

TOWN OF GRAND FALLS

2020 ANNUAL REPORT



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MAYOR'S MESSAGE

We are happy and proud to present the Town of Grand Falls 2020 annual report. Contained herein, I trust that you will find varied and interesting information.

This report is intended as an excellent source of information regarding Council and its meetings, budgets and municipal services. We have also included miscellaneous grants and financial aid that we have provided to community organizations and to our volunteers as well as for economic development purposes.

Thanks to all our employees and to the many volunteers who, as always, have contributed their time and efforts to make our community a place where living is easy.

Together we are one team, one family with one vision.

Marcel Deschênes
Mayor of Grand Falls

FOREWORD

This report is prepared pursuant to section 105 of the Local Governance Act and Regulation 2018-54.

It contains general information about the town of Grand Falls such as detailed information regarding Town Council, the provision of grants as well as the type and cost of the services we provide. The 2020 audited financial statements are appended as Appendix A.



COMMUNITY PROFILE

The Town of Grand Falls or Grand-Sault, as both names are official, is a picturesque town settled on either side of the Saint John River where the counties of Madawaska and Victoria meet. The Town is situated in Midwestern New Brunswick, bordering Maine, USA and is 85 kilometers from the Quebec border.

Grand Falls is a friendly and welcoming community that is known for its quality of life and progressive spirit. The Town is mainly French with 80% of the population speaking French at home. However, most residents have working knowledge of both official languages.

Vision: 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.

Mission: In collaboration with our community, Council and municipal staff provide leadership along with efficient and effective programs, services, and infrastructure in support of the Town's Vision.

“Vision Grand-Sault / Grand Falls – Sustainable Community Plan”



MUNICIPAL COUNCIL

MUNICIPAL COUNCIL

Here is the list of Council members and their responsibilities

Name	Committee(s)	Other responsibilities
Marcel Deschênes, Mayor	Emergency measures Economic development	AFMNB / UMN NWRSC
Denise Lagacé Rioux Deputy Mayor	Finances	Downtown development
Renaud Ouellette	Public Works Environment Planning	
Rino Long	Human resources Administration	Committee for Community Health
Jean Réal Michaud	Police	Library
Jean Maurice Gagnon	Recreation, Tourism, Culture	Chamber of Commerce Festival
Michel "Rocky" Ouellette	Fire	Farmers' Market Golf



The meetings held in 2020 are as follows:

Regular monthly meetings: 7

Special meetings: 6

Presence of each member of Council:

Date	Meeting	M. Deschênes	D. Lagacé- Rioux	J. R. Michaud	R. Long	R. Ouellette	M. Ouellette	J. M. Gagnon
February 11	Regular	X	X	X	X	X	X	X
April 8	Special Purchasing, zoning amendments, hiring and others	X	X	X	X	X	X	X
June 9	Regular	X	X	X	X	X	X	X
June 16	Special Hiring and land purchase	X	X	X	X	X	X	X
July 14	Regular	X	X	X	--	X	X	X
August 7	Special Amendment to the zoning and capital borrowing	X	X	X	X	X	X	X
September 8	Regular	X	X	X	X	X	X	X
September 22	Special Correction to a lease	X	X	X	X	X	X	X
October 13	Regular	X	X	--	X	X	X	X
October 27	Special Sale Of land	X	X	X	X	X	X	X
November 10	Regular	X	X	X	--	X	--	X
November 24	Special Safe restart agreement	X	--	X	X	X	X	X
December 15	Regular	X	X	X	X	X	X	X

Closed meetings: 43

Meeting dates: January 14, 21 and 28
February 4, 11, 19 and 25
March 10 and 17
April 1, 8 and 27
May 12, 20 and 26
June 2, 9, 16, 23 and 26
July 7, 14, 21 and 28
August 7, 18 and 25
September 1, 8, 15 and 29
October 6, 13, 20 and 27
November 3, 10, 17 and 24
December 1, 8 and 15

General topics discussed at these meetings:

Pending acquisition or disposition of land;
Information concerning litigation or potential litigation;
Labour and employment matters.

Council remuneration

Name	Salary	Per Diem	Expenses	Total
Marcel Deschênes, Mayor	\$23,241.	\$26,536.50	\$7,821.09	\$57,598.59
Denise Lagacé Rioux, Deputy Mayor	\$15,495.	\$437.50	\$78.21	\$16,010.71
Renaud Ouellette, Councilor	\$13,894.44	\$437.50	\$205.	\$14,536.94
Rino Long, Councilor	\$13,894.44	\$732.99	\$0	\$14,627.43
Jean Réal Michaud, Councilor	\$13,894.44	\$175	\$0	\$14,069.44
Michel Ouellette, Councilor	\$13,894.44	\$0	\$0	\$13,894.44
Jean Maurice Gagnon, Councilor	\$13,894.44	\$0	\$0	\$13,894.44

GRANTS

GRANTS – SOCIAL / ENVIRONMENTAL

- Jr. A hockey, Rapids: \$10,000 for ice rental. Non-refundable.
- Polyvalente Thomas-Albert: \$1,000 bursary, non-refundable.
- John Caldwell School: \$1,000 bursary, non-refundable.
- Canadian Mental Health Association: \$1,000, non-refundable. 5-year agreement for the funding of a new van.
- Acanthus Art Gallery: \$2,500, non-refundable. 10-year financing agreement.
- Regional Potato Festival: \$1,223, non-refundable.
- Tree of Hope: \$5000. Fundraising. non-refundable
- NB Youth Orchestra: \$500 non-refundable.
- Mad-Vic ATV Club: \$1,389,61 for signs, non-refundable.
- Moncton University: \$1,500 non-refundable. 10-year financing agreement.
- Curling club: \$12,155.50 non-refundable.
- Firefighters curling tournament: \$ 526.64 non-refundable.

The majority of these grants are provided to help our many organizations financially. Unless otherwise indicated, no conditions were imposed. Some are financing agreements such as the Acanthus Gallery (10 yrs) and the Canadian Mental Health Association (5 yrs). The fact that these groups continue to flourish and to provide great services to the young and not so young of our community and region is a great advantage to the Town.

GRANTS – ECONOMIC DEVELOPMENT

Chamber of Commerce: \$5,437, non-refundable. Includes annual membership

ECONOMIC DEVELOPMENT PROGRAMS

Incentive measures, new constructions: \$ 18,375. Non-refundable.

Incentive measures, renovations: \$ 24,591.34, non-refundable.

Incentive measures, new commercial, industrial or institutional constructions: \$0.



CORPORATIONS

The Corporations incorporated by the Town of Grand Falls are the Grand Falls Golf Club Inc., the Grand Falls Central Business Development Corp. Inc. (GFCBDC), and the Falls and Gorge Commission Inc.

The Golf club was incorporated to manage the golf course. Financial statements are consolidated to the Town's which can be found at Appendix A.

The GFCBDC was incorporated to manage the downtown business improvement zone established in the Grand Falls downtown area. Its financial statements are consolidated to the Town's which can be found at Appendix A.

The Falls and Gorge Commission was incorporated to develop and manage tourist attractions in the municipality. Its financial statements are consolidated to the Town's which can be found at Appendix A.



SERVICES

SERVICES

Local government budgets and services are established in accordance with a standardized classification system. In 2020, the Council adopted a general operating budget of \$ 11,024,771. Actual revenues totaled \$11,972,312 while expenditures totaled \$11,951,974 resulting in a surplus of \$20,338.

The Town also has a Utility Operating Budget for water and wastewater disposal services. The approved budget in 2020 was \$1,891,526. Actual revenues totaled \$1,789,971 while expenditures totaled \$1,776,778 resulting in a surplus for the year of \$ 13,193.

GENERAL SERVICES

Total expenditures: \$11,951,974

General Government Services

Total expenditure \$1,544,596

This category includes expenditures relating to administering the town, e.g. mayor and councilor salaries and expenses (\$173,637); salaries and benefits to office staff (\$557,341); office building expenses (\$357,155); legal and auditing fees (\$106,360); cost of assessment (\$107,629); grants to organizations (\$81,332) and other financial management / misc. (\$161,142).

Protective Services

Total expenditure \$2,778,719

These services include policing services (\$2,494,860); fire protection (\$277,206) and animal control (\$6,653).

Our municipal police force is comprised of one chief and one deputy chief, two inspectors, two administrative assistants and 14 officers (full and part time).

Our volunteer Fire Department includes one chief, one deputy chief, three captains and one secretary, plus 19 volunteer firefighters. The Town is currently in the process of building a new fire station. Expenses include dispatch fees with Edmundston in the amount of \$35,142.

Transportation Services

Total expenditure \$1,482,641

This category includes expenditures related to public works administration and garage salaries and benefits (\$580,878); general equipment (\$204,841); street maintenance (\$225,749); snow removal (\$152,247); street lighting and traffic (\$169,425); building operations (\$81,394) and miscellaneous other operating expenses (\$68,107).

Our staff includes 4 administrative positions as well as full-time unionized workers.

Environmental Health Services

Total expenditure \$289,491

These services include expenditures related to solid waste collection and disposal. The Town has a contract with Northwest Sanitation for the collection of waste and the disposal is done at the Northwest Regional Services Commission facility. The tipping fee was set at \$69 per ton in 2020.

In 2020, the Northwest Regional Services Commission adopted a regional recycling program. The population of Grand Falls responded well with some residents asking that the NWRSC provide recycling for even more materials.

Environmental Development Services

Total expenditure \$869,619

These services include environmental planning (\$74,678); environmental development services (\$280,111); economic development services (\$148,535); downtown development (\$89,802); BIA (\$45,078); tourism center (\$208,029); Farmers' Market (\$23,386).

Recreation & Cultural Services

Total expenditure \$1,645,113

This category includes expenses for the administration of the services by all of our recreational staff (\$587,588); operating expenses for our CEPSC (\$532,016); swimming pool (\$53,593); golf club (\$335,588); sports complex, tube lift and splash pad (\$44,329); parks and playgrounds (\$53,390) museum (\$3,077) and library (\$35,532).

Recreational programs include skating, hockey, curling, skiing, figure skating, dancing, gymnastics, volleyball, ball hockey, baseball, softball, soccer, frolic, swimming, tennis, golf etc. Clearly, the pandemic changed things for 2020. Many programs such as Frolic, camping and tourist centers were not open and others, such as the public pool, were open with appropriate protocols in place.

Fiscal services

Total expenditures \$3,341,795

This category includes principal repayments of \$1,005,000 and interest payments of \$184,167. Capital out of operations expenses in the amount of \$1,980,120 include \$60,774 for policing Services; \$642,689 for fire protection; \$369,339 for Transportation, \$18,838 for Tourism and \$253,667 for Recreation Services; \$634,813 for emergency measures and \$172,508 for others.

WATER & WASTEWATER UTILITY

Total expenditures \$1,776,778

Water Service

Total expenditures \$838,395

Expenditures include costs of administration and personnel (\$371,039); purification & treatment (\$49,520); transmission & distribution (\$111,636); power and pumping (\$234,833); billing, collection & others (\$71,367).

Wastewater Disposal Service

Total expenditures \$424,618

Expenditures include costs of administration (\$163,418); sewage collection system (\$49,244); sewage lift stations (\$135,150); and sewage treatment and disposal (\$76,806).

Annual water & sewer rate for 2020 was \$552 per unit.

Fiscal services

Total expenditures \$513,765

This includes interest on short-term and long-term loans, principal repayment, transfer to reserve funds and bank charges.

In 2020, principal repayments were \$262,000 and interest payments were \$101,154. An amount of \$45,000 was transferred to the reservoir reserve fund. A total of \$87,598 were spent on capital expenditures in 2020 while bank charges and bad debts totaled \$14,478 and other fiscal expenses amounted to \$3,535.



APPENDIX A



2019 Audited
financials signed.pdf

GRAND FALLS

CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2020

GRAND FALLS

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Year ended December 31, 2020

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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, 2020, 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, 2020, 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.



Nadeau Picard & Associés, CPA

Comptables professionnels agréés
Chartered Professional Accountants

- 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 13, 2021

GRAND FALLS
CONSOLIDATED STATEMENT OF OPERATION
Year ended December 31,


	<u>2020</u>		<u>2019</u>
	<u>(Unaudited) Budget (Note 20)</u>	<u>Actual (Note 16)</u>	<u>Actual (Note 16)</u>
REVENUES			
Property tax warrant	\$ 8,315,976	\$ 8,315,976	\$ 8,230,581
Services provided to other governments (note 21)	777,545	826,173	808,340
Sale of services, fines and other fees	1,066,685	720,799	1,136,660
Unconditional grant	793,610	809,664	750,049
Other government transfers (note 21)	38,500	1,660,381	1,075,044
Water and sewer user fees	1,675,400	1,704,660	1,699,525
Interest	18,350	93,865	99,414
Donations & others	-	97,662	176,276
Gain (loss) on disposal of tangible capital assets	<u>15,000</u>	<u>(470,717)</u>	<u>31,488</u>
	<u>12,701,066</u>	<u>13,758,463</u>	<u>14,007,377</u>
EXPENDITURES (note 21)			
General government services	1,646,635	1,674,975	1,623,005
Protective services	2,431,803	2,859,459	2,708,522
Transportation services	2,778,052	2,351,101	2,650,700
Environmental health services	350,852	316,428	284,529
Environmental development and tourism services	1,356,828	1,044,992	1,244,450
Recreational and cultural services	2,823,506	2,560,801	2,986,071
Water and sewer	<u>2,145,210</u>	<u>2,125,131</u>	<u>2,118,362</u>
	<u>13,532,886</u>	<u>12,932,887</u>	<u>13,615,639</u>
Annual surplus (deficit)	\$ <u>(831,820)</u>	<u>825,576</u>	<u>391,738</u>
Accumulated surplus, beginning of year, as previously reported		39,391,812	40,146,587
Prior year adjustment to accrued sick leave liability		<u>-</u>	<u>(1,146,513)</u>
Accumulated surplus, beginning of year, as restated		<u>39,391,812</u>	<u>39,000,074</u>
Accumulated surplus, end of year		\$ <u>40,217,388</u>	\$ <u>39,391,812</u>

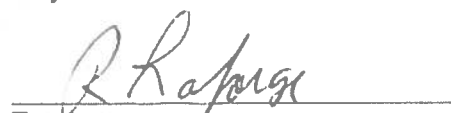
The accompanying notes are an integral part of these consolidated financial statements.

GRAND FALLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash	\$ 178,740	\$ 805,580
Cash - restricted	4,299,255	1,510,567
Receivables		
General	211,971	302,060
Federal government and its agencies (Note 3)	234,603	125,197
Province of New Brunswick (Note 4)	669,840	-
Note receivable (Note 5)	233,000	-
Investments	-	2,451,708
	<u>5,827,409</u>	<u>5,195,112</u>
LIABILITIES		
Bank overdraft	74,407	-
Bank loans	1,100,263	39,591
Payables and accruals	1,002,195	1,162,258
Unearned revenues - Gas Tax Fund	260,906	575,885
Long-term debt (Note 7)	9,097,000	10,068,000
Accrued sick leave (Note 8)	1,273,025	1,145,725
Termination benefits	160,000	200,000
Post employment benefits (Note 9)	530,700	600,700
	<u>13,498,496</u>	<u>13,792,159</u>
NET DEBT	<u>(7,671,087)</u>	<u>(8,597,047)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	92,927,229	90,630,938
Accumulated amortization	<u>(45,685,747)</u>	<u>(43,273,965)</u>
	47,241,482	47,356,973
Inventory of supplies	631,066	618,792
Prepaid expenses	15,927	13,094
	<u>47,888,475</u>	<u>47,988,859</u>
ACCUMULATED SURPLUS	<u>\$ 40,217,388</u>	<u>\$ 39,391,812</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>2020</u>	<u>2019</u>
Annual surplus	\$ 825,576	\$ 391,738
Acquisition of tangible capital assets	(3,371,990)	(1,893,460)
Proceeds on disposal of tangible capital assets	371,232	47,678
Amortization of tangible capital assets	2,645,533	2,754,785
Loss (gain) on sale of tangible capital assets	<u>470,717</u>	<u>(31,488)</u>
	<u>941,068</u>	<u>1,269,253</u>
Acquisition of inventories	(631,066)	(618,792)
Acquisition of prepaid assets	(15,927)	(13,094)
Consumption of inventories	618,792	595,958
Use of prepaid assets	<u>13,093</u>	<u>10,314</u>
	<u>(15,108)</u>	<u>(25,614)</u>
Decrease in Net Debt	925,960	1,243,639
Net Debt, beginning of the year	<u>(8,597,047)</u>	<u>(9,840,686)</u>
Net Debt, end of the year	\$ <u>(7,671,087)</u>	\$ <u>(8,597,047)</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>2020</u>	<u>2019</u>
(Indirect method)		
Operation transactions		
Annual surplus (Note 16)	\$ 825,576	\$ 391,738
Items not affecting cash:		
Loss (gain) on disposal of tangible capital assets	470,717	(31,488)
Amortization of tangible capital assets	<u>2,645,533</u>	<u>2,754,785</u>
	<u>3,941,826</u>	<u>3,115,035</u>
Net changes in non-cash working capital items:		
Receivable - General	90,089	80,465
Receivable - Federal Government and its agencies	(109,406)	136,320
Receivable - Province of New Brunswick	(669,840)	176,959
Note receivable	(233,000)	-
Payables and accruals	(160,063)	196,299
Unearned revenues - Gas Tax Fund	(314,979)	(209,041)
Accrued sick leave	127,300	(143,891)
Accrued retirement benefits	(40,000)	121,310
Post employment benefits payable	(70,000)	65,100
Change in inventory/prepaid expenses	<u>(15,108)</u>	<u>(25,614)</u>
	<u>(1,395,007)</u>	<u>397,907</u>
	<u>2,546,819</u>	<u>3,512,942</u>
Capital transactions		
Acquisition of tangible capital assets	(3,371,990)	(1,893,460)
Proceeds on sale of tangible capital assets	<u>371,232</u>	<u>47,678</u>
	<u>(3,000,758)</u>	<u>(1,845,782)</u>
Financing transactions		
Bank loan	1,060,672	(799,619)
Additional financing	618,000	290,000
Long-term debt	<u>(1,589,000)</u>	<u>(1,484,000)</u>
	<u>89,672</u>	<u>(1,993,619)</u>
Investing transactions		
Variation in investments	2,451,708	(48,072)
Variation in restricted cash	<u>(2,788,688)</u>	<u>313,947</u>
	<u>(336,980)</u>	<u>265,875</u>
Net decrease in cash and cash equivalents	(701,247)	(60,584)
Cash, beginning of year	<u>805,580</u>	<u>866,164</u>
Cash and cash equivalents, end of year	\$ 104,333	\$ 805,580

Cash and cash equivalents consist of cash and bank overdraft

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

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

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 December 17, 2019 and the Minister of Environment and Local Government on January 7, 2020.

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, 2020

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.

Protective services

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

GRAND FALLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmented information (continued)

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, 2020

3. DUE FROM FEDERAL GOVERNMENT AND ITS AGENCIES

	2020	2019
Canada Revenue Agency (HST refund)	\$ 234,603	\$ 125,197

4. DUE FROM PROVINCE OF NEW BRUNSWICK

	2020	2019
Disaster Financial Assistance Program	\$ 615,196	\$ -
Regional Development Corporation	<u>54,644</u>	<u>-</u>
	\$ 669,840	\$ -

5. NOTE RECEIVABLE

Note receivable for a total amount of \$233,000 to be repaid by two principal amounts of \$116,000 without interest maturing in October 2022.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

6. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings and leasehold improvements	Vehicles	Machinery and equipment	Roads and streets	Infrastructure Treatment facilities	Water and sewer	Assets under construction	2020 Total	2019 Total
Cost											
Balance, beginning of year	\$ 6,010,687	\$ 4,740,059	\$ 27,678,360	\$ 1,909,297	\$ 8,889,584	\$ 9,914,129	\$ 6,824,568	\$ 24,503,966	\$ 160,288	\$ 90,630,938	\$ 89,271,475
Add:											
Net additions during the year	242,595	53,188	49,351	90,642	1,034,168	724,777	699,158	18,549	459,562	3,371,990	1,893,460
Less:											
Disposals during the year	(841,949)	-	-	(96,933)	-	(136,817)	-	-	-	(1,075,699)	(533,997)
Balance, end of year	5,411,333	4,793,247	27,727,711	1,903,006	9,923,752	10,502,089	7,523,726	24,522,515	619,850	92,927,229	90,630,938
Accumulated Amortization											
Balance, beginning of year	-	2,714,827	11,823,101	1,676,940	4,931,487	6,858,300	2,710,708	12,558,602	-	43,273,965	41,036,987
Add:											
Amortization during the year	-	162,241	745,391	95,682	484,664	411,757	107,566	638,232	-	2,645,533	2,754,785
Less:											
Accumulated amortization on disposition	-	-	-	(96,934)	-	(136,817)	-	-	-	(233,751)	(517,807)
Balance, end of year	-	2,877,068	12,568,492	1,675,688	5,416,151	7,133,240	2,818,274	13,196,834	-	45,685,747	43,273,965
Net book value	\$ 5,411,333	\$ 1,916,179	\$ 15,159,219	\$ 227,318	\$ 4,507,601	\$ 3,368,849	\$ 4,705,452	\$ 11,325,681	\$ 619,850	\$ 47,241,482	\$ 47,356,973
Consist of:											
General Fund Assets	\$ 5,062,236	\$ 1,835,698	\$ 14,903,843	\$ 190,738	\$ 4,168,169	\$ 3,368,849	\$ 4,705,452	\$ -	\$ 619,850	\$ 34,854,835	\$ 34,320,048
Water & Sewer Fund Assets	349,097	80,481	255,376	36,580	339,432	-	-	11,325,681	-	12,386,647	13,036,925
	\$ 5,411,333	\$ 1,916,179	\$ 15,159,219	\$ 227,318	\$ 4,507,601	\$ 3,368,849	\$ 4,705,452	\$ 11,325,681	\$ 619,850	\$ 47,241,482	\$ 47,356,973

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

7. LONG-TERM DEBT

2020

2019

New Brunswick Municipal Financing Corporation

Debentures:

Repaid during the year	\$ -	\$ 476,000
BF-13 1.35% - 3.45%, due 2021, OIC #09-47, #10-17, #11-46 and #11-65	114,000	153,000
BF-14 1.35% - 3.45%, due 2021, OIC #09-41	183,000	190,000
BI-17 1.35% - 3.25%, due 2023, OIC #11-0046	49,000	64,000
BL-19 1.2% - 3.1%, due 2024, OIC #03-28 and #04-26	130,000	160,000
BO-15 1.45% - 2.9%, due 2026, OIC #06-21	85,000	98,000
BO-14 1.45% - 2.9%, due 2026, OIC #05-61 and #05-89	162,000	250,000
BP-14 1.2% - 2.95%, due 2026, OIC #15-21	71,000	82,000
BT-13 2.10% - 3.45%, due 2028, OIC #15-56, #17-18 and #17-25	345,000	383,000
BU-14 2.55% - 3.40%, due 2028, OIC #15-56 and # 18-20	245,000	285,000
BW-21 1.95% - 2.45%, due 2029, OIC #09-47, #09-81, #18-20, #18-68 and #19-43	1,065,000	1,186,000
BW-22 1.95% - 2.45%, due 2029, OIC #09-19 and #09-41	440,000	484,000
BV-13 2.05% - 2.85%, due 2029, OIC #08-76, #08-77 and #15-56	847,000	931,000
BY-19 0.50% - 1.80%, due 2030, OIC #19-43	296,000	-
BH-20 1.35% - 3.8%, due 2032, OIC #09-47, #10-17, #11-15 and #12-12	156,000	187,000
BR-14 1.65% - 3.2%, due 2032, OIC #15-56 and #17-18	1,387,000	1,527,000
BQ-13 1.2% - 3.3%, due 2032, OIC #15-56	80,000	86,000
BI-18 1.35% - 4.0%, due 2033, OIC #01-79 and #09-41	188,000	200,000
BJ-15 1.25% - 4.4%, due 2033, OIC #11-0115	606,000	642,000
BL-20 1.2% - 3.7%, due 2034, OIC #01-79, #03-64, #03-83 and #04-26	628,000	680,000
BM-12 0.95% - 3.5%, due 2035, OIC #01-79 and #04-26	841,000	915,000
BN-13 1.05% - 3.9%, due 2035, OIC #04-26, #05-25, #05-61, #14-34, #14-40, #14-41 and #15-21	396,000	580,000
BN-14 1.05% - 3.9%, due 2035, OIC #04-26 and #05-25	344,000	362,000
BP-15 1.2% - 3.8%, due 2036, OIC #06-25	117,000	147,000
BY-20 0.5% - 2.60%, due 2040, OIC #09-41	322,000	-
	\$ 9,097,000	\$ 10,068,000

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

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

7. LONG-TERM DEBT (continued)

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

	<u>Repayments</u>	<u>Refinancing</u>
2021	\$1,043,000	\$250,000
2022	\$900,000	\$0
2023	\$871,000	\$0
2024	\$874,000	\$0
2025	\$826,000	\$0

In 2021, debenture BF-13 and BF-14 will mature and will be refinanced for \$74,000 and \$176,000 respectively.

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 used reflect the Municipality's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increases range from 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 \$976,042 on December 31, 2020 and \$1,040,981 on December 31, 2019 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 60 active employees covered by the plan is 45.7.

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 \$301,700 (2019 - \$581,800).

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, 2018.

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 5.75% per annum;
- the expected rate of return is 5.75% 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 \$556,600 (2019 - \$540,400).

GRAND FALLS**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2020

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, 2018 and December 31, 2019, NB MEPP's actuary performed an extrapolation of the December 31, 2019 accounting valuation to determine the estimated position as at December 31, 2020. The extrapolation assumes assumptions used as at December 31, 2020 remain unchanged from December 31, 2019. The extrapolation also assumes assets return 5.75% 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, 2020</u>	As at <u>December 31, 2019</u>
Accrued Benefit Liability/(Asset)		
Accrued benefit liability/(asset) at beginning of period	\$ 600,700	\$ 535,600
Pension expense for the year	191,100	344,200
Less employer contributions	(278,300)	(278,600)
Adjustment to prior year liability	<u>17,200</u>	<u>(500)</u>
Accrued benefit liability/(asset) at end of period	<u>\$ 530,700</u>	<u>\$ 600,700</u>

In summary, the Accrued Benefit Liability as it relates to Grand Falls is estimated to be \$530,700 as at December 31, 2020. This compares to \$535,600 as at January 1, 2019 and \$600,700 as at December 31, 2019. 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, 2020</u>	As at <u>December 31, 2019</u>
Reconciliation of Funded Status at End of Period		
Accrued benefit obligation	\$ 11,865,800	\$ 11,948,800
Plan assets	<u>11,570,500</u>	<u>10,676,500</u>
Plan deficit/(surplus)	295,300	1,272,300
Unamortized experience gains/(losses)	<u>(235,400)</u>	<u>(671,600)</u>
Accrued benefit liability/(asset) at end of period	<u>\$ 530,700</u>	<u>\$ 600,700</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, 2020</u>	As at <u>December 31, 2019</u>
Reconciliation of Accrued Benefit Obligation		
Accrued benefit obligation at beginning of period	\$ 11,948,800	\$ 11,153,900
Adjustment to prior year estimate	(891,000)	(50,500)
Current service cost	469,100	498,900
Benefit payments	(301,700)	(270,500)
Interest for period	<u>640,600</u>	<u>617,000</u>
Accrued benefit obligation at end of period	<u>\$ 11,865,800</u>	<u>\$ 11,948,800</u>

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

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:

	As at <u>December 31, 2020</u>	As at <u>December 31, 2019</u>
Reconciliation of Plan Assets		
Plan assets at beginning of period	\$ 10,676,500	\$ 9,840,700
Adjustment to prior year estimate	16,900	-
Employer contributions	278,300	278,600
Employee contributions	278,300	278,600
Benefit payments	(301,700)	(270,500)
Return on plan assets during period	<u>622,200</u>	<u>549,100</u>
Plan assets at end of period	<u>\$ 11,570,500</u>	<u>\$ 10,676,500</u>

Total estimated expenses related to pensions include the following components:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Pension Expense		
Employer current service cost	\$ 220,300	\$ 220,300
Adjustment to prior year estimate	(29,500)	-
Interest on accrued benefit obligation	640,600	617,000
Expected return on assets	(622,200)	(549,100)
Experience loss/(gain)	<u>(18,100)</u>	<u>56,000</u>
Pension expense	<u>\$ 191,100</u>	<u>\$ 344,200</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, 2020 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, 2020

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, 2020, the accumulated amount was \$676,623.

12. 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 short-term borrowing as follows:

General Capital Fund, M.O. #18-0068	\$	702,000
General Capital Fund, M.O. #19-0043	\$	4,000
General Capital Fund, M.O. #19-0069	\$	4,500,000

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 2020, 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.

13. 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:

	2020	2019
2020 surplus	\$ 13,193	\$ -
2019 surplus	26,600	26,600
2018 surplus	-	25,126
	<u>\$ 39,793</u>	<u>\$ 51,726</u>

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

14. 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.

15. 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.

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

16. SCHEDULE OF SEGMENT DISCLOSURE

	General	Protective	Transportation	Environmental health	Environmental development and tourism	Recreation and culture	Water and sewer	2020 Consolidated	2019 Consolidated
Revenues									
Property tax warrant *	\$ 1,153,331	\$ 2,274,090	\$ 2,267,178	\$ 295,176	\$ 894,411	\$ 1,431,790	\$ -	\$ 8,315,976	\$ 8,230,581
Services provided to other governments	400,737	181,628	106,549	-	137,259	-	-	826,173	808,340
Sale of service, fines and other fees	71,290	3,803	-	-	66,584	579,122	-	720,799	1,136,660
Unconditional grant *	112,291	221,411	220,738	28,739	87,082	139,403	-	809,664	750,049
Other government transfers	64,654	-	1,288,857	-	28,974	277,896	-	1,660,381	1,075,044
Water and sewer user fees	-	-	-	-	-	-	1,704,660	1,704,660	1,699,525
Interest	43,770	-	-	-	2,703	109	47,283	93,865	99,414
Donations and others	2,662	-	-	-	2,000	93,000	-	97,662	176,276
Gain (loss) on disposal of capital assets	1,250	250	435	-	-	(472,652)	-	(470,717)	31,488
	1,849,985	2,680,932	3,883,322	323,915	1,219,013	2,521,320	1,751,943	13,758,463	14,007,377
Expenditures									
Salaries and benefits	795,885	2,287,217	641,784	-	498,489	866,778	494,743	5,584,896	5,594,426
Goods and services	503,264	473,510	901,763	289,491	372,367	813,957	773,346	4,127,698	4,593,569
Amortization	121,303	93,953	727,673	26,937	129,168	808,624	737,875	2,645,533	2,754,784
Interest	3,336	4,779	79,881	-	44,237	61,888	109,005	303,126	389,566
Other	251,187	-	-	-	731	9,554	10,162	271,634	283,294
	1,674,975	2,859,459	2,351,101	316,428	1,044,992	2,560,801	2,125,131	12,932,887	13,615,639
Surplus (deficit) for the year	\$ 175,010	\$ (178,527)	\$ 1,532,221	\$ 7,487	\$ 174,021	\$ (39,481)	\$ (373,188)	\$ 825,576	\$ 391,738

* 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, 2020

17. 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
2020 annual surplus (deficit)	\$ 1,508,758 \$	(356,782)\$	332,589 \$	(737,875)\$	9,044 \$	33,701 \$	1,798 \$	34,343 \$	825,576
Adjustments to annual surplus for funding requirements									
Second previous year's surplus	13,312	-	25,126	-	-	-	-	-	38,438
Transfers between funds									
Transfer from water & sewer operating fund to the water capital fund	-	-	(87,598) (45,000)	87,598	-	-	-	45,000	-
Transfer from general operating fund to the general capital fund	(1,277,518) (28,387)	1,277,518	-	-	-	-	-	-	-
Long-term debt principal repayment	(1,005,000) (45,000)	-	45,000	-	-	28,387	-	-	-
Proceeds from disposal of tangible capital assets	371,232	1,005,000	(262,000)	262,000	-	-	-	-	-
Loss on disposal of tangible capital assets	470,717	(371,232)	-	-	-	-	-	-	-
Decrease of provision for sick leave accrual	116,023	(470,717)	11,277	-	-	-	-	-	-
Provision for retirement allowance	(40,000)	-	-	-	-	-	-	-	-
Amortization expense	-	1,907,656	-	737,875	-	-	-	-	127,300 (40,000)
Reduction in amount recorded under PSA for defined benefit liability	(63,799)	-	(6,201)	-	-	-	-	-	2,645,531 (70,000)
Total adjustments to 2020 annual surplus (deficit)	(1,488,420)	3,348,225	(319,396)	1,087,473	-	28,387	-	45,000	2,701,269
2020 annual funds surplus	\$ 20,338 \$	2,991,443 \$	13,193 \$	349,598 \$	9,044 \$	62,088 \$	1,798 \$	79,343 \$	3,526,845

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

18. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Water & Sewer Operating Reserve	Water & Sewer Capital Reserve	2020 Total	2019 Total
<u>Assets</u>						
Cash	\$ 431,717	\$ 1,726,089	\$ 92,817	\$ 1,787,726	\$ 4,038,349	\$ 1,510,567
Investments	-	-	-	-	-	2,451,708
Accrued interest	-	-	-	-	-	28,215
Receivable from Water & Sewer Operating Fund	-	-	-	45,000	45,000	45,000
Receivable from General Operating Fund	-	28,389	-	-	28,389	-
	431,717	1,754,478	92,817	1,832,726	4,111,738	4,035,490
<u>Liabilities</u>						
Payable to General Operating Fund	-	-	-	-	-	76,025
	431,717	1,754,478	92,817	1,832,726	4,111,738	3,959,465
<u>Accumulated Surplus</u>						
	\$ 431,717	\$ 1,754,478	\$ 92,817	\$ 1,832,726	\$ 4,111,738	\$ 3,959,465
<u>Revenues</u>						
Other revenues	\$ 700	\$ -	\$ -	\$ -	\$ 700	\$ -
Transfers from Water & Sewer Operating Fund	-	-	-	45,000	45,000	87,887
Transfers from General Operating Fund	-	115,000	-	-	115,000	-
Interest	8,344	33,701	1,798	34,343	78,186	78,982
	9,044	148,701	1,798	79,343	238,886	166,869
<u>Expenditures</u>						
Transfers to Water Operating Fund	-	-	-	-	-	42,887
Transfers to General Operating Fund	-	86,613	-	-	86,613	76,025
	-	86,613	-	-	86,613	118,912
<u>Annual Surplus</u>						
	\$ 9,044	\$ 62,088	\$ 1,798	\$ 79,343	\$ 152,273	\$ 47,957

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

18. STATEMENT OF RESERVES (Continued)

Council Resolutions regarding transfers to and from reserves;

Moved by Denise Lagacé Rioux, seconded by Jean Réal Michaud, that the amount of \$45,000 be transferred from the water and sewer operating fund to the water and sewer capital reserve fund for the water tower.

Moved by Denise Lagacé Rioux, seconded by Rino Long, that the amount of \$86,613.70 be transferred from the capital reserve fund - future employee benefits not earned, to the general operating fund to help pay the cost of sick days paid in 2020.

Moved by Denise Lagacé Rioux, seconded by Rino Long, that the amount of \$115,000.00 be transferred from the general operating fund to the general capital equipment reserve fund.

I hereby certify that the above are true and exact copies of resolutions adopted at a special meeting of Council on December 15th, 2020.



Peter Michaud
Chief Administrative Officer / Clerk
Town of Grand Falls

April 13, 2021
Date

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

19. STATEMENT OF CONTROLLED ENTITIES OPERATIONS

	Grand Falls Golf Club Inc	Société de développement du centre des affaires	Falls & Gorge Commission	2020 Total	2019 Total
Assets					
Liabilities					
	\$ 767,871	\$ 174,656	\$ 68,303	\$ 1,010,830	\$ 860,732
	1,527,555	-	2,156,536	3,684,091	3,305,453
Accumulated Surplus (Deficit)	\$ (759,684)	\$ 174,656	\$ (2,088,233)	\$ (2,673,261)	\$ (2,444,721)
Revenues	\$ 326,999	\$ 67,706	\$ 18,171	\$ 412,876	\$ 616,996
Expenditures	393,447	45,078	202,891	641,416	864,317
Surplus (Deficit) from operations	(66,448)	22,628	(184,720)	(228,540)	(247,321)
Gain on disposal of capital assets	-	-	-	-	7,557
Surplus (Deficit)	\$ (66,448)	\$ 22,628	\$ (184,720)	\$ (228,540)	\$ (239,764)

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

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

20. OPERATING BUDGET TO PSA BUDGET

	Operating Budget General	Operating Budget Water & Sewer	Amortization TCA	Transfers	Total
Revenues					
Property tax warrant	\$ 8,315,976	\$ -	\$ -	\$ -	\$ 8,315,976
Services provided to other governments	777,545	-	-	-	777,545
Sales of services, fines and other fees	1,066,685	-	-	-	1,066,685
Unconditional grant	793,610	-	-	-	793,610
Other government transfers	38,500	-	-	-	38,500
Other transfers	-	180,000	-	(180,000)	-
Water and sewer user fees	-	1,675,400	-	-	1,675,400
Interest	7,350	11,000	-	-	18,350
Gain on disposal of capital assets	15,000	-	-	-	15,000
Surplus/deficit of second previous year	13,272	25,126	-	(38,398)	-
	11,027,938	1,891,526	-	(218,398)	12,701,066
Expenditures					
General government services	1,521,811	-	121,303	3,521	1,646,635
Protective services	2,512,786	-	93,953	(174,936)	2,431,803
Transportation services	1,942,824	-	727,673	107,555	2,778,052
Environmental health services	323,915	-	26,937	-	350,852
Environmental development and tourism services	1,186,230	-	129,168	41,430	1,356,828
Recreational cultural services	1,952,278	-	808,624	62,604	2,823,506
Fiscal services	-	-	-	-	-
Long-term debt repayments	1,005,000	262,000	-	(1,267,000)	-
Interest	220,174	118,992	-	(339,166)	-
Transfer from the General Operating Fund to the General Capital Fund	174,700	-	-	(174,700)	-
General Capital Reserve Fund	88,854	-	-	(88,854)	-
General Operating Reserve Fund	99,366	-	-	(99,366)	-
Transfer from the Water and Sewer Operating Fund to the Water and Sewer Capital Fund	-	89,000	-	(89,000)	-
to the Water and Sewer Capital Reserve Fund	-	133,191	-	(133,191)	-
Water and Sewer services	-	1,288,343	737,875	118,992	2,145,210
	11,027,938	1,891,526	2,645,533	(2,032,111)	13,532,886
Deficit	\$ -	\$ -	\$ (2,645,533)	\$ 1,813,713	\$ (831,820)

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

21. REVENUES AND EXPENDITURES SUPPORT

	2020		2019	
	(Unaudited) Budget	Actual	Actual	
Revenues				
Services to other Governments				
Fire	\$ 38,796	\$ 38,796	\$ 36,306	
Transportation	109,811	106,549	110,163	
Environment Development	137,259	137,259	134,568	
Police	128,063	142,832	124,333	
Rentals	363,616	400,737	402,970	
Total - Services to other Governments	\$ 777,545	\$ 826,173	\$ 808,340	
Other government transfers				
Regional Development Corporation	-	172,498	-	
Gas Tax Fund	-	682,851	1,002,283	
NB EMO	-	615,196	-	
Safe restart program	-	132,090	-	
Other project	-	-	2,188	
Environmental Project	-	6,552	1,793	
Employment projects	38,500	51,194	68,780	
Total - Other government transfers	\$ 38,500	\$ 1,660,381	\$ 1,075,044	
Expenditures				
General government services				
Legislative				
Mayor	\$ 25,241	\$ 25,900	\$ 23,257	
Councilors	88,467	88,345	86,532	
Other	62,500	59,392	60,697	
	176,208	173,637	170,486	
Administrative				
Manager	141,013	146,601	138,197	
Clerk	214,902	213,932	210,541	
Accounting	256,642	246,610	217,657	
Office building	351,000	357,155	342,717	
Solicitor	30,000	100,767	47,668	
Grants	81,600	81,332	94,168	
Other	43,500	39,695	46,913	
	1,118,657	1,186,092	1,097,861	
Other				
Office expense	62,150	76,943	68,751	
Delegations and training	14,000	2,692	6,767	
Amortization	121,303	121,303	117,272	
Interest	3,521	3,336	13,404	
Cost of assessment	147,629	107,805	148,464	
Other	3,167	3,167	-	
	351,770	315,246	354,658	
Total - General government services	\$ 1,646,635	\$ 1,674,975	\$ 1,623,005	

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

21. REVENUES AND EXPENDITURES SUPPORT (continued)

	2020		2019
	(Unaudited) Budget	Actual	Actual
Protective services			
Fire			
Administration	\$ 44,515	\$ 40,198	\$ 41,744
Forces	25,000	21,640	22,285
Training	20,000	11,756	15,517
Station	38,512	39,492	40,919
Amortization	93,953	93,953	104,693
Interest	5,064	4,779	6,006
Supplies	83,100	48,043	61,740
Other	81,342	72,904	72,519
	<u>391,486</u>	<u>332,765</u>	<u>365,423</u>
Police			
Administration	276,025	351,955	499,832
Forces	1,562,292	2,006,038	1,659,621
Training	30,000	8,693	14,149
Station	82,000	88,160	79,048
Vehicles	53,000	46,323	50,044
Jail	20,000	14,050	17,729
Other	11,000	6,647	17,705
	<u>2,034,317</u>	<u>2,521,866</u>	<u>2,338,128</u>
Other			
Animal control	6,000	4,828	4,971
Total - Protective services	<u>\$ 2,431,803</u>	<u>\$ 2,859,459</u>	<u>\$ 2,708,522</u>
Transportation services			
Common			
Administration	\$ 730,811	\$ 641,668	\$ 733,523
General equipment	181,500	204,841	205,754
Workshop and sundry	166,013	149,618	149,195
	<u>1,078,324</u>	<u>996,127</u>	<u>1,088,472</u>
Street maintenance	479,500	205,048	346,228
Culverts	5,000	4,148	1,004
Snow removal	190,000	152,247	218,961
Street lighting	160,000	160,784	158,284
Traffic signals	5,000	2,491	4,402
Traffic lane marking	25,000	22,702	22,133
Amortization	727,673	727,673	719,685
Interest	107,555	79,881	91,531
Total - Transportation services	<u>\$ 2,778,052</u>	<u>\$ 2,351,101</u>	<u>\$ 2,650,700</u>

GRAND FALLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020

21. REVENUES AND EXPENDITURES SUPPORT (continued)

	2020		2019
	(Unaudited) Budget	Actual	Actual
Environmental health services			
Collection	\$ 323,880	\$ 289,194	\$ 284,499
Amortization	26,937	26,937	-
Other	35	297	30
Total - Environmental health services	\$ 350,852	\$ 316,428	\$ 284,529
Environmental development and tourism services			
Community planning	\$ 512,028	\$ 444,577	\$ 456,490
Tourism promotion	582,287	354,713	538,343
Amortization	129,168	129,168	127,999
Interest	41,430	44,237	43,517
Community development	91,915	72,297	78,101
Total - Environmental development services	\$ 1,356,828	\$ 1,044,992	\$ 1,244,450
Recreation and cultural services			
Administration	\$ 633,351	\$ 628,773	\$ 602,437
Swimming pool	73,500	53,593	75,188
Arena	647,800	531,967	674,757
Golf	378,240	335,588	353,896
Parks and playgrounds	51,200	29,740	44,178
Sports Compexe	9,200	15,531	16,189
Tube lift	35,650	21,278	37,236
Splash park	5,000	7,519	2,063
Day camps	45,000	-	40,594
Library	31,262	35,532	32,850
Museum	6,075	3,077	6,971
Amortization	808,624	808,624	935,120
Interest	62,604	61,888	100,750
Other	36,000	27,691	63,842
Total - Recreation and cultural services	\$ 2,823,506	\$ 2,560,801	\$ 2,986,071
Water and Sewer			
Water supply			
Administration	\$ 381,709	\$ 365,726	\$ 375,281
Transmission and distribution	398,716	416,863	380,928
Amortization	477,991	477,991	483,606
Interest	94,245	97,943	108,519
Other	77,500	68,505	63,310
Total - Water supply	1,430,161	1,427,028	1,411,644
Sewer collection and disposal			
Administration	194,419	165,956	183,581
Collection system	249,500	261,201	245,005
Amortization	259,884	259,884	266,412
Interest	11,246	11,062	11,720
Total - Sewer collection and disposal	715,049	698,103	706,718
Total - Water and Sewer	\$ 2,145,210	\$ 2,125,131	\$ 2,118,362

