TOWN OF LABRADOR CITY

FINANCIAL STATEMENTS

December 31, 2023

TOWN OF LABRADOR CITY
FINANCIAL STATEMENTS
December 31, 2023
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STATEMENT OF RESPONSIBILITY

The accompanying financial statements are the responsibility of the management of the Town of Labrador City 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.

The Council of the Municipality met with management and it's external auditor to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Pearl R. Lee, Chartered Professional Accountant, as the Municipality's appointed external auditor, has audited the financial statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Her opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as she considers necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian generally accepted accounting principles.

Belinda Adams
_______________________ Mayor

_______________________ Town Clerk

PEARL R. LEE

Chartered Professional Accountant
Comptable Professionnelle Agréée

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INDEPENDENT AUDITOR'S REPORT

The Mayor and Councillors
Town of Labrador City
Labrador City, NL

Opinion

I have audited the financial statements of the Town of Labrador City (the Town), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards (PSAB).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Town'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 Town's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

LABRADOR CITY, NL

26 June 2024

CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF LABRADOR CITY
STATEMENT OF FINANCIAL POSITION
December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and temporary investments (Note 4)	$10,399,935	11,900,216
Term deposit at 5.15%, maturing December 2024	15,794,183	15,006,473
Accounts receivable (Note 5)	3,414,925	3,054,013
Due from Province of Newfoundland and Labrador	27,894	36,317
Due from Government of Canada	-	27,969
Real estate properties held for sale	36	6,826
	29,636,973	30,031,814
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	2,533,956	2,902,371
Employee benefits liability (Note 7)	1,649,984	1,578,207
Unfunded pension liability (Note 10)	88,285	88,285
Deferred revenue (Note 11)	1,462,000	794,880
Landfill closure and post closure liabilities (Note 12)	1,710,559	1,547,716
Landfill cell opening fund	1,960,846	1,808,900
Long-term debt (Notes 13)	5,651,730	5,853,484
	15,057,360	14,573,843
NET FINANCIAL ASSETS (NET DEBT)	14,579,613	15,457,971
NON-FINANCIAL ASSETS (Note 1(f))		
Tangible capital assets (Schedule 1)	65,837,833	61,062,610
Inventories (Note 14)	1,675,739	1,702,880
Prepaid expenses	569,375	-
Investment in artwork (Note 19)	8,000	8,000
	68,090,947	62,773,490
NON-FINANCIAL LIABILITIES		
Deferred land grant	343,396	343,396
ACCUMULATED SURPLUS	$82,327,164	77,888,065

COMMITMENT (Note 15)

CONTRACTUAL OBLIGATIONS (Note 16)

ON BEHALF OF COUNCIL:

Belinda Adams Mayor

Town Clerk

TOWN OF LABRADOR CITY
STATEMENT OF OPERATIONS AND CHANGE IN ACCUMULATED SURPLUS
For the year ended December 31, 2023

	2023 BUDGET	2023 ACTUAL	2022 ACTUAL
REVENUE			
Taxation	$ 9,958,409	10,056,861	9,096,754
Grants in lieu of taxes and tax agreements	9,225,448	9,259,598	8,774,209
Sale of goods and services	408,366	416,789	484,454
Government grants and transfers	3,946,170	4,094,282	3,196,933
Investment income	799,540	1,567,232	783,748
Other revenue	959,924	1,075,079	1,097,863
	25,297,857	26,469,841	23,433,961
EXPENSES			
General government	4,640,289	4,361,549	4,080,349
Protective services	1,921,279	1,950,883	1,833,584
Transportation services	5,850,434	7,412,764	6,874,782
Environmental health services	2,743,029	3,800,361	3,699,444
Regional planning and development	648,995	614,360	510,199
Recreation and cultural services	4,006,921	3,545,353	2,877,517
Fiscal services	253,311	345,472	306,607
	20,064,258	22,030,742	20,182,482
ANNUAL SURPLUS	$ 5,233,599	4,439,099	3,251,479
ACCUMULATED SURPLUS, beginning of year		77,888,065	74,636,586
ACCUMULATED SURPLUS, end of year		$82,327,164	77,888,065

TOWN OF LABRADOR CITY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2023

	2023	2022
ANNUAL SURPLUS	$ 4,439,099	3,251,479
Acquisition of tangible capital assets	(8,747,481)	(7,304,857)
Amortization of tangible capital assets	3,894,310	3,798,485
Loss (gain) on disposal of tangible capital assets	61,784	130,369
Proceeds on disposal of tangible capital assets	16,164	11,592
Transfer to inventory	-	-
Write-downs of tangible capital assets	-	-
	(336,124)	(112,932)
Increase (decrease) in deferred land grants	-	-
Decrease (increase) in inventories	27,141	(116,640)
Decrease (increase) in prepaid expenses	(569,375)	20,902
Decrease (increase) in investment in artwork	-	-
	(542,234)	(95,738)
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	(878,358)	(208,670)
NET FINANCIAL ASSETS (NET DEBT), beginning of year	15,457,971	15,666,641
NET FINANCIAL ASSETS (NET DEBT), end of year	$14,579,613	15,457,971

TOWN OF LABRADOR CITY
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

	2023	2022
OPERATING TRANSACTIONS:		
Annual surplus	$ 4,439,099	3,251,479
Changes in non-cash items:		
Term deposit	(787,710)	(15,006,473)
Accounts receivable	(360,912)	(561,527)
Due from Province of Newfoundland and Labrador	8,423	949,212
Due from Government of Canada	27,969	661,558
Real estate properties held for sale	6,790	(6,790)
Inventories	27,141	(116,640)
Prepaid expenses	(569,375)	20,902
Accounts payable	(368,415)	(1,899,633)
Employee benefits liability	71,777	69,774
Unfunded pension liability	-	(84,871)
Deferred revenue	667,120	247,639
Landfill closure and post closure liabilities	162,843	148,231
Landfill cell opening fund	151,946	142,080
Amortization	3,894,310	3,798,485
Loss (gain) on disposal of tangible capital assets	61,784	130,369
	7,432,790	(8,256,205)
CAPITAL TRANSACTIONS:		
Proceeds on disposal of tangible capital assets	16,164	11,592
Purchase of tangible capital assets	(8,747,481)	(7,304,857)
	(8,731,317)	(7,293,265)
FINANCING TRANSACTIONS:		
Proceeds of long-term borrowing	605,828	-
Repayment of debt	(807,582)	(799,023)
	(201,754)	(799,023)
INCREASE IN CASH AND TEMPORARY INVESTMENTS	(1,500,281)	(16,348,493)
CASH AND TEMPORARY INVESTMENTS, beginning of year	11,900,216	28,248,709
CASH AND TEMPORARY INVESTMENTS, end of year	$ 10,399,935	11,900,216

Cash and temporary investments consist of:		
Cash and temporary investments	$ 10,399,935	11,900,216

Status of the Town of Labrador City

The Town of Labrador City is a municipal government that was incorporated on June 27, 1961 pursuant to the Province of Newfoundland and Labrador's Municipalities Act, 1999. The Municipality provides or funds municipal services such as fire, public works, parks and recreation, library, tourism, economic development activities and other general government operations.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as outlined in the CPA Canada Public Sector Accounting Handbook and reflect the following significant accounting policies:

(a) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Cash and temporary investments

Cash and temporary investments include cash on hand, current accounts, savings account and short-term investment with maturities of three months or less from the date of acquisition.

(c) Investment

Temporary investments are accounted for at the lower of cost and market.

(d) Real estate properties held for sale

Real estate properties held for sale and recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the balance sheet date.

(e) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

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TOWN OF LABRADOR CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

1. Significant accounting policies (cont'd):

(e) Government transfers (cont'd)

Unearned government transfer amounts received but not earned are recorded as deferred revenue. Earned government transfer amounts not received are recorded as a receivable.

(f) Non-financial assets

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

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

(g) 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. Assets under construction are not amortized until the asset is put into use and amortization is calculated on a monthly basis from the month the assets is put into service until it is sold or put out of service. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

<u>General Tangible Capital Assets</u>	
Land	Indefinite
Land improvements	5 to 30 years
Buildings	5 to 50 years
Vehicles and Equipment	
Vehicles	4 to 25 years
Machinery, equipment	2 to 75 years
Maintenance and road construction equipment	11 to 25 years
Computer Hardware and Software	4 to 15 years
Furniture and Fixtures	2 to 25 years
<u>Infrastructure Tangible Capital Assets</u>	
Transportation	
Land	Indefinite
Road surface	12 to 30 years
Road grade	12 to 20 years
Traffic lights and equipment	5 to 10 years
Water and Sewer	
Land	Indefinite
Land improvements	5 to 40 years
Buildings	10 to 100 years
Underground networks	20 to 55 years
Machinery and equipment	3 to 40 years
Dams and other surface water structures	50 years

TOWN OF LABRADOR CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

1. Significant accounting policies (cont'd):

(h) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of the property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(i) Inventories

Inventories of supplies held for consumption are recorded at the lower of cost and replacement value. Cost is calculated on the first in, first out basis.

Inventory of real estate held for resale is recorded at the lower of cost and realizable value. Cost is determined according to the cost to acquire each specific property. Although these are held for resale, there are no sales pending as at year-end on these properties.

(j) Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured. Tax rates are approved annually by Council.

(k) Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(l) Landfill closure and post closure liabilities

The Town maintains a waste disposal site. The estimated cost to close and maintain solid waste landfill sites are based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used.

(m) Landfill cell opening fund

The Town has established a fund to open a new landfill site once the site presently being used reaches capacity. The amounts have been calculated from estimates, provided by the Town's engineer, that were adjusted for estimated inflation.

TOWN OF LABRADOR CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

1. Significant accounting policies (cont'd):

(n) Severance pay

Management employees are eligible for severance pay. The Town accounts for severance pay on an accrual basis and the amount is calculated based upon accumulated years of service. The amount is payable when the employee ceases employment with the Town.

(o) Post retirement benefits

The Town provides post retirement benefits in the form of extended life and health coverage to employees. The costs associated with these benefits are recorded in the financial statements on an annual basis with the estimated future liability for post retirement benefits being reported in the statement of financial position.

(p) Pension costs

All qualified permanent employees are covered by a multi-employer pension plan administered by Newfoundland & Labrador Municipal Employee Benefits Inc. operating under the name of TRIO. As it is a multi-employer plan, it is being accounted for as a defined contribution plan because there is not sufficient information available to follow the defined benefit plan accounting rules.

Contributions to the plan are required by the employees at the rate of 7.25% of regular pay and by the Town at the rate of 7.25% of regular pay. The annual contributions for pensions as well as special payments to address the current unfunded liability in the pension plan are recognized in the financial statements on an accrual basis. The total of the current unfunded liability within the pension plan has been accrued in the Town's financial statements.

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

The Municipality's position in this respect was considered satisfactory.

3. Sufficiency of bonds

Fidelity bond coverage of $125,000 is carried on employees of the Town who are in a position of trust and this coverage is considered to be adequate.

4. Cash and temporary investments:

	2023	2022
Cash on hand	$ 1,500	1,500
Current accounts	907,510	2,947,924
Savings account (5.6%)	9,490,925	8,950,792
	$10,399,935	11,900,216

TOWN OF LABRADOR CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

5. Accounts receivable:

	2023	2022
Residential property tax	$ 240,053	218,004
Commercial property tax	956,066	763,234
Business tax	161,945	166,828
Harmonized sales tax rebates	910,110	770,259
Interest	63,588	117,408
Other	1,135,829	1,232,214
	3,467,591	3,267,947
Less: Allowance for doubtful accounts	57,666	213,934
	$ 3,409,925	3,054,013

6. Accounts payable and accrued liabilities:

	2023	2022
Accounts payable	$ 49,247	20,182
Accrued expenses	2,062,046	2,497,136
Unearned revenue	422,663	385,053
Town of Wabush	-	-
	$ 2,533,956	2,902,371

7. Employee benefits liability:

	2023	2022
Accrued post retirement benefits (Note 8)	$ 873,445	833,218
Accrued severance benefits (Note 9)	771,032	741,166
Pension costs payable	5,507	3,823
	$ 1,649,984	1,578,207

8. Accrued post retirement benefits:

The Town has a group insurance plan for its employees while employed and coverage can be continued into retirement at the employee's option.

	2023	2022
Management employees (life insurance, health and dental benefits)	$ 766,065	728,385
Unionized employees (health benefits)	107,380	104,833
	$ 873,445	833,218

TOWN OF LABRADOR CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

9. Accrued severance benefits:

	2023	2022
Accrued severance benefit	$ 65,656	69,851
Accrued vacation benefit	700,916	667,490
Accrued overtime payable	4,460	3,825
	$ 771,032	741,166

10. Unfunded pension liability:

The Town provides its employees with a pension plan through a defined benefit multiemployer retirement plan. The main distinguishing characteristic of a multiemployer plan is that the contributions by one participating entity are not segregated in a separate account or restricted to provide benefits to employees of the entity and thus may be used to provide benefits to employees of all participating entities.

This defined benefit pension plan is equally funded by participating management and unionized employees. During the year ended December 31, 2023, the Town was invoiced by the pension administrators for it's portion of the unfunded pension plan for past service resulting in the requirement to make special payments in the amount of $8,033 monthly for 15 years commencing January 1, 2009, then on January 1, 2014, the monthly amount has been reduced to $7,351. It was again reduced January 1, 2017 to $6,832. Effective January 1, 2020, the monthly amount was increased to $7,515 and has remained at that level.

11. Deferred revenue:

	2023	2022
Iron Ore Company of Canada grant in lieu	1,000,000	-
Permits and tender deposits	457,000	672,000
Landscaping deposits	5,000	6,500
Province of Newfoundland and Labrador grant	-	116,380
	$ 1,462,000	794,880

TOWN OF LABRADOR CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

12. Landfill closure and post closure liabilities (see Note 1(l)):

The first cell of the new landfill opened in May 2010. It has since been expanded and has a useful life of 28 years. Closure costs in 2038 have been estimated at $6,325,200 cost shared with the Town of Wabush according to tonnage.

	2023	2022
Landfill closure and post closure accrual	$ 1,710,559	1,547,716

In the year ended December 31, 2023, the Town accrued a liability for landfill closure and post closure costs in the amount of $162,843 (2022 - $148,231 which represents management's best estimate of this liability. By their nature, these estimates are subject to measurement uncertainty. The estimated liability for these expenses is recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for closure and post closure care activities discounted at the Town's average long-term borrowing rate of 3%.

Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

13. Long-term debt:

	Original Amount	2023	2022
Canadian Imperial Bank of Commerce:			
(a) Loan at 3.42%, repayable in blended semi-annual instalments of $42,651, maturing December 2024	$ 981,698	83,162	163,551
(b) Loan at 3.42%, repayable in blended semi-annual instalments of $9,423, maturing December 2024	212,863	18,373	36,134
(c) Loan at 3.42%, repayable in blended semi-annual instalments of $19,952, maturing December 2024	456,923	38,904	94,220
Balance Forward		140,439	293,905

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TOWN OF LABRADOR CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

13. Long-term debt (cont'd):

	Original Amount	2023	2022
Balance Forward		$ 140,439	293,905
(d) Loan at 2.85%, repayable in blended semi-annual instalments of $81,319, maturing in January 2025	$ 1,406,511	237,166	389,774
(e) Loan at prime, repayable in semi-annual instalments of $64,516 plus interest, maturing in December 2031	1,817,143	1,032,256	1,161,288
(f) Loan at 5.76%, repayable in blended semi-annual instalments of $55,703, maturing in October 2032	1,162,744	771,179	835,286
(g) Loan at 5.85%, repayable in blended semi-annual instalments of $79,763, maturing in December 2033	1,800,000	1,311,194	1,416,629
(h) Loan at 5.85%, repayable in blended semi-annual instalments of $32,517, maturing in December 2028	535,315	293,163	345,366
(i) Loan at prime, repayable in semi-annual instalments of $15,750 plus interest, maturing in December 2033	441,010	315,007	346,508
(j) Loan at prime, repayable in semi-annual instalments of $29,390 plus interest, maturing in August 2036	881,710	764,149	822,930
(k) Loan at prime, repayable in semi-annual instalments of $30,224 plus interest, maturing in December 2026	302,248	181,349	241,798
(l) Loan at 6.11%, repayable in semi-annual instalments of $43,273 plus interest, maturing in December 2030	605,828	605,828	-
		$ 5,651,730	5,853,484

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TOWN OF LABRADOR CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

13. Long-term debt (cont'd):

Principal repayment in each of the next five (5) years is approximately as follows:

	2023 Total	2022 Total
2024	$ 894,970	808,423
2025	688,123	601,576
2026	618,839	532,292
2027	569,793	483,246
2028	581,419	494,872

14. Inventories

	2023	2022
Inventories for internal use:		
Parts inventory	$ 656,204	685,722
Gasoline and diesel inventory	54,229	52,594
	710,433	738,316
Inventory of real estate held for resale	965,306	964,564
	$ 1,675,739	1,702,880

15. Commitment:

The Labrador West Regional Landfill facility is managed by the Town of Labrador City via a Waste Management Committee representing both the Town of Labrador City and the Town of Wabush. The operating costs are shared by both Towns on a tonnage basis.

16. Contractual obligations:

The Town leases a two Freightliner trucks under operating leases expiring December 2024, a Caterpillar wheel loader under an operating lease expiring June 2025 and a Caterpillar wheel loader under an operating lease expiring March 2026. Future minimum lease payments will aggregate $360,500 over the next three (3) years: 2024 - $239,247, 2025 - $103,253 and 2026 - $18,000.

The Town also leases six Xerox office equipment under operating leases expiring January 2024, February 2024, November 2025 and July 2028 and one Pitney Bowes equipment under operating leases expiring October 2027. Future minimum lease payments will aggregate $36,012 over the next five (5) years: 2024 - $12,791, 2025 - $9,945, 2026 - $5,889, 2027 - $5,407 and 2028 - $1,980.

TOWN OF LABRADOR CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

17. Municipal reporting entities:

The Town of Labrador City does not have the power to govern the financial and operating policies of any organization nor is the Town of Labrador City positioned to benefit or have any risk of loss on the basis of any organization's activities.

18. Potential environmental liabilities:

Fuel Oil Tanks

The Town of Labrador City has an underground oil storage tank (approximate capacity of 200 gallons) at the curling club which was installed in the early 1960's to store and supply furnace oil to the oil-fired furnace that was part of the original building construction. The oil-fired furnace was decommissioned and removed in the late 1980's when electric heat was installed in the building. The Town of Labrador City does not know whether the tank was drained when it was decommissioned. The tank is located on the east side of the building at the rear of the add-on porch and is approximately 8 feet below grade. The path forward for removal of the oil tank will be determined in the Town's Strategic Capital Plan which will be finalized in 2024.

19. Works of art:

The Town of Labrador City has the following works of art on display in the Council Chambers:

"Spring - Menihek Lake"	by Maurice Haycock (1962)
"Labrador City"	by Maurice Haycock (1964)
Mining Exploration Labrador West (descriptive)	by A.Y. Jackson

In 2011, the Town of Labrador City purchased twenty (20) original paintings from four local artists: Cheryl Hardy, Mary Jacobs, Marjorie O'Brien and Irene Rice. These paintings depict scenes from the early years of the Town and were displayed for the first time at the 50th anniversary celebrations in June 2011. The painting have been since distributed and are on display in municipal and other public buildings throughout the community.

20. Financial instruments:

The Municipality, as part of its operations, carries a number of financial instruments. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

21. Budget:

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

The reconciliation between the Municipality's cash based financial plan and the PSAB accrual based budget figures used in these statements is disclosed in Schedule 8 - Reconciliation of the Financial Plan to the Budget.

TOWN OF LABRADOR CITY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the year ended December 31, 2023

	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	Water and Sewer	Assets Under Construction	2023	2022
COST										
Opening costs	$ 7,991,327	24,659,889	13,342,366	1,225,821	1,369,270	42,981,588	23,839,334	5,809,729	121,219,324	114,805,631
Additions during year	133,855	131,859	543,025	6,388	792,821	5,388,924	238,023	1,512,586	8,747,481	7,304,857
Transfers from assets under construction	6,925	45,241	222,720	3,785	(281,017)	29,244	-	(26,898)	-	-
Disposals and write downs	3,495	19,546	231,279	6,639	-	1,982	-	-	262,941	891,164
Closing costs	8,128,612	24,817,443	13,876,832	1,229,355	1,881,074	48,397,774	24,077,357	7,295,417	129,703,864	121,219,324
ACCUMULATED AMORTIZATION										
Opening accumulated amortization	4,811,162	10,952,781	8,414,256	626,773	-	25,035,860	10,315,882	-	60,156,714	57,107,432
Amortization	259,403	601,554	722,632	110,243	-	1,800,451	400,027	-	3,894,310	3,798,484
Disposals and write downs	1,919	19,546	156,479	6,639	-	410	-	-	184,993	749,202
Closing accumulated amortization	5,068,646	11,534,789	8,980,409	730,377	-	26,835,901	10,715,909	-	63,866,031	60,156,714
Net Book Value of Tangible Capital Assets	$ 3,059,966	13,282,654	4,896,423	498,978	1,881,074	21,561,873	13,361,448	7,295,417	65,837,833	61,062,610

TOWN OF LABRADOR CITY
STATEMENT OF REVENUES
For the year ended December 31, 2023

REVENUE

	2023 BUDGET	2023 ACTUAL	2022 ACTUAL
TAXATION			
Residential property tax	$ 3,952,573	3,934,151	3,565,486
Commercial property tax	1,766,481	1,780,072	1,774,070
Water and sewer tax	2,685,480	2,722,710	2,341,448
Business tax	1,169,375	1,148,919	1,003,245
Utility tax	342,500	367,908	358,164
Interest collected on Overdue Accounts	42,000	103,101	54,341
	9,958,409	10,056,861	9,096,754
GRANTS IN LIEU OF TAXES AND TAX AGREEMENTS			
Grants in lieu of taxes	115,010	149,160	48,076
Tax agreements	9,110,438	9,110,438	8,726,133
	9,225,448	9,259,598	8,774,209
SALE OF GOODS AND SERVICES			
Recreation and Cultural Services	243,798	244,926	327,976
Animal Control	1,400	1,610	2,590
Licenses and permits	55,280	76,501	68,447
Rentals	107,888	93,752	85,441
	408,366	416,789	484,454
GRANTS AND TRANSFERS			
Government of Canada			
Capital grant	-	-	-
Other federal revenue	685,222	671,462	1,129,570
Government of Newfoundland and Labrador			
Municipal operating grant	505,192	574,274	505,192
Municipal capital grant	-	-	-
Gas tax revenue	401,740	401,739	308,661
Special assistance	-	-	-
Other provincial grants	2,354,016	2,446,807	1,253,510
	3,946,170	4,094,282	3,196,933
INVESTMENT INCOME			
Interest from investments	799,540	1,567,232	783,748
OTHER REVENUE			
Gain (loss) on sale of tangible capital assets	(600)	(61,784)	(130,369)
Gain on sale of real estate held for sale	-	4,417	127,522
Miscellaneous	960,524	1,132,446	1,100,710
	959,924	1,075,079	1,097,863
TOTAL REVENUE	$25,297,857	26,469,841	23,433,961

TOWN OF LABRADOR CITY
SCHEDULE OF EXPENSES
For the year ended December 31, 2023

	2023 BUDGET	2023 ACTUAL	2022 ACTUAL
GENERAL GOVERNMENT SERVICES			
Council	$ 211,645	186,800	169,488
General Administration	2,639,696	2,366,921	2,141,923
Municipal Elections	14,850	-	12,133
Property Assessment Services	92,260	90,471	88,426
Engineering Services	646,327	503,971	581,098
General Maintenance	834,681	769,388	679,478
Professional Development and Training	159,790	160,486	91,458
Public Relations	41,040	48,091	68,982
Amortization	-	235,421	247,363
	4,640,289	4,361,549	4,080,349
PROTECTIVE SERVICES			
Fire Protection	1,178,973	1,086,098	1,086,886
Animal and Pest Control	254,341	275,799	251,897
Municipal Enforcement	176,136	128,086	111,472
Emergency Preparedness and Response	13,448	9,504	15,195
Other Protective Services	298,381	318,552	227,868
Amortization	-	132,844	140,266
	1,921,279	1,950,883	1,833,584
TRANSPORTATION SERVICES			
Vehicle and Fleet Operation and Maintenance	1,024,692	1,080,409	866,510
Streets, Roads, Sidewalks	2,991,805	2,887,413	2,605,795
Snow Removal	1,633,300	1,216,344	1,340,622
Street Lighting	152,315	145,915	95,435
Traffic Services	48,322	12,758	33,776
Amortization	-	2,069,925	1,932,644
	5,850,434	7,412,764	6,874,782
ENVIRONMENTAL HEALTH SERVICES			
Water Supply	325,920	323,141	186,098
Sewage Collection and Disposal	659,825	554,481	582,330
Garbage and Waste Collection and Disposal	1,757,284	1,937,729	1,902,866
Amortization	-	985,010	1,028,150
	2,743,029	3,800,361	3,699,444
REGIONAL PLANNING AND DEVELOPMENT SERVICES			
Planning and Zoning	128,218	140,665	110,715
Community Improvement and Development	122,847	59,164	57,628
Tourism and Marketing	397,930	403,532	324,694
Amortization	-	10,999	17,162
	648,995	614,360	510,199
BALANCE FORWARD	15,804,026	18,139,917	16,998,358

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TOWN OF LABRADOR CITY
SCHEDULE OF EXPENSES
For the year ended December 31, 2023

	2023 BUDGET	2023 ACTUAL	2022 ACTUAL
BALANCE FORWARD	$15,804,026	18,139,917	16,998,358
RECREATION AND CULTURAL SERVICES			
Recreation Administration	328,667	168,644	308,607
Recreation and Community Centres	20,020	19,268	13,391
Parks, Playgrounds, and Playing Fields	492,849	498,550	363,792
Stadium	797,763	859,920	676,754
Swimming Pool	737,480	226,896	42,695
Library Grant	26,500	26,500	26,500
Recreation and Cultural Programs, Activities and Community Events	1,603,642	1,285,464	1,012,878
Amortization	-	460,111	432,900
	4,006,921	3,545,353	2,877,517
FISCAL SERVICES			
Long-Term Debt Charges	223,666	304,559	244,604
Provision For Uncollected Taxes, Fees and Charges	10,000	15,217	43,321
Interest and Bank Service Charges	19,645	25,696	18,682
	253,311	345,472	306,607
TOTAL EXPENSES	$20,064,258	22,030,742	20,182,482

TOWN OF LABRADOR CITY
STATEMENT OF OPERATIONS BY PROGRAM
For the year ended December 31, 2023

	General Government		Protective Services		Transportation Services		Environmental Health Services	
	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE								
Taxation	$19,316,459	17,870,963	-	-	-	-	-	-
Sales of goods and services	93,752	85,441	1,735	3,260	-	-	-	-
Grants and transfers	590,597	544,472	-	-	3,318,883	335,245	116,380	2,115,148
Investment income	1,567,232	783,748	-	-	-	-	-	-
Other revenue	100,076	128,695	145,227	133,711	7,089	3,437	726,732	679,679
TOTAL REVENUE	21,668,116	19,413,319	146,962	136,971	3,325,972	338,682	843,112	2,794,827
EXPENSES								
Personnel services	2,887,763	2,749,340	1,471,544	1,344,233	2,528,759	2,299,562	597,748	600,169
Contract services	874,822	760,522	232,036	218,239	2,146,818	2,130,297	1,779,790	1,699,206
Utilities	71,104	105,969	19,186	17,700	169,733	118,171	148,719	168,777
Maintenance materials and supplies	259,832	175,122	95,273	113,146	497,529	394,108	289,094	203,142
Grants and contributions	32,607	42,033	-	-	-	-	-	-
Amortization	235,421	247,363	132,844	140,266	2,069,925	1,932,644	985,010	1,028,150
Interest on long-term debt	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL EXPENSES	4,361,549	4,080,349	1,950,883	1,833,584	7,412,764	6,874,782	3,800,361	3,699,444
SURPLUS (DEFICIT)	$17,306,567	15,332,970	(1,803,921)	(1,696,613)	(4,086,792)	(6,536,100)	(2,957,249)	(904,617)

TOWN OF LABRADOR CITY
STATEMENT OF OPERATIONS BY PROGRAM
For the year ended December 31, 2023

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE								
Taxation	$ -	-	-	-	-	-	19,316,459	17,870,963
Sales of goods and services	76,376	67,777	244,926	327,976	-	-	416,789	484,454
Grants and transfers	-	-	68,422	202,068	-	-	4,094,282	3,196,933
Investment income	-	-	-	-	-	-	1,567,232	783,748
Other revenue	6,051	125,808	89,904	26,533	-	-	1,075,079	1,097,863
TOTAL REVENUE	82,427	193,585	403,252	556,577	-	-	26,469,841	23,433,961
EXPENSES								
Personnel services	312,031	276,433	1,287,857	1,242,633	-	-	9,085,702	8,512,370
Contract services	164,548	84,676	250	5,457	-	-	5,198,264	4,898,397
Utilities	2,308	2,302	71,692	72,845	-	-	482,742	485,764
Maintenance materials and supplies	64,934	60,126	1,075,105	688,251	-	-	2,281,767	1,633,895
Grants and contributions	59,540	69,500	423,442	392,736	-	-	515,589	504,269
Amortization	10,999	17,162	460,111	432,900	-	-	3,894,310	3,798,485
Interest on long-term debt	-	-	-	-	304,559	244,604	304,559	244,604
Other	-	-	226,896	42,695	40,913	62,003	267,809	104,698
TOTAL EXPENSES	614,360	510,199	3,545,353	2,877,517	345,472	306,607	22,030,742	20,182,482
SURPLUS (DEFICIT)	$ (531,933)	(316,614)	(3,142,101)	(2,320,940)	(345,472)	(306,607)	4,439,099	3,251,479

TOWN OF LABRADOR CITY
CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
For the year ended December 31, 2023

	Core Government		Controlled Entities		Government Partnerships		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE								
Taxation	$19,316,459	17,870,963	-	-	-	-	19,316,459	17,870,963
Sales of goods and services	416,789	484,454	-	-	-	-	416,789	484,454
Grants and transfers	4,094,282	3,196,933	-	-	-	-	4,094,282	3,196,933
Investment income	1,567,232	783,748	-	-	-	-	1,567,232	783,748
Other revenue	1,075,079	1,097,863	-	-	-	-	1,075,079	1,097,863
TOTAL REVENUE	26,469,841	23,433,961	-	-	-	-	26,469,841	23,433,961
EXPENSES								
Personnel services	9,085,702	8,512,370	-	-	-	-	9,085,702	8,512,370
Contract services	5,198,264	4,898,397	-	-	-	-	5,198,264	4,898,397
Utilities	482,742	485,764	-	-	-	-	482,742	485,764
Maintenance materials and supplies	2,281,767	1,633,895	-	-	-	-	2,281,767	1,633,895
Grants and contributions	515,589	504,269	-	-	-	-	515,589	504,269
Amortization	3,894,310	3,798,485	-	-	-	-	3,894,310	3,798,485
Interest on long-term debt	304,559	244,604	-	-	-	-	304,559	244,604
Other	267,809	104,698	-	-	-	-	267,809	104,698
TOTAL EXPENSES	22,030,742	20,182,482	-	-	-	-	22,030,742	20,182,482
SURPLUS (DEFICIT)	$ 4,439,099	3,251,479	-	-	-	-	4,439,099	3,251,479

TOWN OF LABRADOR CITY
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
For the year ended December 31, 2023

	Capital Replacement Reserve	Water and Sewer Reserve Fund	Tanya Lake Community Centre Reserve Fund	Al Thoms Recreation Area Reserve Fund	Infrastructure Upgrades Reserve Fund	Wabush Narrows and Booth Master Plan Reserve Fund (50/50)	Total 2023	Total 2022
REVENUE								
Investment income	$ -	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-	-	-
EXPENSES								
Investment charges	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-	-
NET REVENUES	-	-	-	-	-	-	-	-
TRANSFERS								
Debt repayments	-	-	-	-	-	-	-	-
Transfers from (to) operating fund	72,887	(2,016,593)	-	350,000	250,000	200,000	(1,143,706)	(911,955)
Acquisition of tangible capital assets	-	-	-	-	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	72,887	(2,016,593)	-	350,000	250,000	200,000	(1,143,706)	(911,955)
FUND SURPLUS, beginning of year	4,125,095	2,016,593	3,413,091	100,000	300,000	-	9,954,779	10,866,734
FUND SURPLUS, end of year	$ 4,197,982	-	3,413,091	450,000	550,000	200,000	8,811,073	9,954,779

TOWN OF LABRADOR CITY
SCHEDULE OF TRUST FUNDS
For the year ended December 31, 2023

	Trust						2023	2022
ASSETS								
Cash and temporary investments	$ -	-	-	-	-	-	-	-
Due from the Municipality	-	-	-	-	-	-	-	-
	$ -	-	-	-	-	-	-	-
LIABILITIES								
Due to the Municipality	$ -	-	-	-	-	-	-	-
Fund balance	-	-	-	-	-	-	-	-
	$ -	-	-	-	-	-	-	-
REVENUES								
Contributions and donations	$ -	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
EXPENDITURES								
Cemetery maintenance	-	-	-	-	-	-	-	-
Distribution to beneficiaries	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-	-	-	-	-
FUND BALANCE, end of year	$ -	-	-	-	-	-	-	-

TOWN OF LABRADOR CITY
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
For the year ended December 31, 2023

	Financial Plan	Amortization (TCA)	Principal Repayment	Transfers	Landfill Liability	Consolidated Entities	PSAB Budget
REVENUE							
Taxation	$ 19,141,857	-	-	-	-	-	19,141,857
Sales of goods and services	769,348	-	-	-	-	-	769,348
Grants and transfers	3,946,170	-	-	-	-	-	3,946,170
Investment income	799,540	-	-	-	-	-	799,540
Other revenue	640,942	-	-	-	-	-	640,942
Transfer of surplus from prior year	6,354,466	-	-	(6,354,466)	-	-	-
Transfers from reserves	-	-	-	-	-	-	-
TOTAL REVENUE	31,652,323	-	-	(6,354,466)	-	-	25,297,857
EXPENSES							
General government services	4,640,289	-	-	-	-	-	4,640,289
Protective services	1,921,279	-	-	-	-	-	1,921,279
Transportation services	5,850,434	-	-	-	-	-	5,850,434
Environmental health services	2,743,029	-	-	-	-	-	2,743,029
Regional planning and development	648,995	-	-	-	-	-	648,995
Recreation and cultural services	4,006,921	-	-	-	-	-	4,006,921
Fiscal services:							
Capital expenditure	10,451,132	(10,451,132)	-	-	-	-	-
Debt charges	1,360,599	-	(1,136,933)	-	-	-	223,666
Transfers to reserves	-	-	-	-	-	-	-
Other	29,645	-	-	-	-	-	29,645
TOTAL EXPENSES	31,652,323	(10,451,132)	(1,136,933)	-	-	-	20,064,258
SURPLUS (DEFICIT)	$ -	10,451,132	1,136,933	(6,354,466)	-	-	5,233,599