

**TOWN OF MARYSTOWN**

Financial Statements

Year Ended December 31, 2016

**TOWN OF MARYSTOWN**  
**Financial Statements**  
**For the Year Ended December 31, 2016**

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<b>Statement of Responsibility</b>	<b>1</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Statement of Financial Position</b>	<b>3</b>
<b>Statement of Operations</b>	<b>4</b>
<b>Statement of Change in Net Debt</b>	<b>5</b>
<b>Statement of Cash Flows</b>	<b>6</b>
<b>Notes to the Financial Statements</b>	<b>7-15</b>
<b>Schedule 1 - Schedule of Tangible Capital Assets</b>	<b>16</b>
<b>Schedule 2 - Schedule of Revenues</b>	<b>17</b>
<b>Schedule 3 - Schedule of Expenses</b>	<b>18</b>
<b>Schedule 4 - Statement of Operations by Program</b>	<b>19-20</b>
<b>Schedule 5 - Reconciliation of the Financial Plan to the Budget</b>	<b>21</b>

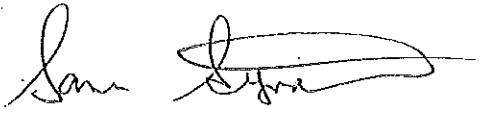
## STATEMENT OF RESPONSIBILITY

The accompanying Financial Statements are the responsibility of the management of the Town of Marystown and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada.

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

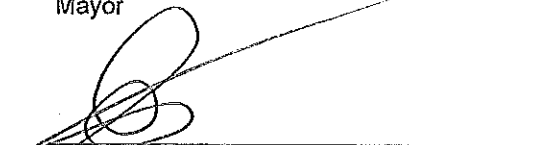
Council of the municipality met with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

BDO Canada LLP, as the municipality's appointed external auditors, have audited the Financial Statements. The Auditor's Report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the municipality in accordance with Canadian public sector accounting standards.



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Mayor



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Chief Administrative Officer



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PO Box 488  
Marystown NL A0E 2M0 Canada

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and members of Council of the  
**TOWN OF MARYSTOWN**

We have audited the accompanying financial statements of the Town of Marystown, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Town of Marystown as at December 31, 2016 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Marystown, Newfoundland and Labrador  
November 21, 2017

  
BDO Canada LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

**TOWN OF MARYSTOWN  
STATEMENT OF FINANCIAL POSITION  
As at December 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash and bank	\$ 2,260,205	\$ 827,051
Temporary investments (Note 4)	2,108,969	3,156,191
Real estate property held for resale	149,383	133,648
Taxes receivable (Note 5)	561,687	460,848
Accounts receivable (Note 6)	806,447	958,222
	<u>5,886,691</u>	<u>5,535,960</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	884,262	1,036,997
Employee benefits liability (Note 10)	562,481	639,496
Deferred revenue (Note 11)	9,244	20,698
Long-term debt (Note 12)	7,459,628	7,079,825
	<u>8,915,615</u>	<u>8,777,016</u>
<b>NET DEBT</b>	<u>(3,028,924)</u>	<u>(3,241,056)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	52,399,396	51,877,537
Inventories held for use	212,809	232,030
Other assets	27,270	27,270
	<u>52,639,475</u>	<u>52,136,837</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 49,610,551</u>	<u>\$ 48,895,781</u>

Approved on behalf of Council:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Chief Administrative Officer

**TOWN OF MARYSTOWN  
STATEMENT OF OPERATIONS  
For the Year Ended December 31, 2016**

	2016 Budget (Schedule 5)	2016 Actual	2015 Actual
<b>REVENUES</b>			
Taxation	\$ 5,950,182	\$ 5,973,435	\$ 5,455,739
Sales of goods and services	204,300	628,109	456,970
Government transfers	647,222	3,024,688	7,129,360
Investment revenue	40,000	40,431	56,091
Other revenue	484,005	67,627	143,880
Total revenues (Schedules 2 and 4)	<u>7,325,709</u>	<u>9,734,290</u>	<u>13,242,040</u>
<b>EXPENSES</b>			
General government services	1,303,144	1,335,777	1,265,934
Protective services	314,305	311,195	266,280
Transportation services	1,174,990	1,251,745	1,205,278
Environmental health services	1,606,055	1,241,100	1,357,165
Planning and development	132,465	160,324	152,007
Recreation and cultural services	1,359,610	1,419,921	719,746
Fiscal services	2,836,425	3,299,458	2,362,170
Total expenses (Schedules 3 and 4)	<u>8,726,994</u>	<u>9,019,520</u>	<u>7,328,580</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(1,401,285)</b>	<b>714,770</b>	<b>5,913,460</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>48,895,781</u>	<u>48,895,781</u>	<u>42,982,321</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>\$ 47,494,496</u></u>	<u><u>\$ 49,610,551</u></u>	<u><u>\$ 48,895,781</u></u>

**TOWN OF MARYSTOWN**  
**STATEMENT OF CHANGE IN NET DEBT**  
**For the Year Ended December 31, 2016**

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (1,401,285)</b>	<b>\$ 714,770</b>	<b>\$ 5,913,460</b>
Acquisition of tangible capital assets	(336,908)	(20,094,067)	(13,483,049)
Tangible capital assets transferred from asset under construction	-	17,085,092	5,146,788
Amortization of tangible capital assets	2,487,116	2,487,116	2,095,318
Loss on sale of tangible capital assets	-	-	80,563
Consumption (acquisition) of inventory for use	-	19,221	(2,565)
	<u>2,150,208</u>	<u>(502,638)</u>	<u>(6,162,945)</u>
<b>CHANGE IN NET DEBT</b>	<b>748,923</b>	<b>212,132</b>	<b>(249,485)</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<u><b>(3,241,056)</b></u>	<u><b>(3,241,056)</b></u>	<u><b>(2,991,571)</b></u>
<b>NET DEBT, END OF YEAR</b>	<u><b>\$ (2,492,133)</b></u>	<u><b>\$ (3,028,924)</b></u>	<u><b>\$ (3,241,056)</b></u>

**TOWN OF MARYSTOWN**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 714,770	\$ 5,913,460
Items not affecting cash:		
Amortization of tangible capital assets	2,487,116	2,095,318
Loss on sale of tangible capital assets	-	80,563
Interest on temporary investments	(8,969)	(7,706)
Changes in non-cash items:		
Taxes receivable	(100,839)	(107,286)
Accounts receivable	151,775	(48,613)
Inventory for use	19,221	(2,565)
Accounts payable and accrued liabilities	(152,735)	(1,131,274)
Employee benefits liability	(77,015)	(241,320)
Deferred revenue and other long-term liabilities	(11,454)	(16,608)
Real estate held for resale	(15,735)	(4,158)
	<u>3,006,135</u>	<u>6,529,811</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets (Schedule 1)	(20,094,067)	(13,483,049)
Tangible capital assets transferred from assets under construction	<u>17,085,092</u>	<u>5,146,788</u>
	<u>(3,008,975)</u>	<u>(8,336,261)</u>
<b>INVESTING TRANSACTIONS</b>		
Proceeds on disposal of temporary investments	6,379,896	3,338,914
Acquisition of temporary investments	<u>(5,323,705)</u>	<u>(2,522,208)</u>
	<u>1,056,191</u>	<u>816,706</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of long-term debt	1,285,798	781,237
Debt repayment	<u>(905,995)</u>	<u>(835,376)</u>
	<u>379,803</u>	<u>(54,139)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,433,154</b>	<b>(1,043,883)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>827,051</b></u>	<u><b>1,870,934</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><u><b>\$ 2,260,205</b></u></u>	<u><u><b>\$ 827,051</b></u></u>

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



**TOWN OF MARYSTOWN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

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**1. Significant accounting policies**

**(a) Nature of operations**

The Town of Marystown (the "Town") is a municipal government that was incorporated in 1951 pursuant to the Province of Newfoundland and Labrador's Municipalities Act. The Town provides or funds municipal services such as fire, public works, parks and recreation, and other general government operations.

**(b) Basis of presentation**

The financial statements are prepared using Canadian public sector accounting standards (PSAS).

**(c) Cash and cash equivalents**

Cash and cash equivalents include cash and highly liquid investments with maturities of three months or less from the date of acquisition.

**(d) Temporary investments**

Temporary investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value.

**(e) Real estate properties held for resale**

Real estate properties held for resale include the acquisition and development costs to prepare properties for sale. In the event of a decline in the market value which is other than temporary in nature, the balance is written down to market value.

**(f) Employee benefits**

**Severance pay**

The Town accounts for severance pay on an accrual basis for all employees who have a vested right to receive such payment. The amount is payable when the employee ceases employment with the Town. No provision for the ultimate severance pay liability is made in the accounts for any unionized or management employee who has less than 10 years of continual service.

**Vacation pay**

The Town accounts for vacation pay on an accrual basis for all employees. The expense accrued is based on the employees' current rate of pay and the annual vacation entitlement.

**Sick leave**

The Town accounts for non-vesting sick leave benefits on an accrual basis. The cost of non-vesting sick leave benefits are determined using the employees current salaries and days of accumulated sick leave. Non-vesting sick leave benefits are accrued based on the expected future utilization of the benefits.

**TOWN OF MARYSTOWN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

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**1. Significant accounting policies (continued)**

**(g) Retirement benefit**

l) The town participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the town accounts for the plan as if it were a defined contribution plan. As such, no pension liability is included in the town's financial statements and contributions are recognized as an expense in the year to which they relate. All full-time employees are eligible to participate in the plan. Contributions are a defined amount based upon a set percentage of salary.

**(h) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net debt for the year.

**(i) Tangible capital assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Assets under construction are not amortized until the asset is available for productive use. Once the asset is available for productive use, the cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its estimated useful life as follows:

**General tangible capital assets**

Land Improvements	10 years
Buildings	25-40 years
Vehicles	5 years
Machinery and equipment	5-15 years
Construction equipment	15-20 years
Computer Hardware and Software	4-5 years

**Infrastructure assets**

Transportation	
Road surface	5 to 20 years
Road grade	30 years
Traffic lights	15 years
Water and Sewer	
Underground networks	15 to 60 years
Equipment	15-40 years
Buildings	25 years

**TOWN OF MARYSTOWN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

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**1. Significant accounting policies (continued)**

**(j) Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement value. Cost is determined by the invoiced price.

**(k) Government transfers**

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have not been met, and reasonable estimates of the amount can be made, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability.

Transfers are recognized as deferred revenue when amounts have been received but eligibility criteria have not been met. Transfers are recognized as revenue in the statement of operations as the stipulated liabilities are settled.

**(l) Revenue recognition**

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Revenues from sales of goods and services are recognized when significant risks and rewards of ownership have been transferred and there are no significant obligations remaining, sales price is fixed and determinable, persuasive evidence of an arrangement exists and collection is reasonably assured. This usually coincides with the provision of the goods and services.

**(m) Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates. Estimates include the allowance for doubtful accounts relating to the collection of tax revenues, the useful lives of tangible capital assets and the assumptions used in determining the obligation for retirement benefits and employee benefits.

**2. The manner in which the accounts have been kept and the safeguards against fraud**

The Town's position in these respects was considered satisfactory for an entity of its size. Our auditors design and perform audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, as a result of their audit, no significant deficiencies in internal control were reported to the Town that would indicate that the entity's controls were not effective for the purposes of their audit.

**3. Sufficiency of bonds**

Fidelity bond coverage of \$125,000 for any loss is carried on all employees and council members of the Town and this coverage is considered to be adequate.

**4. Temporary investments**

Temporary investments consist of multiple guaranteed investment certificates with three year terms, maturing June 2019, with interest at a rate of 0.75% per annum.

**TOWN OF MARYSTOWN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

<b>5. Taxes receivable</b>	<u>2016</u>	<u>2015</u>
Property tax	\$ 421,173	\$ 321,214
Poll tax	175,092	136,574
Business tax	123,752	99,895
Water and sewer tax	<u>347,564</u>	<u>272,412</u>
	1,067,581	830,095
Less: Allowance for doubtful accounts	<u>(505,894)</u>	<u>(369,247)</u>
	<u>\$ 561,687</u>	<u>\$ 460,848</u>
<b>6. Accounts receivable</b>	<u>2016</u>	<u>2015</u>
HST rebate	\$ 231,770	\$ 77,006
Other	<u>574,677</u>	<u>881,216</u>
	<u>\$ 806,447</u>	<u>\$ 958,222</u>
<b>7. Contingent asset</b>		
<p>The Town entered into an agreement with Greig NL Nurseries Ltd. to purchase five lots located at the Marine Industrial Park. The sale is subject to Greig NL Nurseries Ltd. entering into a written contract to construct the facility, entering into a written contract for funding for the facility and acquiring all permits required to construct and operate the facility. The sale is also contingent on the Town constructing and installing a waterline to the facility. None of the conditions required to finalize the sale have been met therefore no amount has been accrued at year end.</p>		
<b>8. Accounts payable and accrued liabilities</b>	<u>2016</u>	<u>2015</u>
Trade accounts payable	\$ 679,918	\$ 730,971
Accrued expenses	158,652	272,795
Prepaid taxes	<u>45,692</u>	<u>33,231</u>
	<u>\$ 884,262</u>	<u>\$ 1,036,997</u>
<b>9. Contingent liability</b>		
<p>The Town has received a claim relating to property expropriated in 1978 and subsequently sold. The claim is the subject of litigation and the final settlement amount is estimated to be in the range of \$75,000 to \$700,000. Management estimates that it will cost \$75,000 to settle the claim. This amount has been included in accrued expenses at year end.</p>		
<b>10. Employee benefits liability</b>	<u>2016</u>	<u>2015</u>
Severance payable	\$ 226,185	\$ 224,406
Vacation payable	60,841	50,211
Sick leave accrual	<u>275,455</u>	<u>364,879</u>
	<u>\$ 562,481</u>	<u>\$ 639,496</u>
<b>11. Deferred revenue</b>	<u>2016</u>	<u>2015</u>
Recreational program	\$ 2,913	\$ 16,980
Community Enhancement Employment Program	<u>6,331</u>	<u>3,718</u>
	<u>\$ 9,244</u>	<u>\$ 20,698</u>

**TOWN OF MARYSTOWN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

12. Long-term debt	2016	2015
<b>Bank of Montreal</b>		
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$10,165 plus interest, maturing in 2036.	\$ 2,317,607	\$ 2,439,583
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$173 plus interest, maturing in 2032.	30,340	-
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$5,125 plus interest, maturing in 2031.	917,308	339,621
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$5,849 plus interest, maturing in 2027.	672,646	-
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$3,542 plus interest, maturing in 2026.	382,500	425,000
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$621 plus interest, maturing in 2026.	68,939	76,391
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$675 plus interest, maturing in November 2026.	71,697	79,780
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$1,825 plus interest, maturing in 2025.	184,282	206,178
Fixed rate term loan bearing interest at 3.00% per annum, repayable in monthly installments of \$1,551 plus interest, maturing in November 2025.	40,920	54,560
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$1,551 plus interest, maturing in November 2025.	155,141	173,758
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$186 plus interest, maturing in November 2023.	15,447	17,681
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$742 plus interest, maturing in February 2022.	44,380	54,242
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$500 plus interest, maturing in June 2020.	26,300	32,300
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$722 plus interest, maturing in July 2018.	1,408	16,900
Fixed rate term loan bearing interest at 5.02% per annum, repayable in monthly installments of \$946 plus interest, maturing in July 2018.	17,982	29,339

**TOWN OF MARYSTOWN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

12. Long term debt (continued)	2016	2015
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$278 plus interest, maturing in May 2018.	3,492	8,730
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$6,504 plus interest, maturing in 2018.	149,596	227,646
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$6,533 plus interest, maturing in November 2018.	97,994	176,390
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$3,909 plus interest, maturing in 2018.	78,172	125,075
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$1,000 plus interest, maturing in 2018.	20,000	32,000
Fixed rate term loan bearing interest at 3.25% per annum, repayable in monthly installments of \$1,306 plus interest, maturing in April 2017.	5,226	20,903
Fixed rate term loan bearing interest at 3.25% per annum, repayable in monthly installments of \$342 plus interest, maturing in April 2017.	1,366	5,466
Fixed rate term loan bearing interest at prime per annum, repayable in monthly installments of \$7,221 plus interest, maturing in February 2017.	14,442	101,092
Fixed rate term loan repaid during the year.	-	1,003
Fixed rate term loan repaid during the year.	-	3,150
Fixed rate term loan repaid during the year.	-	7,252
	<u>5,317,185</u>	<u>4,654,040</u>
<b>Canada Mortgage and Housing Corporation</b>		
Fixed rate term loan bearing interest at 3.35% per annum, repayable in annual blended installments of \$270,714, maturing in 2025.	1,600,092	1,750,330
Fixed rate term loan bearing interest at 4.03% per annum, repayable in annual blended installments of \$23,069, maturing in 2025.	176,470	192,480
Fixed rate term loan bearing interest at 2.87% per annum, repayable in annual blended installments of \$77,911, maturing in 2020.	<u>291,895</u>	<u>359,850</u>
	<u>2,068,457</u>	<u>2,302,660</u>

**TOWN OF MARYSTOWN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

12. Long term debt (continued)	2016	2015
<b>Newfoundland Municipal Financing Corporation</b>		
Newfoundland Municipal Financing Corporation loan bearing interest at 6.90% per annum, repayable in semi-annual installments of \$2,470, maturing in 2017.	2,382	6,895
Newfoundland Municipal Financing Corporation loan bearing interest at 6.42% per annum, repayable in semi-annual installments of \$7,000, maturing in 2018.	19,657	31,715
Newfoundland Municipal Financing Corporation loan bearing interest at 6.42% per annum, repayable in semi-annual installments of \$2,820, maturing in 2018.	7,920	12,778
Newfoundland Municipal Financing Corporation loan bearing interest at 6.42% per annum, repayable in semi-annual installments of \$6,499, maturing in 2018.	18,250	29,447
Newfoundland Municipal Financing Corporation loan bearing interest at 6.13% per annum, repayable in semi-annual installments of \$3,021, maturing in 2020.	13,759	18,686
Newfoundland Municipal Financing Corporation loan bearing interest at 6.13% per annum, repayable in semi-annual installments of \$2,638, maturing in 2020.	12,018	16,321
Newfoundland Municipal Financing Corporation loan repaid during the year.	-	7,283
	73,986	123,125
Total long-term debt	<b>\$ 7,459,628</b>	<b>\$ 7,079,825</b>

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

2017	\$ 921,084
2018	797,301
2019	646,973
2020	637,660
2021	558,275
Thereafter	3,898,335
	<b>\$ 7,459,628</b>

The Town receives government transfers from the Province of Newfoundland and Labrador in order to assist with discharging the obligations relating to the loans from the Newfoundland Municipal Financing Corporation.

**TOWN OF MARYSTOWN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

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**13. Post - Employment Benefits**

TRIO Pension Plan

Several of the Town's employees are participants in a multi-employer defined benefit TRIO pension plan administered by the Newfoundland & Labrador Municipal Employee Benefits Inc (NLMEB). The plan assets are administered by NLMEB and the Town is responsible for making contributions to the plan sufficient to fund 50% of the Town's portion of any solvency deficiency as determined by an actuary. During the year contributions by the Town amounted to \$152,479 (2015 - \$99,527) and those by the employees amounted to \$152,479 (2015 - \$99,527) for total contributions of \$199,054 in fiscal 2016 (2015 - \$199,054). The most recent actuarial valuation filed with pension regulators was completed for December 31, 2016 and indicated the plan had a going concern deficit of \$7,544,000 (2015 - \$7,544,000) and solvency deficit of \$80,226,000 (2015 - \$80,226,000). The plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan.

**14. Budget**

In accordance with the Province of Newfoundland and Labrador's Municipalities Act, every council must adopt a financial plan for each fiscal period in a form approved by the minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations of PSAS. For comparative purposes, the Town has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by Council.

The reconciliation between the municipality's cash based financial plan and the PSAS accrual based budget figures used in these statements is disclosed in Schedule 5 - Reconciliation of the Financial Plan to the Budget.



**TOWN OF MARYSTOWN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

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**15 Segmented information**

The Town is a diversified municipal institution that provides a wide range of services to its citizens. The nature of the segments and the activities they encompass are as follows:

General government

This segment includes all revenues and expenses related to administrative departments and activities as well as the general operations of the Town itself.

Protective services

This segment includes all revenues and expenses related to the policing, fire and emergency services provided by the Town.

Transportation services

This segment includes all revenues and expenses for all road maintenance and administration which includes sidewalks, traffic signals and systems and street lighting.

Environmental health services

This segment includes all revenues and expenses relating to the maintenance and operation of the water and sewer facilities and waste management services while ensuring that these systems meet all provincial standards.

Regional planning and development

This segment includes all revenues and expenses relating to planning, community development and tourism.

Recreation and cultural services

This segment includes all revenues and expenses relating to recreational facilities, parks maintenance and related administration revenues and expenses.

Fiscal services

This segment includes all expenses relating to uncollectible amounts, long-term debt interest and amortization of tangible capital assets.

TOWN OF MARYSTOWN  
 SCHEDULE OF TANGIBLE CAPITAL ASSETS  
 Year Ended December 31, 2016

SCHEDULE 1

Cost	General Capital Assets						Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets under Construction	Roads, Streets and Bridges	Transportation under Construction	Water and Sewer	Water and Sewer under Construction	2016	2015
Opening costs	\$ 2,013,509	\$ 6,846,597	\$ 4,232,857	\$ 367,478	\$ 15,100,898	\$ 18,520,532	\$ 262,731	\$ 38,196,481	\$ 21,359	\$ 85,562,442	\$ 77,691,234
Additions during the year	3,548	14,624,328	27,053	203,548	1,768,233	1,647,533	1,418,405	206,757	169,662	20,094,067	13,483,049
Disposals and write downs	-	-	-	-	(15,282,845)	-	(1,576,135)	-	(126,112)	(17,085,092)	(5,611,841)
Closing costs	2,017,057	21,470,925	4,259,910	576,025	1,606,286	20,168,065	5,001	38,403,238	64,909	88,571,417	85,562,442
Accumulated Amortization											
Opening accumulated amortization	1,179,088	5,661,083	2,404,278	237,810	-	9,439,822	-	14,762,824	-	33,684,905	31,974,077
Amortization	19,430	398,743	233,029	40,118	-	732,266	-	1,063,530	-	2,487,116	2,095,318
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	(384,490)
Closing accumulated amortization	1,198,518	6,059,826	2,637,307	277,928	-	10,172,088	-	15,826,354	-	36,172,021	33,684,905
Net Book Value of Tangible Capital Assets	\$ 818,539	\$ 15,411,099	\$ 1,622,603	\$ 298,098	\$ 1,606,286	\$ 9,995,977	\$ 5,001	\$ 22,576,884	\$ 64,909	\$ 52,399,396	\$ 51,877,537

TOWN OF MARYSTOWN  
 SCHEDULE OF REVENUES  
 For the Year Ended December 31, 2016

SCHEDULE 2

	2016 Actual	2015 Actual
<b>Taxation</b>		
Property tax	\$ 2,884,007	\$ 2,447,110
Poll tax	80,922	126,782
Business tax	1,094,383	1,027,951
Industrial tax	280,000	280,000
Water and sewer tax	1,512,839	1,448,039
Penalties and interest	121,284	117,981
Grant in lieu of taxes	-	7,876
	<u>5,973,435</u>	<u>5,455,739</u>
<b>Sales of goods and services</b>		
Stadium	183,172	211,596
Recreation	29,716	25,878
YMCA lease	367,505	93,591
Real estate held for sale	397	44,455
Permits, licenses and fees	47,319	81,450
	<u>628,109</u>	<u>456,970</u>
<b>Government transfers</b>		
Government of Newfoundland and Labrador		
Municipal operating grant	311,401	311,401
Debt grant	56,441	136,773
Gas tax grant	348,759	229,772
Provincial gas tax grant	48,309	-
Recreation grants	9,618	61,347
Other grants	2,210,363	5,240,432
	<u>2,984,891</u>	<u>5,979,725</u>
Government of Canada		
Atlantic Canada Opportunities Agency	39,797	1,149,635
	<u>3,024,688</u>	<u>7,129,360</u>
<b>Investment revenue</b>		
Interest from temporary investments	40,431	56,091
<b>Other revenue</b>		
Sale of capital assets, rental and other	67,627	143,880
<b>Total revenues</b>	<u>\$ 9,734,290</u>	<u>\$ 13,242,040</u>

**TOWN OF MARYSTOWN**  
**SCHEDULE OF EXPENSES**  
**For the Year Ended December 31, 2016**

**SCHEDULE 3**

	2016 Actual	2015 Actual
<b>General government services</b>		
Legislative	\$ 73,594	\$ 74,801
Common services	170,206	150,556
General administrative	714,580	741,054
Other general government services	377,397	299,523
	<u>1,335,777</u>	<u>1,265,934</u>
<b>Protective services</b>		
Fire	278,783	235,976
Animal and pest control	32,412	30,304
	<u>311,195</u>	<u>266,280</u>
<b>Transportation services</b>		
Road and street maintenance	829,595	746,427
Snow removal	276,805	314,144
Street lighting	145,345	144,707
	<u>1,251,745</u>	<u>1,205,278</u>
<b>Environmental health services</b>		
Water and sewer supply	846,948	949,351
Garbage and waste collection and disposal	394,152	407,814
	<u>1,241,100</u>	<u>1,357,165</u>
<b>Planning and development</b>		
Planning and zoning	160,324	152,007
<b>Recreation and cultural services</b>		
Stadium	209,555	238,465
Swimming pool	3,334	24,001
Other recreation services	1,207,032	457,280
	<u>1,419,921</u>	<u>719,746</u>
<b>Fiscal services</b>		
Long-term debt interest	237,809	225,704
Provision for uncollectible taxes (recovery)	148,067	(69,553)
Amortization	2,487,116	2,095,318
Write down of assets	392,634	-
Loss on disposal of tangible capital assets	-	80,563
Bank charges	33,832	30,138
	<u>3,299,458</u>	<u>2,362,170</u>
<b>Total expenses</b>	<u>\$ 9,019,520</u>	<u>\$ 7,328,580</u>

TOWN OF MARYSTOWN

SCHEDULE 4

STATEMENT OF OPERATIONS BY PROGRAM  
For the Year Ended December 31, 2016

	General Government*		Protective Services		Transportation Services		Environmental Health Services	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>								
Taxation	\$ 4,460,596	\$ 4,007,700	\$ -	\$ -	\$ -	\$ -	\$ 1,512,839	\$ 1,448,039
Sales of goods and services	397	44,455	-	-	-	-	-	-
Government transfers	1,594,076	541,173	50,193	9,808	1,131,575	1,789,485	180,010	641,574
Investment revenue	40,431	56,091	-	-	-	-	-	-
Other revenue	67,627	143,880	-	-	-	-	-	-
<b>Total revenues</b>	<b>6,163,127</b>	<b>4,793,299</b>	<b>50,193</b>	<b>9,808</b>	<b>1,131,575</b>	<b>1,789,485</b>	<b>1,692,849</b>	<b>2,089,613</b>
<b>EXPENSES</b>								
Personnel services	695,789	748,579	131,846	111,892	771,717	660,756	388,378	337,836
Contract services	528,644	329,125	32,950	31,370	-	-	416,933	420,114
Utilities	32,876	32,894	30,800	32,192	166,350	160,292	193,894	229,560
Maintenance materials and supplies	57,459	63,350	70,401	50,023	313,678	384,230	241,895	369,655
Amortization	-	-	-	-	-	-	-	-
Interest on long term debt	-	-	-	-	-	-	-	-
Other	21,009	91,986	45,198	40,803	-	-	-	-
<b>Total expenses</b>	<b>1,335,777</b>	<b>1,265,934</b>	<b>311,195</b>	<b>266,280</b>	<b>1,251,745</b>	<b>1,205,278</b>	<b>1,241,100</b>	<b>1,357,165</b>
<b>Surplus (Deficit)</b>	<b>\$ 4,827,350</b>	<b>\$ 3,527,365</b>	<b>\$ (261,002)</b>	<b>\$ (256,472)</b>	<b>\$ (120,170)</b>	<b>\$ 584,207</b>	<b>\$ 451,749</b>	<b>\$ 732,448</b>

\* The general government category includes revenues and expenses that cannot be attributed to a particular sector.

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

TOWN OF MARYSTOWN

SCHEDULE 4

STATEMENT OF OPERATIONS BY PROGRAM  
For the Year Ended December 31, 2016

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total
	2016	2015	2016	2015	2016	2015	
<b>REVENUES</b>							
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,973,435
Sales of goods and services	47,319	81,450	580,393	331,065	-	628,109	456,970
Government transfers	-	-	12,393	4,010,547	56,441	136,773	3,024,688
Investment revenue	-	-	-	-	-	-	40,431
Other revenue	-	-	-	-	-	-	67,627
<b>Total revenues</b>	<b>47,319</b>	<b>81,450</b>	<b>592,786</b>	<b>4,341,612</b>	<b>56,441</b>	<b>136,773</b>	<b>9,734,290</b>
<b>EXPENSES</b>							
Personnel services	124,674	122,342	347,207	361,405	-	-	2,459,611
Contract services	2,596	9,910	-	-	-	-	981,123
Utilities	813	1,526	70,435	91,655	-	-	495,168
Maintenance materials and supplies	14,152	11,140	119,659	89,664	-	-	817,244
Amortization	-	-	-	-	2,487,116	2,095,318	2,487,116
Interest on long term debt	-	-	-	-	237,809	225,704	237,809
Other	18,089	7,089	882,620	177,022	574,533	41,148	1,541,449
<b>Total expenses</b>	<b>160,324</b>	<b>152,007</b>	<b>1,419,921</b>	<b>719,746</b>	<b>3,299,458</b>	<b>2,362,170</b>	<b>9,019,520</b>
<b>Surplus (Deficit)</b>	<b>\$ (113,005)</b>	<b>\$ (70,557)</b>	<b>\$ (827,135)</b>	<b>\$ 3,621,866</b>	<b>\$ (3,243,017)</b>	<b>\$ (2,225,397)</b>	<b>\$ 714,770</b>
							<b>\$ 5,913,460</b>

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

TOWN OF MARYSTOWN

SCHEDULE 5

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2016

	Financial Plan	Amortization of TCA	Interest Expense	Transfers	PSAS Budget
<b>REVENUES</b>					
Taxation	\$ 5,950,182	\$ -	\$ -	-	\$ 5,950,182
Sales of goods and services	204,300	-	-	-	204,300
Government transfers	647,222	-	-	-	647,222
Investment revenue	40,000	-	-	-	40,000
Other revenue	484,005	-	-	-	484,005
Operating surplus of prior year	364,391	-	-	(364,391)	-
<b>Total revenues</b>	<b>7,690,100</b>	<b>-</b>	<b>-</b>	<b>(364,391)</b>	<b>7,325,709</b>
<b>EXPENSES</b>					
General government services	\$ 1,303,144	\$ -	\$ -	-	\$ 1,303,144
Protective services	314,305	-	-	-	314,305
Transportation services	1,174,990	-	-	-	1,174,990
Environmental health services	1,606,055	-	-	-	1,606,055
Planning and development	132,465	-	-	-	132,465
Recreation and cultural services	1,359,610	-	-	-	1,359,610
Fiscal services:					
Doubtful accounts	80,000	-	-	-	80,000
Debt charges	1,351,123	-	237,809	(1,351,123)	237,809
Bank charges	31,500	-	-	-	31,500
Capital expenditures	336,908	-	-	(336,908)	-
Amortization of tangible capital assets	-	2,487,116	-	-	2,487,116
<b>Total expenses</b>	<b>7,690,100</b>	<b>2,487,116</b>	<b>237,809</b>	<b>(1,688,031)</b>	<b>8,726,994</b>
<b>Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ (2,487,116)</b>	<b>\$ (237,809)</b>	<b>\$ 1,323,640</b>	<b>\$ (1,401,285)</b>

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