	759,260	1,460,499
Amortization of capital assets	1,362,775	1,362,775	1,183,126
	<u>4,398,500</u>	<u>4,059,865</u>	<u>4,141,073</u>
<b>Regional planning and development</b>			
Regional development			
Genomics project	-	205,453	383,188
Homelessness strategy	-	1,788,990	3,015,965
Community healthy living fund	-	17,883	18,511
Tourism and marketing	67,000	74,248	27,558
EXCITE centre	130,000	98,036	72,083
	<u>197,000</u>	<u>2,184,608</u>	<u>3,517,305</u>
<b>Recreation and cultural services</b>			
Recreation administration	605,691	686,901	657,000
Development and programs	578,600	784,497	445,699
Community grants	193,300	176,303	211,194
Stadiums			
Joe Byrne Memorial	272,800	238,083	175,692
Windsor	251,040	282,994	123,638
Parks and playgrounds	776,625	780,893	482,729
Festivals (net)	50,000	77,394	1,852
	<u>2,728,056</u>	<u>3,027,065</u>	<u>2,097,804</u>
<b>Fiscal Services</b>			
Long-term debt interest	421,313	421,313	391,302
	<u>421,313</u>	<u>421,313</u>	<u>391,302</u>
<b>Total Expenses</b>	<u>\$ 23,236,449</u>	<u>\$ 24,908,273</u>	<u>\$ 24,088,774</u>

**TOWN OF GRAND FALLS-WINDSOR  
LONG-TERM DEBT  
As at December 31, 2022**

**SCHEDULE 4**

	PROJECT	LOAN BALANCES	
		2022	2021
<b>CIBC - TOWN LOANS</b>			
Interest rate at 6.45% payable over a period of ten years maturing in 2033	2020 Capital	2,047,034	-
Interest rate at 3.57% payable over a period of fifteen years maturing in 2031	Multi-year 2015	1,396,203	1,548,840
Interest rate at 3.20% payable over a period of fifteen years maturing in 2030	Multi-year 2014	918,411	1,032,121
Interest rate of 2.2% over a period of ten years maturing in 2030	Capital 2019	914,572	1,022,901
Interest rate of 6.45% over a period of eleven years maturing in 2034	Honeywell Project	906,588	-
Interest rate of 6.45% over a period of fifteen years maturing in 2030	Maloney development 2014	836,820	933,402
Interest rate of 2.37% payable over a period of fifteen years maturing in 2035	Capital 2018	808,829	862,943
Interest rate of 3.54% payable over a period of fifteen years maturing in 2033	Multi-year 2017	624,919	675,603
Interest rate of 3.63% payable over a period of fifteen years maturing in 2027	Roads 2012	474,268	559,237
Interest rate at prime over a period of fifteen years maturing in 2029	Maloney development 2013	464,334	539,632
Interest rate of 2.85% payable over a period of five years maturing in 2024	Loaders	424,135	639,002
Interest rate of 3.15% payable over a period of ten years maturing in 2026	Multi-year 2016	389,044	478,893

**TOWN OF GRAND FALLS-WINDSOR  
LONG-TERM DEBT  
As at December 31, 2022**

**SCHEDULE 4**

	PROJECT	LOAN BALANCES	
		2022	2021
<b>CIBC - TOWN LOANS (continued)</b>			
Interest rate of 3.99% payable over a period of ten years maturing in 2029	Capital 2019	405,836	418,083
Interest rate of 3.39% payable over a period of ten years maturing in 2022	Capital 2012	348,073	397,644
Interest rate at prime payable over a period of ten years maturing in 2028	Capital 2017	210,514	252,622
Interest rate at 3.55% payable over a period of ten years maturing in 2024	Capital 2013	101,644	170,747
Interest rate at 2.98% payable over a period of ten years maturing in 2026	Vacuum Truck 2015	171,728	214,376
Interest rate of 4.50% repaid during the year	Multi-year 2011	-	165,436
Interest rate of 4.40% repaid during the year	Water treatment plant 2011	-	5,271
<b>TOTAL CIBC - TOWN</b>		<u>11,442,952</u>	<u>9,916,752</u>
<b>TOTAL C.I.B.C.</b>		<u>\$ 11,442,952</u>	<u>\$ 9,916,752</u>
<b>LONG TERM DEBT</b>			
Canadian Imperial Bank of Commerce (Page 23)		<u>11,442,952</u>	<u>9,916,752</u>
		<u>11,442,952</u>	<u>9,916,752</u>
Less: Current portion of long term debt		<u>(1,556,847)</u>	<u>(1,634,836)</u>
		<u>\$ 9,886,105</u>	<u>\$ 8,281,916</u>
<b>SHARE OF TOTAL DEBT</b>			
Municipal share		\$ 11,442,952	\$ 9,916,752
Provincial share		-	-
		<u>\$ 11,442,952</u>	<u>\$ 9,916,752</u>

Principal payments required in each of the next five years are as follows :  
2023 - \$1,556,847; 2024 - \$1,535,900; 2025 - \$1,336,947; 2026 - \$1,366,038; 2027 - 1,180,067



## RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

Year Ended December 31, 2022

	Financial Plan	Amortization (TCA)	Principal Expense	Capital Grants	PSAB Budget
<b>REVENUE</b>					
Taxation	\$ 16,853,482	\$ -	\$ -	-	\$ 16,853,482
Grants in lieu of taxes	837,575	-	-	-	837,575
Sales of goods and services	1,275,711	-	-	-	1,275,711
Other revenue from own sources	422,334	-	-	-	422,334
Grants and transfers	763,795	-	-	3,557,615	4,321,410
Other revenue	-	-	-	-	-
Transfers from accumulated surplus	-	-	-	-	-
Transfers from reserves	-	-	-	-	-
Total revenue	\$ 20,152,897	\$ -	\$ -	\$ 3,557,615	\$ 23,710,512
<b>EXPENSES</b>					
General government services	\$ 7,306,921	\$ 1,932,915	\$ -	-	\$ 9,239,836
Protective services	1,099,342	-	-	-	1,099,342
Transportation services	2,710,706	2,441,697	-	-	5,152,402
Environmental health services	3,035,724	1,362,775	-	-	4,398,500
Regional planning and development	197,000	-	-	-	197,000
Recreation and cultural services	2,728,056	-	-	-	2,728,056
Fiscal services:					
Capital expenditures	1,013,497	(1,013,497)	-	-	-
Debt charges	2,061,651	-	(1,640,337)	-	421,314
Total expenses	\$ 20,152,897	\$ 4,723,890	\$ (1,640,337)	\$ -	\$ 23,236,450
Surplus (Deficit)	\$ -	\$ (4,723,890)	\$ 1,640,337	\$ 3,557,615	\$ 474,063