

GRAND FALLS

CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2022

GRAND FALLS

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GRAND FALLS
MANAGEMENT'S REPORT
Year ended December 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements in this report are prepared in accordance with Canadian public sector accounting standards, as described in Note 2 to the consolidated financial statements.

The consolidated financial statements and all other information in this annual financial report are the responsibility of management. Management has also ensured consistency between the consolidated financial statements and all other information disclosed in the annual financial report.

To assess certain facts and operations, management has made estimates based on its best judgment of the situation and by taking into account materiality.

Management is responsible for maintaining appropriate internal control and accounting systems that provide reasonable assurance that the Town's policies are adopted, that its operations are carried out in accordance with the appropriate laws and authorizations, that its assets are adequately safeguarded, and that the consolidated financial statements are based on reliable accounting records.


The Town's powers and responsibilities are exercised by the municipal council.

The Town council's responsibilities include overseeing financial reporting and presentation procedures, which includes reviewing the consolidated financial statement and other information contained in this annual financial report.

The independent auditor, Nadeau Picard & Associés, CPA, have audited the consolidated financial statements and presented the following reports.



Éric Gagnon
Chief Administrative Officer



Bertrand Beaulieu
Mayor

Grand Falls, New Brunswick
April 6, 2023



INDEPENDANT AUDITORS' REPORT

To His Worship The Mayor
and Members of Council

Opinion

We have audited the consolidated financial statements of Grand Falls (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operation, changes in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2022, and the results of its consolidated operation, change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

Without modifying our opinion, we draw attention to the fact that the Municipality includes in its financial statements certain financial information not required under Canadian public sector accounting standards. This information is prepared according to the form prescribed by the Department of Environment and Local Government of the Province of New Brunswick.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of 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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Municipality's audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

Nadeau Picard & Associés, CPA

Nadeau Picard & Associés, CPA
Chartered Professional Accountants

Grand Falls, New Brunswick
April 6, 2023

GRAND FALLS
CONSOLIDATED STATEMENT OF OPERATION
Year ended December 31,

| | <u>2022</u> | | <u>2021</u> |
|--|------------------------------------|-----------------------------|-----------------------------|
| | (Unaudited) Budget (Note 22) | Actual (Note 18) | Actual (Note 18) |
| REVENUES | | | |
| Property tax warrant | \$ 8,775,373 | \$ 8,775,373 | \$ 8,430,486 |
| Services provided to other governments (note 23) | 790,365 | 828,251 | 821,082 |
| Sale of services, fines and other fees | 966,505 | 1,097,848 | 932,568 |
| Unconditional grant | 829,411 | 849,431 | 854,945 |
| Other government transfers (note 23) | 38,500 | 1,521,654 | 5,981,025 |
| Water and sewer user fees | 1,783,647 | 1,811,721 | 1,766,933 |
| Interest | 12,850 | 70,790 | 41,972 |
| Donations & others | - | 6,220 | 237,773 |
| Gain (loss) on disposal of tangible capital assets | 15,000 | (39,221) | 8,363 |
| | <u>13,211,651</u> | <u>14,922,067</u> | <u>19,075,147</u> |
| EXPENDITURES (note 23) | | | |
| General government services | 1,825,923 | 2,277,928 | 1,698,920 |
| Protective services | 3,101,599 | 3,163,080 | 2,640,786 |
| Transportation services | 3,123,422 | 3,372,524 | 2,761,552 |
| Environmental health services | 351,117 | 363,523 | 341,998 |
| Environmental development and tourism services | 1,423,007 | 1,414,802 | 1,170,800 |
| Recreational and cultural services | 2,983,177 | 3,078,704 | 2,748,622 |
| Water and sewer | 2,263,159 | 2,365,820 | 2,142,073 |
| | <u>15,071,404</u> | <u>16,036,381</u> | <u>13,504,751</u> |
| Annual surplus (deficit) | \$ <u>(1,859,753)</u> | (1,114,314) | 5,570,396 |
| Accumulated surplus, beginning of year, | | <u>45,787,784</u> | <u>40,217,388</u> |
| Accumulated surplus, end of year | | \$ <u>44,673,470</u> | \$ <u>45,787,784</u> |

The accompanying notes are an integral part of these consolidated financial statements.

GRAND FALLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 191,969 | \$ 917,101 |
| Cash - restricted (Note 3) | 4,286,191 | 4,208,883 |
| Receivables | | |
| General | 161,465 | 164,944 |
| Federal government and its agencies (Note 4) | 856,280 | 620,720 |
| Province of New Brunswick (Note 5) | 1,000,934 | 1,359,565 |
| Note receivable | <u>-</u> | <u>116,500</u> |
| | <u>6,496,839</u> | <u>7,387,713</u> |
| LIABILITIES | | |
| Bank loans | 1,028,342 | 2,628,862 |
| Payables and accruals | 3,480,266 | 3,251,394 |
| Unearned revenues - Canada Community-Building Fund | 8,520 | 68,646 |
| Long-term debt (Note 7) | 14,418,000 | 9,547,000 |
| Accrued sick leave (Note 8) | 1,273,025 | 1,273,025 |
| Termination benefits | 230,000 | 120,000 |
| Post employment benefits (Note 9) | <u>359,300</u> | <u>317,300</u> |
| | <u>20,797,453</u> | <u>17,206,227</u> |
| NET DEBT | <u>(14,300,614)</u> | <u>(9,818,514)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 6) | 109,468,886 | 103,587,672 |
| Accumulated amortization | <u>(50,891,482)</u> | <u>(48,423,141)</u> |
| | 58,577,404 | 55,164,531 |
| Inventory of supplies | 388,041 | 424,202 |
| Prepaid expenses | <u>8,639</u> | <u>17,565</u> |
| | <u>58,974,084</u> | <u>55,606,298</u> |
| ACCUMULATED SURPLUS | <u>\$ 44,673,470</u> | <u>\$ 45,787,784</u> |

Approved by,



Mayor



Treasurer

The accompanying notes are an integral part of these consolidated financial statements.

GRAND FALLS
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
Year ended December 31

| | <u>2022</u> | <u>2021</u> |
|---|-------------------------------|------------------------------|
| Annual surplus | \$ (1,114,314) | \$ 5,570,396 |
| Acquisition of tangible capital assets | (7,244,575) | (10,752,563) |
| Proceeds on disposal of tangible capital assets | 723,949 | 10,377 |
| Amortization of tangible capital assets | 3,068,532 | 2,827,501 |
| Loss (gain) on sale of tangible capital assets | <u>39,221</u> | <u>(8,363)</u> |
| | <u>(4,527,187)</u> | <u>(2,352,652)</u> |
| Acquisition of inventories | (388,041) | (424,202) |
| Acquisition of prepaid assets | (8,639) | (17,565) |
| Consumption of inventories | 424,202 | 631,066 |
| Use of prepaid assets | <u>17,565</u> | <u>15,926</u> |
| | <u>45,087</u> | <u>205,225</u> |
| Decrease (increase) in Net Debt | (4,482,100) | (2,147,427) |
| Net Debt, beginning of the year | <u>(9,818,514)</u> | <u>(7,671,087)</u> |
| Net Debt, end of the year | \$ <u>(14,300,614)</u> | \$ <u>(9,818,514)</u> |

The accompanying notes are an integral part of these consolidated financial statements.

**GRAND FALLS
CONSOLIDATED STATEMENT OF CASH FLOW**

Year ended December 31

| | <u>2022</u> | <u>2021</u> |
|---|--------------------------|--------------------------|
| (Indirect method) | | |
| Operation transactions | | |
| Annual surplus (Note 18) | \$ (1,114,314) | \$ 5,570,396 |
| Items not affecting cash: | | |
| Loss (gain) on disposal of tangible capital assets | 39,221 | (8,363) |
| Amortization of tangible capital assets | <u>3,068,532</u> | <u>2,827,501</u> |
| | <u>1,993,439</u> | <u>8,389,534</u> |
| Net changes in non-cash working capital items: | | |
| Receivable - General | 3,479 | 47,027 |
| Receivable - Federal Government and its agencies | (235,560) | (386,117) |
| Receivable - Province of New Brunswick | 358,631 | (689,725) |
| Payables and accruals | 228,873 | 2,249,199 |
| Unearned revenues - Gas Tax Fund | (60,126) | (192,260) |
| Accrued retirement benefits | 110,000 | (40,000) |
| Post employment benefits payable | 42,000 | (213,400) |
| Change in inventory/prepaid expenses | <u>45,086</u> | <u>205,225</u> |
| | <u>492,383</u> | <u>979,949</u> |
| | <u>2,485,822</u> | <u>9,369,483</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | (7,244,575) | (10,752,563) |
| Proceeds on sale of tangible capital assets | <u>723,949</u> | <u>10,377</u> |
| | <u>(6,520,626)</u> | <u>(10,742,186)</u> |
| Financing transactions | | |
| Bank loan | (1,600,520) | 1,528,599 |
| Additional financing | 5,916,000 | 1,743,000 |
| Long-term debt | <u>(1,045,000)</u> | <u>(1,293,000)</u> |
| | <u>3,270,480</u> | <u>1,978,599</u> |
| Investing transactions | | |
| Note receivable | 116,500 | 116,500 |
| Variation in restricted cash | <u>(77,308)</u> | <u>90,372</u> |
| | <u>39,192</u> | <u>206,872</u> |
| Net increase (decrease) in cash and cash equivalents | (725,132) | 812,768 |
| Cash, beginning of year | <u>917,101</u> | <u>104,333</u> |
| Cash and cash equivalents, end of year | \$ <u>191,969</u> | \$ <u>917,101</u> |

The accompanying notes are an integral part of these consolidated financial statements.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

1. STATUS AND PURPOSE OF THE ORGANIZATION

The Municipality was incorporated as a town by the Province of New Brunswick *Municipalities Act* on April 23, 1890 and was approved for status as a Municipality Effective January 28, 1985 by an amendment of New Brunswick Regulation 85-45 under the *Municipalities Act*. This act is now known as the *Local Governance Act*. As a municipality, Grand Falls is exempt from income tax under section 149(1)(c) of the *Canadian Income Tax Act*. The Municipality has the following vision statement, "A bilingual town that has built on its rich history, natural beauty and community spirit to become a full-service and accessible town with an innovative economy and excellent quality of life".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with the Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada.

The focus of Public Sector Accounting Standards' financial statements is on the financial position of the Municipality and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Municipality.

The entities included in the financial statements are as follows:

- Grand Falls Golf Club Inc.
- Société de développement du centre des affaires
- Falls & Gorge Commission

Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net debt and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality which are owned or controlled by the Municipality.

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budgets figures contained in these financial statements were approved by Council on November 9, 2021 and the Minister of Environment and Local Government on November 24, 2021.

Government transfers

Government transfers are accounted for in the financial statements as revenues during the period the activities giving rise to the transfer occurred provided that transfers are authorized, that the eligibility criterias are met and reasonable estimates of the amounts can be made. Transfers received for which expenses have not yet occurred are included in deferred income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

- a) Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.
- b) Other revenue is recorded when it is earned.
- c) Grants and donations received from a third party to assist with the construction or purchase of a capital asset owned by the Municipality are recognized as revenue at the fair market value.

Deferred revenues

Deferred revenues consist of grants, contributions and other amounts received from a third party under legislature, regulations and agreements that can only be used for certain programs, for the completion of particular projects or for the purchase of capital assets. Revenues are recognized in the period in which the related expenses are incurred. Furthermore, all funds from external sources and revenues limited by agreement or legislation are accounted for as deferred revenues until they are utilized for the specified purposes.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. Actual results may differ from those estimates.

The main estimates relate to the useful life of tangible capital assets and employee future benefits.

Financial instruments

The Municipality's financial instruments consist of cash, investments, receivables, bank loan, payables and accruals, post employment benefits and long-term debt. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Municipality is exposed to credit risk through accounts receivable. The Municipality minimizes credit risk through ongoing credit management.

The Municipality is also exposed to interest rate risk on its fixed-rate and variable rate financial instruments.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

| Asset type | <u>Years</u> |
|--|----------------------------|
| Land improvements | 20-25 years |
| Buildings | 15-40 years |
| Vehicles | 3-5 years |
| Machinery and equipment | 5-40 years |
| Heavy equipment | 12-15 years |
| Computer hardware & software & communication equipment | 3-5 years |
| Furniture & fixtures | 5 years |
| Road surface | 10 years |
| Lighting / traffic lights | 15 years |
| Water and wastewater networks | 15-60 years |
| Dams and water structures | 10-15 years |
| Leasehold improvements | Over the term of the lease |

Assets under construction are not amortized until the asset is available for productive use.

Impairment

Capital assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to operations during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Segmented information

The Municipality is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments as follows:

General government services

This department is responsible for the overall governance and financial administration of the Municipality. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmented information (continued)

Protective services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

Transportation services

This department is responsible for common services, roads and streets maintenance, street lighting, traffic services, parking and other transportation related functions.

Environmental health services

This department is responsible for the provision of waste collection and disposal.

Environmental development services

This department is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.

Recreation and cultural services

This department is responsible for the maintenance and operation of recreational and cultural facilities, including the swimming pool, arena, parks and playgrounds and other recreational and cultural facilities.

Water and Wastewater Systems

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

Inventory of supplies

Inventory is valued at the lower of cost and net replacement cost with cost being determined on the first-in, first out basis.

Post Employment Benefits

The Municipality recognizes its obligations under post employment benefit plans and the related costs, net of plan assets. The Municipality has a sick leave benefit as documented in Note 8 and a long-term service award and pension plan as documented in Note 9.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

| 3. CASH - RESTRICTED | 2022 | 2021 |
|--------------------------------|---------------------|---------------------|
| Capital reserves | \$ 2,702,936 | \$ 2,585,017 |
| Operating reserves | 536,073 | 529,120 |
| Canada Community Building Fund | 8,520 | 68,646 |
| Sick days fund | <u>1,038,663</u> | <u>1,026,100</u> |
| | \$ 4,286,192 | \$ 4,208,883 |

| 4. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES | 2022 | 2021 |
|--|-------------------|-------------------|
| Canada Revenue Agency (HST refund) | \$ 514,272 | \$ 620,720 |
| Atlantic Canada Opportunities Agency | 259,008 | - |
| Active Infrastructure Fund | <u>83,000</u> | <u>-</u> |
| | \$ 856,280 | \$ 620,720 |

| 5. DUE FROM PROVINCE OF NEW BRUNSWICK | 2022 | 2021 |
|--|---------------------|---------------------|
| Regional Development Corporation | 30,000 | 1,359,565 |
| Transportation and Infrastructure | <u>970,934</u> | <u>-</u> |
| | \$ 1,000,934 | \$ 1,359,565 |

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

6. **SCHEDULE OF TANGIBLE CAPITAL ASSETS**

| | Land | Land improvements | Buildings | Vehicles | Machinery and equipment | Infrastructure | | | Assets under construction | 2022 Total | 2021 Total |
|---|---------------------|---------------------|----------------------|-------------------|-------------------------|---------------------|----------------------|----------------------|---------------------------|----------------------|----------------------|
| | | | | | | Roads and streets | Treatment facilities | Water and sewer | | | |
| Cost | | | | | | | | | | | |
| Balance, beginning of year | \$ 5,538,979 | \$ 5,243,757 | \$ 30,919,556 | \$ 1,919,663 | \$ 10,100,433 | \$ 15,145,614 | \$ 9,249,503 | \$ 25,470,167 | \$ - | \$ 103,587,672 | \$ 92,927,230 |
| Add: | | | | | | | | | | | |
| Net additions during the year | 81,944 | 694,882 | 4,460,827 | 253,292 | 820,240 | 884,944 | - | 48,446 | - | 7,244,575 | 10,752,563 |
| Less: | | | | | | | | | | | |
| Disposals during the year | (10,429) | - | (699,967) | (210,365) | (423,122) | - | - | (19,478) | - | (1,363,361) | (92,121) |
| Balance, end of year | 5,610,494 | 5,938,639 | 34,680,416 | 1,962,590 | 10,497,551 | 16,030,558 | 9,249,503 | 25,499,135 | - | 109,468,886 | 103,587,672 |
| Accumulated Amortization | | | | | | | | | | | |
| Balance, beginning of year | - | 3,046,544 | 13,321,057 | 1,727,055 | 5,828,691 | 7,719,897 | 2,942,806 | 13,837,091 | - | 48,423,141 | 45,685,747 |
| Add: | | | | | | | | | | | |
| Amortization during the year | - | 196,765 | 760,373 | 86,068 | 461,489 | 790,620 | 134,861 | 638,356 | - | 3,068,532 | 2,827,501 |
| Less: | | | | | | | | | | | |
| Accumulated amortization on disposition | - | - | - | (210,365) | (370,348) | - | - | (19,478) | - | (600,191) | (90,107) |
| Balance, end of year | - | 3,243,309 | 14,081,430 | 1,602,758 | 5,919,832 | 8,510,517 | 3,077,667 | 14,455,969 | - | 50,891,482 | 48,423,141 |
| Net book value | \$ 5,610,494 | \$ 2,695,330 | \$ 20,598,986 | \$ 359,832 | \$ 4,577,719 | \$ 7,520,041 | \$ 6,171,836 | \$ 11,043,166 | \$ - | \$ 58,577,404 | \$ 55,164,531 |
| Consist of: | | | | | | | | | | | |
| General Fund Assets | \$ 5,261,397 | \$ 2,626,627 | \$ 20,367,400 | \$ 315,790 | \$ 4,335,522 | \$ 7,520,041 | \$ 6,171,836 | \$ - | \$ - | \$ 46,598,613 | \$ 42,503,469 |
| Water & Sewer Fund Assets | 349,097 | 68,703 | 231,586 | 44,042 | 242,197 | - | - | 11,043,166 | - | 11,978,791 | 12,661,062 |
| | \$ 5,610,494 | \$ 2,695,330 | \$ 20,598,986 | \$ 359,832 | \$ 4,577,719 | \$ 7,520,041 | \$ 6,171,836 | \$ 11,043,166 | \$ - | \$ 58,577,404 | \$ 55,164,531 |

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

| 7. LONG-TERM DEBT | 2022 | 2021 |
|--|----------------------|---------------------|
| <u>New Brunswick Municipal Financing Corporation</u> | | |
| Debentures: | | |
| BI-17 1.35% - 3.25%, due 2023, OIC #11-0046 | \$ 17,000 | \$ 33,000 |
| BL-19 1.2% - 3.1%, due 2024, OIC #03-28 and #04-26 | 67,000 | 99,000 |
| BO-15 1.45% - 2.9%, due 2026, OIC #06-21 | 58,000 | 72,000 |
| BO-14 1.45% - 2.9%, due 2026, OIC #05-61 and 05-89 | 58,000 | 72,000 |
| BP-14 1.2% - 2.95%, due 2026, OIC #15-21 | 49,000 | 60,000 |
| BT-13 2.10% - 3.45%, due 2028, OIC #15-56, #17-18 and #17-25 | 266,000 | 306,000 |
| BU-14 2.55% - 3.40%, due 2028, OIC #15-56 and # 18-20 | 177,000 | 204,000 |
| BW-21 1.95% - 2.45%, due 2029, OIC #09-47, #09-81, #18-20, #18-68 and #19-43 | 816,000 | 941,000 |
| BW-22 1.95% - 2.45%, due 2029, OIC #09-19 and #09-41 | 349,000 | 395,000 |
| BV-13 2.05% - 2.85%, due 2029, OIC #08-76, #08-77 and #15-56 | 673,000 | 761,000 |
| BY-19 0.50% - 1.80%, due 2030, OIC #19-43 | 239,000 | 268,000 |
| CA-17 0.855% - 2.378%, due 2031, OIC #09-41 | 160,000 | 176,000 |
| BH-20 1.35% - 3.8%, due 2032, OIC #09-47, #10-17, #11-15 and #12-12 | 92,000 | 125,000 |
| BR-14 1.65% - 3.2%, due 2032, OIC #15-56 and #17-18 | 1,098,000 | 1,245,000 |
| BQ-13 1.2% - 3.3%, due 2032, OIC #15-56 | 68,000 | 74,000 |
| BI-18 1.35% - 4.0%, due 2033, OIC #01-79 and #09-41 | 164,000 | 176,000 |
| BJ-15 1.25% - 4.4%, due 2033, OIC #11-0115 | 531,000 | 569,000 |
| BL-20 1.2% - 3.7%, due 2034, OIC #01-79, #03-64, #03-83 and #04-26 | 519,000 | 574,000 |
| BM-12 0.95% - 3.5%, due 2035, OIC #01-79 and #04-26 | 706,000 | 774,000 |
| BN-13 1.05% - 3.9%, due 2035, OIC #04-26, #05-25, #05-61, #14-34, #14-40, #14-41 and #15-21 | 275,000 | 336,000 |
| BN-14 1.05% - 3.9%, due 2035, OIC #04-26 and #05-25 | 307,000 | 326,000 |
| BP-15 1.2% - 3.8%, due 2036, OIC #06-25 | 81,000 | 86,000 |
| BZ-15 0.30% - 2.70%, due 2036, OIC #18-68 | 150,000 | 160,000 |
| BY-20 0.5% - 2.60%, due 2040, OIC #09-41 | 294,000 | 308,000 |
| CA-16 0.855% - 2.961% due 2041, OIC #19-69 and 21-23 | 1,288,000 | 1,407,000 |
| CB-9 3.005% - 4.462%, due 2042, OIC #18-68, #19-69 and #21-23 | 2,416,000 | - |
| CC-12 4.7% - 4.848%, due 2042, OIC #19-69 and #21-39 | 3,500,000 | - |
| | \$ 14,418,000 | \$ 9,547,000 |

Approval of the Municipal Capital Borrowing Board has been obtained for the long-term debt.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

7. LONG-TERM DEBT (continued)

Principal repayments required during the next five years are as follows:

| | <u>Repayments</u> |
|------|-------------------|
| 2023 | \$1,241,000 |
| 2024 | \$1,254,000 |
| 2025 | \$1,218,000 |
| 2026 | \$1,159,000 |
| 2027 | \$1,149,000 |

8. ACCRUED SICK LEAVE

The Municipality provides sick leave that accumulates at a rate of 1.25 days per month. All employees can accumulate a maximum of 250 days. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. Upon termination or retirement, employees hired since the signing of the most recent employment contract receive an amount equal to 50% of the number of unused sick days accumulated at the then current rate of pay. Employees hired before the signing of the contract receive an amount equal to 100% of the number of unused sick days accumulated at the then current rate of pay. We have assumed the 50% benefit multiple is effective for hires after May 12, 2017 for police officers and December 19, 2017 for all other employees.

An actuarial valuation was performed in 2019 on the 57 employee plan in accordance with Public Sector Accounting Standards 3255. The actuarial method used was the Projected Unit Credit pro-rated on service to the date of retirement. The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions use reflect the Municipality's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increases range for 2% to 3.25% for employees;
- the discount rate used to determine the accrued benefit obligation is 2.69%;
- Net proportion of sick leave utilized is 50% per employee per year;
- retirement age range from 60 to 65; and
- estimated net excess utilization of rate of sick leave varies with age.

The sick leave is a unfunded benefit. The municipality has restricted fund of \$910,683 on December 31, 2022 and \$983,213 on December 31, 2021 for the accrued sick leave.

9. POST EMPLOYMENT BENEFITS PAYABLE

Pension Obligation

Defined benefit pension plan

The Municipality sponsors a contributory defined pension plan for substantially all of its employees. The New Brunswick Municipal Employees Pension Plan (NBMEPP) provides employees of participating municipalities with a defined benefit pension arrangement. These defined pension benefit arrangements are governed by the New Brunswick Pension Benefits Act and the Income Tax Act. The average age of the 57 active employees covered by the plan is 45.8.

Employees make contributions using rates that vary by earnings level and employment category, with an overall average contribution rate of approximately 8.00%. The Municipality matches the amounts contributed by its employees. Total benefit payments to retirees during the year was approximately \$366,800 (2021 - \$544,600).

Pensions fund assets are invested in Short Term Securities, Bonds Canadian Equities and Foreign Equities.

Actuarial valuations for funding purposes are performed either annually or triennially depending on the financial position of the NBMEPP (currently annually). In turn, the actuarial valuations for accounting purposes are based on these figures (with adjustments). The most recent actuarial valuation was prepared as at December 31, 2020.

The actuarial valuation for accounting purposes was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Municipality's best estimates.

The following summarizes the major assumptions in the valuation:

- the expected inflation rate is 2.10% per annum;
- the discount rate used to determine the accrued benefit obligation is 5.7% per annum;
- the expected rate of return is 5.7% per annum;
- retirement age varies by age and employment category;
- estimated average remaining service life is 14.0 years.

Combined employer and employee contributions during the year were \$606,200 (2021 - \$588,600).

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

9. POST EMPLOYMENT BENEFITS PAYABLE (continued)

In addition to determining the position of the NB MEPP as it relates to Grand Falls as at December 31, 2020 and December 31, 2021, NB MEPP's actuary performed an extrapolation of the December 31, 2021 accounting valuation to determine the estimated position as at December 31, 2022. The extrapolation assumes assumptions used as at December 31, 2022 remain unchanged from December 31, 2021. The extrapolation also assumes assets return 5.7% net of all fees and expenses. If experience is different than assumed, amounts will be adjusted to reflect actual experience. Results of the extrapolation are as follows:

| | As at <u>December 31, 2022</u> | As at <u>December 31, 2021</u> |
|--|-----------------------------------|-----------------------------------|
| Accrued Benefit Liability/(Asset) | | |
| Accrued benefit liability/(asset) at beginning of period | \$ 317,300 | \$ 530,700 |
| Pension expense for the year | 270,200 | 207,500 |
| Less employer contributions | (303,100) | (331,500) |
| Adjustment to prior year liability | 74,900 | (89,400) |
| Accrued benefit liability/(asset) at end of period | <u>\$ 359,300</u> | <u>\$ 317,300</u> |

In summary, the Accrued Benefit Liability as it relates to Grand Falls is estimated to be \$359,300 as at December 31, 2022. This compares to \$317,300 as at January 1, 2021 and \$530,700 as at December 31, 2020. This amounts is included in the Post Employment Benefits Payable on the Consolidated Statement of Financial Position.

The financial position as it relates to the estimated Accrued Benefit Liability is shown as follows and illustrates the unamortized amounts being recognized in Pension Expense over time:

| | As at <u>December 31, 2022</u> | As at <u>December 31, 2021</u> |
|---|-----------------------------------|-----------------------------------|
| Reconciliation of Funded Status at End of Period | | |
| Accrued benefit obligation | \$ 13,711,800 | \$ 13,272,500 |
| Plan assets | <u>13,056,900</u> | <u>12,685,800</u> |
| Plan deficit/(surplus) | 654,900 | 586,700 |
| Unamortized experience gains/(losses) | <u>295,600</u> | <u>269,400</u> |
| Accrued benefit liability/(asset) at end of period | <u>\$ 359,300</u> | <u>\$ 317,300</u> |

The following illustrates the reconciliation of the estimated Accrued Benefit Obligation from the beginning of period to the end of period:

| | As at <u>December 31, 2022</u> | As at <u>December 31, 2021</u> |
|---|-----------------------------------|-----------------------------------|
| Reconciliation of Accrued Benefit Obligation | | |
| Accrued benefit obligation at beginning of period | \$ 13,272,500 | \$ 11,865,800 |
| Adjustment to prior year estimate | (442,200) | 586,800 |
| Current service cost | 512,800 | 481,000 |
| Benefit payments | (366,800) | (355,700) |
| Interest for period | <u>735,500</u> | <u>694,600</u> |
| Accrued benefit obligation at end of period | <u>\$ 13,711,800</u> | <u>\$ 13,272,500</u> |

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

9. POST EMPLOYMENT BENEFITS PAYABLE (continued)

The following illustrates the reconciliation of the estimated Plan assets from the beginning of the period to the end of the period:

| Reconciliation of Plan Assets | As at December 31, 2022 | As at December 31, 2021 |
|--------------------------------------|------------------------------------|------------------------------------|
| Plan assets at beginning of period | \$ 12,685,800 | \$ 11,570,500 |
| Adjustment to prior year estimate | (566,000) | 149,000 |
| Employer contributions | 303,100 | 331,500 |
| Employee contributions | 303,100 | 331,500 |
| Benefit payments | (366,800) | (355,700) |
| Return on plan assets during period | <u>697,700</u> | <u>659,000</u> |
| Plan assets at end of period | <u>\$ 13,056,900</u> | <u>\$ 12,685,800</u> |

Total estimated expenses related to pensions include the following components:

| Pension Expense | December 31, 2022 | December 31, 2021 |
|--|--------------------------|--------------------------|
| Employer current service cost | \$ 209,700 | \$ 149,500 |
| Interest on accrued benefit obligation | 735,500 | 694,600 |
| Expected return on assets | (697,700) | (659,000) |
| Experience loss/(gain) | <u>22,700</u> | <u>22,400</u> |
| Pension expense | <u>\$ 270,200</u> | <u>\$ 207,500</u> |

The pension expense is included in the statements of operations.

10. CONTINGENCIES

In the normal course of operations, the Municipality becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 2022 cannot be predicted with certainty, it is the opinion of management and council that resolution of these matters will not have a material adverse effect as the Municipality maintains insurance coverage in amounts considered appropriate.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

11. COMMITMENTS

The Municipality is committed, following an agreement with the Province of New Brunswick under the Canada / New Brunswick Infrastructure Program, to transfer to a distinct Water and Sewerage Capital Reserve Fund, an amount of \$27,652 per year for a minimum period of 30 years, or until a total an amount of \$829,560 is accumulated. As at December 31, 2022, the accumulated amount was \$779,984.

12. SUBSEQUENT EVENTS

On January 1, 2023, the communities of the Town of Grand Falls, Village of Drummond, Rural Community of Saint-André, portion of the local service district of Drummond and the local service district of Grand Falls were merged to become the Grand Falls Regional Municipality.

13. SHORT-TERM BORROWINGS COMPLIANCE

Interim borrowing for capital

The Municipality has arranged a revolving operating facility bearing interest at prime rate for the Water and Sewer capital fund and the General capital fund. The facility is used to provide interim financing for capital expenditures.

The Municipality has ministerial authority for borrowing as follows:

| | Interim financing | Long-term financing |
|-------------------------------------|-------------------|---------------------|
| General Capital Fund, M.O. #18-0068 | \$ - | \$ 450,000 |
| General Capital Fund, M.O. #21-0023 | \$ 4,788,000 | \$ 2,000 |
| General Capital Fund, M.O. #21-0039 | \$ - | \$ 1,373,000 |

Operating borrowing

As prescribed in the Municipalities Act, borrowing to finance General Fund operations is limited to 4% of the Municipality's operating budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2022, the Municipality has complied with these restrictions.

Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in next the year unless the borrowing is for a capital project. The municipality is in compliance with the requirements.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

14. WATER AND SEWER FUND SURPLUS/DEFICIT

The Municipalities Act requires Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuing year; the balance of the surplus at the end of the year consists of:

| | <u>2022</u> | <u>2021</u> |
|--------------|------------------|------------------|
| 2022 surplus | \$ 6,094 | \$ - |
| 2021 surplus | 21,293 | 21,293 |
| 2020 surplus | - | 13,193 |
| | <u>\$ 27,387</u> | <u>\$ 34,486</u> |

15. WATER COST TRANSFER

The Municipality's water cost transfer for fire protection is within the maximum allowable by Regulation 81-195 under the Municipalities Act based upon the applicable percentage of water system expenditures for the population.

16. REGULATORY REPORTING

The Department of Local Government of New Brunswick has requested some disclosures in addition to Canadian Public Sector Accounting Standards for monitoring purposes. The Town has provided these disclosure requirements in the consolidated financial statements provided to the Department of Local Government of New Brunswick.

According to the Local Governance Act section 84(1), municipalities need to provide, by by-law, for the annual bonding of its officers and employees. The Town is in compliance with this regulation.

17. COMPARATIVE FIGURES

Certain figures for 2021 have been reclassified to conform to the presentation adopted in 2022.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

18. SCHEDULE OF SEGMENT DISCLOSURE

| | General | Protective | Transportation | Environmental health | Environmental development and tourism | Recreation and culture | Water and sewer | 2022 Consolidated | 2021 Consolidated |
|---|-----------------------|-------------------|--------------------|----------------------|---------------------------------------|------------------------|--------------------|----------------------|-------------------|
| Revenues | | | | | | | | | |
| Property tax warrant * | \$ 1,071,396 | \$ 2,818,963 | \$ 2,115,672 | \$ 296,481 | \$ 949,168 | \$ 1,523,693 | - | \$ 8,775,373 | \$ 8,430,486 |
| Services provided to other governments | 400,288 | 176,349 | 107,409 | - | 144,205 | - | - | 828,251 | 821,082 |
| Sale of service, fines and other fees | 41,588 | 10,170 | - | - | 325,949 | 720,141 | - | 1,097,848 | 932,568 |
| Unconditional grant * | 103,707 | 272,868 | 204,791 | 28,699 | 91,877 | 147,489 | - | 849,431 | 854,945 |
| Other government transfers | 11,928 | 2,000 | 817,093 | - | 165,173 | 525,460 | - | 1,521,654 | 5,981,025 |
| Water and sewer user fees | - | - | - | - | - | - | 1,811,721 | 1,811,721 | 1,766,933 |
| Interest | 29,428 | - | - | - | 2,667 | 6 | 38,689 | 70,790 | 41,972 |
| Donations and others | 3,645 | - | - | - | 2,000 | 575 | - | 6,220 | 237,773 |
| Gain (loss) on disposal of capital assets | - | - | 5,453 | - | - | - | (44,674) | (39,221) | 8,363 |
| | 1,661,980 | 3,280,350 | 3,244,965 | 325,180 | 1,681,039 | 2,917,364 | 1,850,410 | 14,922,067 | 19,075,147 |
| Expenditures | | | | | | | | | |
| Salaries and benefits | 1,216,251 | 2,170,914 | 765,131 | - | 658,686 | 991,218 | 566,727 | 6,368,927 | 5,254,393 |
| Goods and services | 681,892 | 714,732 | 1,415,834 | 336,586 | 575,053 | 1,142,034 | 986,437 | 5,852,568 | 4,861,042 |
| Amortization | 124,730 | 86,309 | 1,103,440 | 26,937 | 130,371 | 883,179 | 713,566 | 3,068,532 | 2,827,501 |
| Interest | 2,725 | 191,125 | 88,119 | - | 50,692 | 55,732 | 89,155 | 477,548 | 321,942 |
| Other | 252,330 | - | - | - | - | 6,541 | 9,935 | 268,806 | 239,873 |
| | 2,277,928 | 3,163,080 | 3,372,524 | 363,523 | 1,414,802 | 3,078,704 | 2,365,820 | 16,036,381 | 13,504,751 |
| Surplus (deficit) for the year | \$ (615,948)\$ | 117,270 \$ | (127,559)\$ | (38,343)\$ | 266,237 \$ | (161,340)\$ | (515,410)\$ | (1,114,314)\$ | 5,570,396 |

* The property tax warrant and the unconditional grant have been reported on the basis of the budgeted expenses for segment disclosure.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

19. RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

| | General Operating Fund | General Capital Fund | Water & Sewer Operating Fund | Water & Sewer Capital Fund | General Operating Reserve Fund | General Capital Reserve Fund | Water & Sewer Operating Reserve Fund | Water & Sewer Capital Reserve Fund | Total |
|--|------------------------------|----------------------------|---------------------------------------|-------------------------------------|--------------------------------------|------------------------------------|---|---|-----------------------|
| 2022 annual surplus | \$ 333,027 | \$ (904,131) | \$ 130,835 | \$ (713,567) | \$ 5,569 | \$ 11,303 | \$ 1,033 | \$ 21,617 | \$ (1,114,314) |
| Adjustments to annual surplus for funding requirements | | | | | | | | | |
| Second previous year's surplus | 20,338 | - | 13,193 | - | - | - | - | - | 33,531 |
| Transfers between funds | | | | | | | | | |
| Transfer to (from) water & sewer operating fund to the water capital fund | - | - | (445) | 445 | - | - | - | - | - |
| water & sewer capital reserve fund | - | - | (45,000) | - | - | - | - | 45,000 | - |
| water & sewer operating reserve fund | - | - | 35,000 | - | - | - | (35,000) | - | - |
| general capital fund | - | - | - | 75,525 | - | - | - | (75,525) | - |
| Transfer to (from) general operating fund to the general operating reserve fund | 100,000 | - | - | - | (100,000) | - | - | - | - |
| general capital fund | (522,699) | 522,699 | - | - | - | - | - | - | - |
| general capital reserve fund | - | 620,016 | - | - | - | (620,016) | - | - | - |
| water & sewer operating fund | (75,000) | - | 75,000 | - | - | - | - | - | - |
| Long-term debt principal repayment | (796,000) | 796,000 | (249,000) | 249,000 | - | - | - | - | - |
| Proceeds from disposal of tangible capital assets | 670,501 | (670,501) | 53,448 | (53,448) | - | - | - | - | - |
| Loss (gain) on disposal of tangible capital assets | 47,996 | (47,996) | (8,775) | 8,775 | - | - | - | - | - |
| Amortization expense | - | 2,354,966 | - | 713,566 | - | - | - | - | 3,068,532 |
| Reduction in amount recorded under PSA for defined benefit liability | 148,198 | - | 3,802 | - | - | - | - | - | 152,000 |
| Amount of funding for vested employee benefit liability (Note 24) | 74,494 | - | (1,964) | - | - | - | - | - | 72,530 |
| Total adjustments to 2022 annual surplus (deficit) | (332,172) | 3,575,184 | (124,741) | 993,863 | (100,000) | (620,016) | (35,000) | (30,525) | 3,326,593 |
| 2022 annual funds surplus | \$ 855 | \$ 2,671,053 | \$ 6,094 | \$ 280,296 | \$ (94,431) | \$ (608,713) | \$ (33,967) | \$ (8,908) | \$ 2,212,279 |

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

20. STATEMENT OF RESERVES

| | General Operating Reserve | General Capital Reserve | Water & Sewer Operating Reserve | Water & Sewer Capital Reserve | 2022 Total | 2021 Total |
|--|---------------------------------|-------------------------------|---------------------------------------|-------------------------------------|---------------------|---------------------|
| <u>Assets</u> | | | | | | |
| Cash | \$ 441,597 | \$ 922,810 | \$ 94,476 | \$ 1,780,125 | \$ 3,239,008 | \$ 3,114,137 |
| Receivable from Water & Sewer Operating Fund | - | - | - | - | - | 85,000 |
| Receivable from General Operating Fund | - | - | - | - | - | 350 |
| | 441,597 | 922,810 | 94,476 | 1,780,125 | 3,239,008 | 3,199,487 |
| <u>Liabilities</u> | | | | | | |
| Payable to General Operating Fund | 100,000 | 620,016 | 35,000 | 30,525 | 785,541 | - |
| | \$ 341,597 | \$ 302,794 | \$ 59,476 | \$ 1,749,600 | \$ 2,453,467 | \$ 3,199,487 |
| <u>Revenues</u> | | | | | | |
| Other revenues | \$ 700 | \$ - | \$ - | \$ - | \$ 700 | \$ 1,400 |
| Transfers from Water & Sewer Operating Fund | - | - | - | 45,000 | 45,000 | 85,000 |
| Interest | 4,869 | 11,303 | 1,033 | 21,616 | 38,821 | 27,450 |
| | 5,569 | 11,303 | 1,033 | 66,616 | 84,521 | 113,850 |
| <u>Expenditures</u> | | | | | | |
| Transfers to Water Operating Fund | - | - | 35,000 | 75,525 | 110,525 | - |
| Transfers to General Operating Fund | 100,000 | 620,016 | - | - | 720,016 | - |
| | 100,000 | 620,016 | 35,000 | 75,525 | 830,541 | - |
| | \$ (94,431) | \$ (608,713) | \$ (33,967) | \$ (8,909) | \$ (746,020) | \$ 113,850 |

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

20. STATEMENT OF RESERVES (Continued)

Council Resolutions regarding transfers to and from reserves;

Moved by Renaud Ouellette, seconded by Annie Deschênes, that the amount of \$45,000 be transferred from the water and sewer operating fund to the capital reserve fund for the reservoir.


Moved by Renaud Ouellette, seconded by Jean-Maurice Gagnon, that an amount of \$35,000 be transferred from the water and sewer operating reserve fund to the water and sewer operating fund.

Moved by Joe Themens, seconded by David Raines, that an amount of \$100,000 be transferred from the general operating reserve fund to the general operating fund.

Moved by Joe Themens, seconded by David Raines, that an amount of \$620,016 be transferred from the general capital reserve fund to the general operating fund.

Moved by Renaud Ouellette, seconded by Annie Deschênes, that an amount of \$75,525 be transferred from the water and sewer capital reserve fund to the water and sewer operating fund.

I hereby certify that the above are true and exact copies of resolutions adopted at a special meeting of Council on December 13, 2022.



Éric Gagnon
Chief Administrative Officer
Town of Grand Falls

April 11, 2022
Date



GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

21. STATEMENT OF CONTROLLED ENTITIES OPERATIONS

| | Grand Falls Golf Club Inc | Central Business Development Corp. Inc. | Falls & Gorge Commission | 2022 Total | 2021 Total |
|--------------------------------------|--------------------------------------|--|---|-----------------------|-----------------------|
| Assets | \$ 699,764 | \$ 195,077 | \$ 39,612 | \$ 934,453 | \$ 897,740 |
| Liabilities | 1,563,837 | - | 2,535,095 | 4,098,932 | 3,814,906 |
| Accumulated Surplus (Deficit) | \$ (864,073) | \$ 195,077 | \$ (2,495,483) | \$ (3,164,479) | \$ (2,917,166) |
| Revenues | \$ 427,762 | \$ 60,794 | \$ 283,991 | \$ 772,547 | \$ 535,836 |
| Expenditures | 504,338 | 61,551 | 508,992 | 1,074,881 | 779,741 |
| Surplus (Deficit) | \$ (76,576) | \$ (757) | \$ (225,001) | \$ (302,334) | \$ (243,905) |

The above noted entities are included in the consolidated financial statements.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

22. OPERATING BUDGET TO PSA BUDGET

| | Operating Budget General | Operating Budget Water & Sewer | Amortization TCA | Transfers | Total |
|--|--------------------------------|--------------------------------------|-----------------------|---------------------|-----------------------|
| Revenues | | | | | |
| Property tax warrant | \$ 8,775,373 | \$ - | \$ - | \$ - | \$ 8,775,373 |
| Services provided to other governments | 790,365 | - | - | - | 790,365 |
| Sales of services, fines and other fees | 966,505 | - | - | - | 966,505 |
| Unconditional grant | 829,411 | - | - | - | 829,411 |
| Other government transfers | 38,500 | - | - | - | 38,500 |
| Other transfers | 100,000 | 100,000 | - | (200,000) | - |
| Water and sewer user fees | - | 1,783,647 | - | - | 1,783,647 |
| Interest | 3,850 | 9,000 | - | - | 12,850 |
| Gain on disposal of capital assets | 15,000 | - | - | - | 15,000 |
| Surplus/deficit of second previous year | 20,338 | 13,193 | - | (33,531) | - |
| | 11,539,342 | 1,905,840 | - | (233,531) | 13,211,651 |
| Expenditures | | | | | |
| General government services | 1,698,420 | - | 124,730 | 2,773 | 1,825,923 |
| Protective services | 3,004,277 | - | 86,309 | 11,013 | 3,101,599 |
| Transportation services | 1,948,940 | - | 1,103,440 | 71,042 | 3,123,422 |
| Environmental health services | 324,180 | - | 26,937 | - | 351,117 |
| Environmental development and tourism services | 1,256,368 | - | 130,371 | 36,268 | 1,423,007 |
| Recreational cultural services | 2,046,375 | - | 883,179 | 53,623 | 2,983,177 |
| Fiscal services | | | | | |
| Long-term debt repayments | 800,000 | 250,600 | - | (1,050,600) | - |
| Interest | 274,719 | 94,725 | - | (369,444) | - |
| Transfer from the General Operating Fund to the | | | | | |
| General Capital Fund | 144,240 | - | - | (144,240) | - |
| General Capital Reserve Fund | 101,823 | - | - | (101,823) | - |
| General Operating Reserve Fund | (60,000) | - | - | 60,000 | - |
| Transfer from the Water and Sewer Operating Fund | | | | | |
| to the Water and Sewer Operating Reserve Fund | - | 15,000 | - | (15,000) | - |
| to the Water and Sewer Capital Reserve Fund | - | 90,647 | - | (90,647) | - |
| Water and Sewer services | - | 1,454,868 | 713,566 | 94,725 | 2,263,159 |
| | 11,539,342 | 1,905,840 | 3,068,532 | (1,442,310) | 15,071,404 |
| Deficit | \$ - | \$ - | \$ (3,068,532) | \$ 1,208,779 | \$ (1,859,753) |

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

23. REVENUES AND EXPENDITURES SUPPORT

| | 2022 | | 2021 |
|--|-----------------------|---------------------|---------------------|
| | (Unaudited) Budget | Actual | Actual |
| Revenues | | | |
| Services to other Governments | | | |
| Fire | \$ 35,293 | \$ 35,293 | \$ 37,337 |
| Transportation | 106,197 | 107,409 | 107,393 |
| Environment Development | 144,204 | 144,205 | 140,005 |
| Police | 141,055 | 141,055 | 136,615 |
| Rentals | 363,616 | 400,289 | 399,732 |
| Total - Services to other Governments | \$ 790,365 | \$ 828,251 | \$ 821,082 |
| Other government transfers | | | |
| Atlantic Canada Opportunities Agency | \$ - | \$ 305,883 | \$ - |
| Regional Development Corporation | - | 242,981 | 4,789,548 |
| Canada Community-Building Fund | - | 817,093 | 576,914 |
| Active Transportation Fund | - | 83,000 | - |
| Municipal Designated Highway Program | - | - | 281,053 |
| Safe restart program | - | - | 289,127 |
| Other project | - | 6,016 | 1,000 |
| Employment projects | 38,500 | 66,681 | 43,383 |
| Total - Other government transfers | \$ 38,500 | \$ 1,521,654 | \$ 5,981,025 |
| Expenditures | | | |
| General government services | | | |
| Legislative | | | |
| Mayor | \$ 46,778 | \$ 31,174 | \$ 26,057 |
| Councilors | 113,532 | 95,597 | 91,845 |
| Other | 62,500 | 57,792 | 33,281 |
| | 222,810 | 184,563 | 151,183 |
| Administrative | | | |
| Manager | 149,961 | 405,811 | 151,177 |
| Clerk | 219,152 | 256,967 | 209,101 |
| Accounting | 306,831 | 316,335 | 220,282 |
| Office building | 410,382 | 448,637 | 380,545 |
| Solicitor | 60,000 | 66,227 | 69,963 |
| Grants | 81,600 | 61,656 | 76,818 |
| Other | 47,500 | 42,547 | 40,381 |
| | 1,275,426 | 1,598,180 | 1,148,267 |
| Other | | | |
| Office expense | 72,100 | 198,777 | 158,640 |
| Delegations and training | 14,000 | 15,893 | 4,482 |
| Amortization | 124,730 | 124,730 | 123,796 |
| Interest | 2,773 | 2,724 | 2,578 |
| Cost of assessment | 112,084 | 112,084 | 108,391 |
| Other | 2,000 | 40,977 | 1,583 |
| | 327,687 | 495,185 | 399,470 |
| Total - General government services | \$ 1,825,923 | \$ 2,277,928 | \$ 1,698,920 |

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

23. REVENUES AND EXPENDITURES SUPPORT (continued)

| | 2022 | | 2021 |
|--|-----------------------|---------------------|---------------------|
| | (Unaudited) Budget | Actual | Actual |
| Protective services | | | |
| Fire | | | |
| Administration | \$ 43,607 | \$ 44,709 | \$ 38,625 |
| Forces | 25,000 | 26,107 | 18,986 |
| Training | 20,000 | 20,615 | 7,498 |
| Station | 46,500 | 67,395 | 45,884 |
| Amortization | 86,309 | 86,309 | 76,554 |
| Interest | 111,013 | 191,125 | 11,404 |
| Supplies | 77,400 | 105,719 | 57,777 |
| Other | 82,158 | 75,968 | 72,734 |
| | <u>491,987</u> | <u>617,947</u> | <u>329,462</u> |
| Police | | | |
| Administration | 318,505 | 283,019 | 311,048 |
| Forces | 2,073,203 | 1,985,967 | 1,794,713 |
| Training | 15,000 | 11,242 | 9,316 |
| Station | 107,000 | 119,452 | 101,688 |
| Vehicles | 57,904 | 89,600 | 61,848 |
| Jail | 17,000 | 18,620 | 10,790 |
| Other | 15,000 | 31,969 | 17,103 |
| | <u>2,603,612</u> | <u>2,539,869</u> | <u>2,306,506</u> |
| Other | | | |
| Animal control | 6,000 | 5,264 | 4,818 |
| Total - Protective services | \$ 3,101,599 | \$ 3,163,080 | \$ 2,640,786 |
| Transportation services | | | |
| Common | | | |
| Administration | \$ 701,984 | \$ 777,070 | \$ 601,092 |
| General equipment | 207,000 | 320,581 | 198,248 |
| Workshop and sundry | 170,456 | 167,183 | 157,425 |
| | <u>1,079,440</u> | <u>1,264,834</u> | <u>956,765</u> |
| Street maintenance | 479,500 | 504,919 | 459,089 |
| Culverts | 5,000 | - | 1,220 |
| Snow removal | 190,000 | 199,506 | 143,451 |
| Street lighting | 165,000 | 164,413 | 165,554 |
| Traffic signals | 5,000 | 7,899 | 6,785 |
| Traffic lane marking | 25,000 | 39,394 | 19,730 |
| Amortization | 1,103,440 | 1,103,440 | 903,220 |
| Interest | 71,042 | 88,119 | 105,738 |
| Total - Transportation services | \$ 3,123,422 | \$ 3,372,524 | \$ 2,761,552 |

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

23. REVENUES AND EXPENDITURES SUPPORT (continued)

| | 2022 | | 2021 |
|---|-----------------------|---------------------|---------------------|
| | (Unaudited) Budget | Actual | Actual |
| Environmental health services | | | |
| Collection | \$ 323,880 | \$ 336,297 | \$ 314,763 |
| Amortization | 26,937 | 26,937 | 26,937 |
| Other | 300 | 289 | 298 |
| Total - Environmental health services | \$ 351,117 | \$ 363,523 | \$ 341,998 |
| Environmental development and tourism services | | | |
| Community planning | \$ 558,541 | \$ 476,511 | \$ 516,698 |
| Tourism promotion | 601,912 | 661,809 | 416,604 |
| Amortization | 130,371 | 130,371 | 129,168 |
| Interest | 36,268 | 35,979 | 38,276 |
| Community development | 95,915 | 110,133 | 70,054 |
| Total - Environmental development services | \$ 1,423,007 | \$ 1,414,803 | \$ 1,170,800 |
| Recreation and cultural services | | | |
| Administration | \$ 694,040 | \$ 695,730 | \$ 642,450 |
| Swimming pool | 78,500 | 108,139 | 68,698 |
| Arena | 633,300 | 667,028 | 608,890 |
| Golf | 392,750 | 443,731 | 392,856 |
| Parks and playgrounds | 50,600 | 59,621 | 40,411 |
| Sports Compexe | 17,900 | 44,978 | 21,150 |
| Tube lift | 32,550 | 4,234 | 4,409 |
| Splash park | 5,000 | 1,984 | 365 |
| Day camps | 45,000 | 37,843 | - |
| Curling Club | 20,700 | 5,731 | 13,691 |
| Library | 36,435 | 37,454 | 32,373 |
| Museum | 5,600 | 3,378 | 3,165 |
| Amortization | 883,179 | 883,179 | 834,821 |
| Interest | 53,623 | 55,732 | 58,801 |
| Other | 34,000 | 29,942 | 26,542 |
| Total - Recreation and cultural services | \$ 2,983,177 | \$ 3,078,704 | \$ 2,748,622 |
| Water and Sewer | | | |
| Water supply | | | |
| Administration | \$ 514,941 | \$ 402,689 | \$ 339,655 |
| Transmission and distribution | 410,416 | 581,639 | 464,453 |
| Amortization | 459,522 | 459,522 | 473,386 |
| Interest | 74,537 | 76,654 | 89,688 |
| Other | 83,500 | 74,995 | 107,144 |
| Total - Water supply | 1,542,916 | 1,595,499 | 1,474,326 |
| Sewer collection and disposal | | | |
| Administration | 199,012 | 253,683 | 173,458 |
| Collection system | 257,500 | 250,092 | 224,370 |
| Amortization | 254,044 | 254,044 | 259,619 |
| Interest | 9,687 | 12,502 | 10,300 |
| Total - Sewer collection and disposal | 720,243 | 770,321 | 667,747 |
| Total - Water and Sewer | \$ 2,263,159 | \$ 2,365,820 | \$ 2,142,073 |