

TOWN OF LABRADOR CITY

FINANCIAL STATEMENTS

December 31, 2021

TOWN OF LABRADOR CITY  
FINANCIAL STATEMENTS  
December 31, 2021  
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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 its external auditor to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

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.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Town Clerk

**PEARL R. LEE**

**Chartered Professional Accountant  
Comptable Professionnelle Agréée**

TELEPHONE:  
(709) 944-7744  
FAX: 944-3431

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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, 2021, 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, 2021, 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:

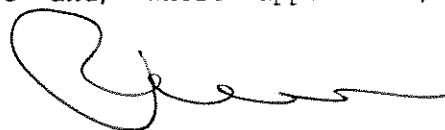
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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

21 June 2022



CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF LABRADOR CITY  
STATEMENT OF FINANCIAL POSITION  
December 31, 2021

	<u>2021</u>	<u>2020</u>
<u>FINANCIAL ASSETS</u>		
Cash and temporary investments (Note 4)	\$28,248,709	24,771,475
Accounts receivable (Note 5)	2,492,486	2,279,882
Due from Province of Newfoundland and Labrador	985,529	551,201
Due from Government of Canada	689,527	224,065
Real estate properties held for sale	<u>36</u>	<u>36</u>
	<u>32,416,287</u>	<u>27,826,659</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities (Note 6)	4,802,004	2,205,539
Employee benefits liability (Note 7)	1,508,433	1,366,420
Unfunded pension liability (Note 10)	173,156	254,745
Deferred revenue (Note 11)	547,241	1,446,990
Landfill closure and post closure liabilities (Note 12)	1,399,485	1,239,146
Landfill cell opening fund	1,666,820	1,508,954
Long-term debt (Notes 13)	<u>6,652,507</u>	<u>6,312,681</u>
	<u>16,749,646</u>	<u>14,334,475</u>
<u>NET FINANCIAL ASSETS (NET DEBT)</u>	<u>15,666,641</u>	<u>13,492,184</u>
<u>NON-FINANCIAL ASSETS (Note 1(f))</u>		
Tangible capital assets (Schedule 1)	57,698,199	54,806,945
Inventories (Note 14)	1,586,240	1,667,859
Prepaid expenses	20,902	19,682
Investment in artwork (Note 19)	<u>8,000</u>	<u>8,000</u>
	<u>59,313,341</u>	<u>56,502,486</u>
<u>NON-FINANCIAL LIABILITIES</u>		
Deferred land grant	<u>343,396</u>	<u>343,396</u>
<u>ACCUMULATED SURPLUS</u>	<u>\$74,636,586</u>	<u>69,651,274</u>
<u>COMMITMENT (Note 15)</u>		
<u>CONTRACTUAL OBLIGATIONS (Note 16)</u>		
ON BEHALF OF COUNCIL:		
_____	Mayor	
_____	Town Clerk	

TOWN OF LABRADOR CITY  
STATEMENT OF CHANGE IN ACCUMULATED SURPLUS  
For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
<u>BALANCE</u> , beginning of year	\$69,651,274	66,960,933
<u>SURPLUS FOR THE YEAR</u>	<u>4,985,312</u>	<u>2,690,341</u>
<u>BALANCE</u> , end of year	<u>\$74,636,586</u>	<u>69,651,274</u>

TOWN OF LABRADOR CITY  
STATEMENT OF OPERATIONS  
For the year ended December 31, 2021

	<u>2021</u> <u>BUDGET</u>	<u>2021</u> <u>ACTUAL</u>	<u>2020</u> <u>ACTUAL</u>
<u>REVENUE</u>			
Taxation	\$ 8,900,029	9,095,718	8,911,583
Grants in lieu of taxes and tax agreements	8,566,253	8,567,250	8,560,431
Sale of goods and services	298,545	194,033	341,675
Government grants and transfers	5,217,553	4,515,315	1,679,665
Investment income	182,060	220,551	206,659
Other revenue	<u>660,907</u>	<u>1,051,803</u>	<u>851,658</u>
	<u>23,825,347</u>	<u>23,644,670</u>	<u>20,551,671</u>
<u>EXPENSES</u>			
General government	3,988,293	3,789,763	3,575,866
Protective services	1,782,197	1,817,195	1,798,651
Transportation services	5,194,931	6,147,490	5,975,025
Environmental health services	2,737,459	3,727,575	3,496,843
Regional planning and development	673,888	499,871	656,918
Recreation and cultural services	2,406,532	2,381,851	2,133,768
Fiscal services	<u>259,956</u>	<u>295,613</u>	<u>224,259</u>
	<u>17,043,256</u>	<u>18,659,358</u>	<u>17,861,330</u>
<u>ANNUAL SURPLUS</u>	<u>\$ 6,782,091</u>	<u>4,985,312</u>	<u>2,690,341</u>



TOWN OF LABRADOR CITY  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ANNUAL SURPLUS</u>	\$ 4,985,312	2,690,341
Acquisition of tangible capital assets	(6,528,736)	(2,185,748)
Amortization of tangible capital assets	3,623,531	3,527,622
Loss (gain) on disposal of tangible capital assets	4,281	11,656
Proceeds on disposal of tangible capital assets	9,670	2,191
Transfer to inventory	-	-
Write-downs of tangible capital assets	-	-
	<u>2,094,058</u>	<u>4,046,062</u>
Increase (decrease) in deferred land grants	-	-
Decrease (increase) in inventories	81,619	(53,490)
Decrease (increase) in prepaid expenses	(1,220)	(15,775)
Decrease (increase) in investment in artwork	-	-
	<u>80,399</u>	<u>(69,265)</u>
<u>CHANGE IN NET FINANCIAL ASSETS (NET DEBT)</u>	2,174,457	3,976,797
<u>NET FINANCIAL ASSETS (NET DEBT), beginning of year</u>	<u>13,492,184</u>	<u>9,515,387</u>
<u>NET FINANCIAL ASSETS (NET DEBT), end of year</u>	<u>\$15,666,641</u>	<u>13,492,184</u>

TOWN OF LABRADOR CITY  
STATEMENT OF CASH FLOWS  
For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
<u>OPERATING TRANSACTIONS:</u>		
Annual surplus	\$ 4,985,312	2,690,341
Changes in non-cash items:		
Accounts receivable	(212,604)	(647,011)
Due from Province of Newfoundland and Labrador	(434,328)	(524,792)
Due from Government of Canada	(465,462)	(204,657)
Real estate properties held for sale	-	-
Inventories	81,619	(53,490)
Prepaid expenses	(1,220)	(15,775)
Accounts payable	2,596,465	464,655
Employee benefits liability	142,013	126,411
Unfunded pension liability	(81,589)	(78,434)
Deferred revenue	(899,749)	1,087,691
Landfill closure and post closure liabilities	160,339	114,902
Landfill cell opening fund	157,866	163,683
Amortization	3,623,531	3,527,622
Loss (gain) on disposal of tangible capital assets	<u>4,281</u>	<u>11,656</u>
	<u>9,656,474</u>	<u>6,662,802</u>
<u>CAPITAL TRANSACTIONS:</u>		
Proceeds on disposal of tangible capital assets	9,670	2,191
Purchase of tangible capital assets	<u>(6,528,736)</u>	<u>(2,185,748)</u>
	<u>(6,519,066)</u>	<u>(2,183,557)</u>
<u>FINANCING TRANSACTIONS:</u>		
Proceeds of long-term borrowing	1,183,958	-
Repayment of debt	<u>(844,132)</u>	<u>(902,521)</u>
	<u>339,826</u>	<u>(902,521)</u>
<u>INCREASE IN CASH AND TEMPORARY INVESTMENTS</u>	3,477,234	3,576,724
<u>CASH AND TEMPORARY INVESTMENTS, beginning of year</u>	<u>24,771,475</u>	<u>21,194,751</u>
<u>CASH AND TEMPORARY INVESTMENTS, end of year</u>	<u>\$28,248,709</u>	<u>24,771,475</u>

TOWN OF LABRADOR CITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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.

...cont'd

TOWN OF LABRADOR CITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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:

General Tangible Capital Assets

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

Infrastructure Tangible Capital Assets

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, 2021

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, 2021

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 6.75% of regular pay and by the Town at the rate of 6.75% 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:

	2021	2020
Cash on hand	\$ 1,300	1,540
Current accounts	1,824,013	2,028,525
Savings account (0.73%)	<u>26,423,396</u>	<u>22,741,410</u>
	<u>\$28,248,709</u>	<u>24,771,475</u>

TOWN OF LABRADOR CITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

## 5. Accounts receivable:

	2021	2020
Residential property tax	\$ 191,531	280,313
Commercial property tax	815,171	821,139
Business tax	127,446	154,232
Harmonized sales tax rebates	638,933	278,260
Interest	21,147	12,554
Other	964,733	917,586
	2,758,961	2,464,084
Less: Allowance for doubtful accounts	266,475	184,202
	\$ 2,492,486	2,279,882

## 6. Accounts payable and accrued liabilities:

	2021	2020
Accounts payable	\$ 33,185	15,247
Accrued expenses	4,477,669	1,953,010
Unearned revenue	291,150	237,282
Town of Wabush	-	-
	\$ 4,802,004	2,205,539

## 7. Employee benefits liability:

	2021	2020
Accrued post retirement benefits (Note 8)	\$ 762,358	692,224
Accrued severance benefits (Note 9)	684,142	672,653
Pension costs payable	61,933	1,543
	\$ 1,508,433	1,366,420

## 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.

	2021	2020
Management employees (life insurance, health and dental benefits)	\$ 663,439	599,132
Unionized employees (health benefits)	98,919	93,092
	\$ 762,358	692,224

TOWN OF LABRADOR CITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

## 9. Accrued severance benefits:

	2021	2020
Accrued severance benefit	\$ 63,137	57,581
Accrued vacation benefit	618,824	613,007
Accrued overtime payable	2,181	2,065
	\$ 684,142	672,653

## 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, 2021, the Town was invoiced by the pension administrators for its 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.

## 11. Deferred revenue:

	2021	2020
Province of Newfoundland and Labrador grant	\$ 116,379	1,222,376
Permits and tender deposits	427,787	222,287
Landscaping deposits	3,000	2,000
Other	75	327
	\$ 547,241	1,446,990



TOWN OF LABRADOR CITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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

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.

	2021	2020
Landfill closure and post closure accrual	<u>\$ 1,399,485</u>	<u>1,239,146</u>

In the year ended December 31, 2021, the Town accrued a liability for landfill closure and post closure costs in the amount of \$160,339 (2020 - \$114,902 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	2021	2020
Canadian Imperial Bank of Commerce:			
(a) Loan at 2.77%, repayable in blended semi-annual instalments of \$32,944, maturing February 2021	\$ 723,592	-	32,494
(b) Loan at 3.42%, repayable in blended semi-annual instalments of \$42,651, maturing December 2024	981,698	241,260	316,378
(c) Loan at 3.42%, repayable in blended semi-annual instalments of \$9,423, maturing December 2024	212,863	<u>53,303</u>	<u>69,899</u>
Balance Forward		294,563	418,771

TOWN OF LABRADOR CITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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

	Original Amount	<u>2021</u>	<u>2020</u>
Balance Forward		\$ 294,563	418,771
(d) Loan at 3.42%, repayable in blended semi-annual instalments of \$19,952, maturing December 2024	\$ 456,923	112,864	148,005
(e) Loan at 4.1%, repayable in blended monthly instalments of \$6,024, maturing March 2027	580,172	-	70,709
(f) Loan at 2.85%, repayable in blended semi-annual instalments of \$81,319, maturing in January 2025	1,406,511	538,125	682,336
(g) Loan at prime, repayable in semi-annual instalments of \$17,974 plus interest, maturing in November 2022	251,640	35,949	71,897
(h) Loan at prime, repayable in semi-annual instalments of \$38,912 plus interest, maturing in December 2021	389,124	-	77,825
(i) Loan at 2.69%, repayable in blended semi-annual instalments of \$74,012, maturing in December 2031	1,817,143	1,290,320	1,401,390
(j) Loan at 3.23%, repayable in blended semi-annual instalments of \$49,209, maturing in October 2032	1,162,744	905,029	972,574
(k) Loan at 3.89%, repayable in blended semi-annual instalments of \$79,763, maturing in December 2033	\$ 1,800,000	1,518,080	1,615,696
(l) Loan at 3.86%, repayable in blended semi-annual instalments of \$32,517, maturing in December 2028	535,315	<u>395,610</u>	<u>443,969</u>
Balance forward		5,090,540	5,903,172

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TOWN OF LABRADOR CITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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

	Original Amount	<u>2021</u>	<u>2020</u>
Balance forward:		\$ 5,090,540	5,903,172
(m) Loan at prime, repayable in semi-annual instalments of \$15,750 plus interest, maturing in December 2033	441,010	378,009	409,509
(n) Loan at 2.45%, repayable in blended semi-annual instalments of \$29,390, maturing in August 2036	881,710	881,710	-
(o) Loan at 2.45%, repayable in blended semi-annual instalment of \$30,224, maturing in December 2026	302,248	<u>302,248</u>	<u>-</u>
		<u>\$ 6,652,507</u>	<u>6,312,681</u>

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

	<u>2021 Total</u>	<u>2020 Total</u>
2022	\$ 801,772	844,131
2023	785,914	682,544
2024	806,670	666,684
2025	601,515	687,439
2026	533,855	482,285

## 14. Inventories

	<u>2021</u>	<u>2020</u>
Inventories for internal use:		
Parts inventory	\$ 581,762	670,180
Gasoline and diesel inventory	<u>31,957</u>	<u>24,520</u>
	613,719	694,700
Inventory of real estate held for resale	<u>972,521</u>	<u>973,159</u>
	<u>\$ 1,586,240</u>	<u>1,667,859</u>

TOWN OF LABRADOR CITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

## 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 \$838,994 over the next five (5) years: 2022 - \$239,247, 2023 - \$239,247, 2024 - \$239,247, 2025 - \$103,253 and 2026 - \$18,000.

The Town also leases nine Xerox office equipment under operating leases expiring February 2022, May 2022, February 2023, December 2023, January 2024, February 2024 and November 2025 and one Pitney Bowes equipment under operating leases expiring July 2022. Future minimum lease payments will aggregate \$38,530 over the next four (4) years: 2022 - \$15,499, 2023 - \$12,073, 2024 - \$6,902 and 2025 - \$4,056.

## 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:

Indian Point

The Town of Labrador City is the owner of a recreational area commonly referred to as "Indian Point". In the mid to late 1970's, a garage was constructed and used for vehicle and equipment storage and minor maintenance. This area was subsequently conveyed to the Town of Labrador City by the Iron Ore Company of Canada. The building has been removed. A Phase II Environmental Site Assessment was completed in September 27, 2010 and a Phase III Environmental Site Assessment was completed on October 13, 2011 by Stantec Consulting Ltd.

The report concluded that petroleum hydrocarbon impacts identified in surface soil at the site, which are above residential guidelines, are localized to the footprint of the former building and that metals impacts identified in surface soil appear to be localized to the area surrounding test pit TP5.

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TOWN OF LABRADOR CITY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

18. Potential environmental liabilities (cont'd):

The report recommends that the impacted soil in the area be removed from the site and disposed at a licensed soil treatment facility. Confirmatory soil samples should be collected from the area after the impacted soil is removed and tested to verify that there are no petroleum hydrocarbon/metals impacts above applicable guidelines in the remaining soil in the area.

Based on the Phase III Environmental Site Assessment, the Town of Labrador City intends to include remediation should the area be developed for residential and/or recreational use.

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 Town of Labrador City will be conducting a structural assessment of the Curling Club in 2021. Once the assessment is complete, the Town will determine whether the building will be refurbished or demolished. The path forward for removal of the oil tank will also be determined at that time.

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.

TOWN OF LABRADOR CITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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  
STATEMENT OF REVENUES  
For the year ended December 31, 2021

	<u>REVENUE</u>		
	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
<u>TAXATION</u>			
Residential property tax	\$ 3,507,029	3,564,265	3,404,306
Commercial property tax	1,791,118	1,766,895	1,839,467
Water and sewer tax	2,259,810	2,328,812	2,296,691
Business tax	943,772	991,774	955,277
Utility tax	351,300	387,424	375,061
Interest collected on Overdue Accounts	<u>47,000</u>	<u>56,548</u>	<u>40,781</u>
	<u>8,900,029</u>	<u>9,095,718</u>	<u>8,911,583</u>
<u>GRANTS IN LIEU OF TAXES AND TAX AGREEMENTS</u>			
Grants in lieu of taxes	45,352	46,351	44,532
Tax agreements	<u>8,520,901</u>	<u>8,520,899</u>	<u>8,515,899</u>
	<u>8,566,253</u>	<u>8,567,250</u>	<u>8,560,431</u>
<u>SALE OF GOODS AND SERVICES</u>			
Recreation and Cultural Services	169,432	47,961	169,371
Animal Control	1,750	1,410	975
Licenses and permits	38,330	57,400	84,824
Rentals	<u>89,033</u>	<u>87,262</u>	<u>86,505</u>
	<u>298,545</u>	<u>194,033</u>	<u>341,675</u>
<u>GRANTS AND TRANSFERS</u>			
Government of Canada			
Capital grant	-	-	-
Other federal revenue	2,105,309	1,144,961	327,596
Government of Newfoundland and Labrador			
Municipal operating grant	505,192	505,192	505,192
Municipal capital grant	-	-	-
Gas tax revenue	387,604	1,500,667	69,555
Special assistance	-	-	-
Other provincial grants	<u>2,219,448</u>	<u>1,364,495</u>	<u>777,322</u>
	<u>5,217,553</u>	<u>4,515,315</u>	<u>1,679,665</u>
<u>INVESTMENT INCOME</u>			
Interest from investments	<u>182,060</u>	<u>220,551</u>	<u>206,659</u>
<u>OTHER REVENUE</u>			
Gain (loss) on sale of tangible capital assets	(600)	(4,281)	(11,656)
Gain on sale of real estate held for sale	-	205,056	19,688
Miscellaneous	<u>661,507</u>	<u>851,028</u>	<u>843,626</u>
	<u>660,907</u>	<u>1,051,803</u>	<u>851,658</u>
<u>TOTAL REVENUE</u>	<u>\$23,825,347</u>	<u>23,644,670</u>	<u>20,551,671</u>

TOWN OF LABRADOR CITY  
SCHEDULE OF EXPENSES  
For the year ended December 31, 2021

	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
<b>GENERAL GOVERNMENT SERVICES</b>			
Council	\$ 191,246	155,163	161,733
General Administration	2,120,967	1,904,155	1,855,391
Municipal Elections	25,760	17,113	-
Property Assessment Services	91,740	88,738	88,686
Engineering Services	664,400	621,282	506,432
General Maintenance	720,722	652,070	633,156
Professional Development and Training	142,582	78,516	78,073
Public Relations	30,876	35,759	39,199
Amortization	-	236,967	213,196
	<u>3,988,293</u>	<u>3,789,763</u>	<u>3,575,866</u>
<b>PROTECTIVE SERVICES</b>			
Fire Protection	1,030,864	1,001,449	949,092
Animal and Pest Control	231,135	228,921	222,811
Municipal Enforcement	185,709	161,302	135,631
Emergency Preparedness and Response	62,268	23,524	80,026
Other Protective Services	272,221	260,826	260,495
Amortization	-	141,173	150,596
	<u>1,782,197</u>	<u>1,817,195</u>	<u>1,798,651</u>
<b>TRANSPORTATION SERVICES</b>			
Vehicle and Fleet Operation and Maintenance	905,569	827,101	795,319
Streets, Roads, Sidewalks	2,463,281	2,204,367	2,150,754
Snow Removal	1,663,689	1,206,085	1,240,599
Street Lighting	119,012	108,279	64,613
Traffic Services	43,380	37,353	26,969
Amortization	-	1,764,305	1,696,771
	<u>5,194,931</u>	<u>6,147,490</u>	<u>5,975,025</u>
<b>ENVIRONMENTAL HEALTH SERVICES</b>			
Water Supply	269,715	149,816	107,116
Sewage Collection and Disposal	667,950	634,027	502,918
Garbage and Waste Collection and Disposal	1,799,794	1,894,811	1,828,047
Amortization	-	1,048,921	1,058,762
	<u>2,737,459</u>	<u>3,727,575</u>	<u>3,496,843</u>
<b>REGIONAL PLANNING AND DEVELOPMENT SERVICES</b>			
Planning and Zoning	108,994	130,169	111,026
Community Improvement and Development	164,418	54,282	57,368
Tourism and Marketing	400,476	294,200	468,021
Amortization	-	21,220	20,503
	<u>673,888</u>	<u>499,871</u>	<u>656,918</u>
BALANCE FORWARD	<u>14,376,768</u>	<u>15,981,894</u>	<u>15,503,303</u>

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TOWN OF LABRADOR CITY  
SCHEDULE OF EXPENSES  
For the year ended December 31, 2021

	<u>2021</u> <u>BUDGET</u>	<u>2021</u> <u>ACTUAL</u>	<u>2020</u> <u>ACTUAL</u>
BALANCE FORWARD	<u>\$14,376,768</u>	<u>15,981,894</u>	<u>15,503,303</u>
RECREATION AND CULTURAL SERVICES			
Recreation Administration	371,607	365,665	270,935
Recreation and Community Centres	13,220	7,660	7,865
Parks, Playgrounds, and Playing Fields	288,014	229,549	236,172
Stadium	634,585	579,007	535,908
Swimming Pool	226,896	196,041	126,287
Library Grant	26,500	26,500	26,500
Recreation and Cultural Programs, Activities and Community Events	845,710	566,484	542,307
Amortization	<u>-</u>	<u>410,945</u>	<u>387,794</u>
	<u>2,406,532</u>	<u>2,381,851</u>	<u>2,133,768</u>
FISCAL SERVICES			
Long-Term Debt Charges	239,111	202,088	223,556
Provision For Uncollected Taxes, Fees and Charges	10,000	82,794	(9,255)
Interest and Bank Service Charges	<u>10,845</u>	<u>10,731</u>	<u>9,958</u>
	<u>259,956</u>	<u>295,613</u>	<u>224,259</u>
<u>TOTAL EXPENSES</u>	<u>\$17,043,256</u>	<u>18,659,358</u>	<u>17,861,330</u>

TOWN OF LABRADOR CITY  
STATEMENT OF OPERATIONS BY PROGRAM  
For the year ended December 31, 2021

	General Government		Protective Services		Transportation Services		Environmental Health Services	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>REVENUE</b>								
Taxation	\$17,662,968	17,472,014	-	-	-	-	-	-
Sales of goods and services	87,262	86,505	2,475	1,407	-	-	-	-
Grants and transfers	649,511	929,470	47,722	-	3,492,375	566,576	147,673	63,662
Investment income	220,551	206,659	-	-	-	-	-	-
Other revenue	89,209	84,461	128,866	127,065	4,364	3,761	622,188	600,076
<b>TOTAL REVENUE</b>	<b>18,709,501</b>	<b>18,779,109</b>	<b>179,063</b>	<b>128,472</b>	<b>3,496,739</b>	<b>570,337</b>	<b>769,861</b>	<b>663,738</b>
<b>EXPENSES</b>								
Personnel services	2,557,326	2,518,435	1,317,140	1,291,556	2,160,870	2,115,068	594,892	560,858
Contract services	620,607	566,375	207,357	262,468	1,731,953	1,745,477	1,713,168	1,674,900
Utilities	160,861	77,965	18,332	18,576	132,193	88,114	188,343	103,352
Maintenance materials and supplies	185,154	166,876	133,193	75,455	358,169	329,595	182,251	98,971
Grants and contributions	28,848	33,019	-	-	-	-	-	-
Amortization	236,967	213,196	141,173	150,596	1,764,305	1,696,771	1,048,921	1,058,762
Interest on long-term debt	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>3,789,763</b>	<b>3,575,866</b>	<b>1,817,195</b>	<b>1,798,651</b>	<b>6,147,490</b>	<b>5,975,025</b>	<b>3,727,575</b>	<b>3,496,843</b>
<b>SURPLUS (DEFICIT)</b>	<b>\$14,919,738</b>	<b>15,203,243</b>	<b>(1,638,132)</b>	<b>(1,670,179)</b>	<b>(2,650,751)</b>	<b>(5,404,688)</b>	<b>(2,957,714)</b>	<b>(2,833,105)</b>

TOWN OF LABRADOR CITY  
STATEMENT OF OPERATIONS BY PROGRAM  
For the year ended December 31, 2021

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>REVENUE</b>								
Taxation	-	-	-	-	-	-	17,662,968	17,472,014
Sales of goods and services	56,335	84,392	47,961	169,371	-	-	194,033	341,675
Grants and transfers	-	-	178,034	119,957	-	-	4,515,315	1,679,665
Investment income	-	-	-	-	-	-	220,551	206,659
Other revenue	211,416	28,260	(4,240)	8,035	-	-	1,051,803	851,658
<b>TOTAL REVENUE</b>	<u>267,751</u>	<u>112,652</u>	<u>221,755</u>	<u>297,363</u>	<u>-</u>	<u>-</u>	<u>23,644,670</u>	<u>20,551,671</u>
<b>EXPENSES</b>								
Personnel services	273,538	249,808	1,083,421	986,347	-	-	7,987,187	7,722,072
Contract services	143,772	301,404	-	-	-	-	4,416,857	4,550,624
Utilities	2,050	2,064	53,551	48,938	-	-	555,330	339,009
Maintenance materials and supplies	59,021	59,680	290,041	209,811	-	-	1,207,829	940,388
Grants and contributions	270	23,459	347,852	374,591	-	-	376,970	431,069
Amortization	21,220	20,503	410,945	387,794	-	-	3,623,531	3,527,622
Interest on long-term debt	-	-	-	-	202,088	223,556	202,088	223,556
Other	-	-	196,041	126,287	93,525	703	289,566	126,990
<b>TOTAL EXPENSES</b>	<u>499,871</u>	<u>656,918</u>	<u>2,381,851</u>	<u>2,133,768</u>	<u>295,613</u>	<u>224,259</u>	<u>18,659,358</u>	<u>17,861,330</u>
<b>SURPLUS (DEFICIT)</b>	<u>\$ (232,120)</u>	<u>(544,266)</u>	<u>(2,160,096)</u>	<u>(1,836,405)</u>	<u>(295,613)</u>	<u>(224,259)</u>	<u>4,985,312</u>	<u>2,690,341</u>

TOWN OF LABRADOR CITY  
 CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS  
 For the year ended December 31, 2021

	Core Government		Controlled Entities		Government Partnerships		Total
	2021	2020	2021	2020	2021	2020	
<b>REVENUE</b>							
Taxation	\$17,662,968	17,472,014	-	-	-	-	17,662,968
Sales of goods and services	194,033	341,675	-	-	-	-	194,033
Grants and transfers	4,515,315	1,679,665	-	-	-	-	4,515,315
Investment income	220,551	206,659	-	-	-	-	220,551
Other revenue	1,051,803	851,658	-	-	-	-	1,051,803
<b>TOTAL REVENUE</b>	<b>23,644,670</b>	<b>20,551,671</b>	-	-	-	-	<b>23,644,670</b>
<b>EXPENSES</b>							
Personnel services	7,987,187	7,722,072	-	-	-	-	7,987,187
Contract services	4,416,857	4,550,624	-	-	-	-	4,416,857
Utilities	555,330	339,009	-	-	-	-	555,330
Maintenance materials and supplies	1,207,829	940,388	-	-	-	-	1,207,829
Grants and contributions	376,970	431,069	-	-	-	-	376,970
Amortization	3,623,531	3,527,622	-	-	-	-	3,623,531
Interest on long-term debt	202,088	223,556	-	-	-	-	202,088
Other	289,566	126,990	-	-	-	-	289,566
<b>TOTAL EXPENSES</b>	<b>18,659,358</b>	<b>17,861,330</b>	-	-	-	-	<b>18,659,358</b>
<b>SURPLUS (DEFICIT)</b>	<b>\$ 4,985,312</b>	<b>2,690,341</b>	-	-	-	-	<b>4,985,312</b>

TOWN OF LABRADOR CITY  
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
For the year ended December 31, 2021

	Capital Replacement Reserve	Water and Sewer Reserve Fund	Tanya Lake Community Centre Reserve Fund	2021	2020
<b>REVENUE</b>					
Investment income	\$ -	-	-	-	-
Other income	-	-	-	-	-
Total revenue	-	-	-	-	-
<b>EXPENSES</b>					
Investment charges	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	-	-	-	-	-
<b>NET REVENUES</b>	-	-	-	-	-
<b>TRANSFERS</b>					
Debt repayments	-	-	-	-	-
Transfers from (to) operating fund	200,000	1,049,926	-	1,249,926	3,143,541
Acquisition of tangible capital assets	-	-	-	-	-
<b>CHANGE IN RESERVE FUND BALANCES</b>	200,000	1,049,926	-	1,249,926	3,143,541
<b>FUND SURPLUS, beginning of year</b>	<u>3,237,050</u>	<u>2,966,667</u>	<u>3,413,091</u>	<u>9,616,808</u>	<u>6,473,267</u>
<b>FUND SURPLUS, end of year</b>	<u>\$ 3,437,050</u>	<u>4,016,593</u>	<u>3,413,091</u>	<u>10,866,734</u>	<u>9,616,808</u>

TOWN OF LABRADOR CITY  
SCHEDULE OF TRUST FUNDS  
For the year ended December 31, 2021

	Trust	2021	2020
<b>ASSETS</b>			
Cash and temporary investments	\$ -	-	-
Due from the Municipality	-	-	-
	\$ -	-	-
<b>LIABILITIES</b>			
Due to the Municipality	\$ -	-	-
Fund balance	-	-	-
	\$ -	-	-
<b>REVENUES</b>			
Contributions and donations	\$ -	-	-
Investment income	-	-	-
	-	-	-
<b>EXPENDITURES</b>			
Cemetery maintenance	-	-	-
Distribution to beneficiaries	-	-	-
Other	-	-	-
	-	-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-
<b>FUND BALANCE, beginning of year</b>	-	-	-
<b>FUND BALANCE, end of year</b>	\$ -	-	-

TOWN OF LABRADOR CITY  
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET  
For the year ended December 31, 2021

	Financial Plan	Amortization (TCA)	Principal Repayment	Transfers	Landfill Liability	Consolidated Entities	PSAB Budget
<b>REVENUE</b>							
Taxation	\$ 17,419,282	-	-	-	-	-	17,419,282
Sales of goods and services	654,432	-	-	-	-	-	654,432
Grants and transfers	5,217,553	-	-	-	-	-	5,217,553
Investment income	182,060	-	-	-	-	-	182,060
Other revenue	352,020	-	-	-	-	-	352,020
Transfer of surplus from prior year	1,183,958	-	-	(1,183,958)	-	-	-
Transfers from reserves	957,065	-	-	(957,065)	-	-	-
<b>TOTAL REVENUE</b>	<u>25,966,370</u>	-	-	<u>(2,141,023)</u>	-	-	<u>23,825,347</u>
<b>EXPENSES</b>							
General government services	3,988,293	-	-	-	-	-	3,988,293
Protective services	1,782,197	-	-	-	-	-	1,782,197
Transportation services	5,194,931	-	-	-	-	-	5,194,931
Environmental health services	2,737,459	-	-	-	-	-	2,737,459
Regional planning and development	673,888	-	-	-	-	-	673,888
Recreation and cultural services	2,406,532	-	-	-	-	-	2,406,532
Fiscal services:							
Capital expenditure	7,958,016	(7,958,016)	-	-	-	-	-
Debt charges	1,204,209	-	(965,098)	-	-	-	239,111
Transfers to reserves	-	-	-	-	-	-	-
Other	20,845	-	-	-	-	-	20,845
<b>TOTAL EXPENSES</b>	<u>25,966,370</u>	<u>(7,958,016)</u>	<u>(965,098)</u>	-	-	-	<u>17,043,256</u>
<b>SURPLUS (DEFICIT)</b>	\$ -	<u>7,958,016</u>	<u>965,098</u>	<u>(2,141,023)</u>	-	-	<u>6,782,091</u>