



Financial Statements

Town of Happy Valley-Goose Bay

December 31, 2014

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Statement of Responsibility

Grant Thornton LLP
P.O. Box 1029, Station B
Happy Valley-Goose Bay, NL
A0P 1E0

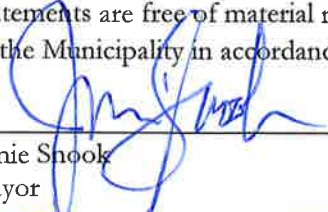
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The accompanying Financial Statements are the responsibility of the management of the Town of Happy Valley-Goose Bay and have been prepared in compliance with legislation, and in accordance with public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

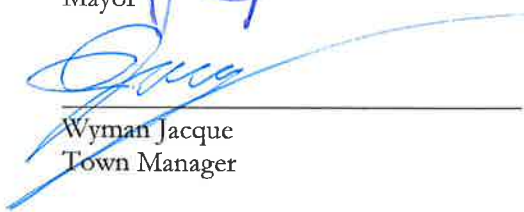
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

The Council of the Municipality met with management and its external auditors 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.

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



Jamie Shook
Mayor



Wyman Jacque
Town Manager

Independent Auditors' Reports

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To the Mayor and members of Council of the

Town of Happy Valley-Goose Bay

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Happy Valley-Goose Bay, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified opinion

The Town has not updated its estimates for the liability for closure and post closure of its landfill site. A liability of \$217,949 has been accrued based on a previous estimate that the site had a useful life of 39 years. Canadian public sector standards require that the liability for closure and post closure discounted costs of the landfill site be recognised based on current estimates of costs and remaining available capacity. Given that the remaining useful life is unknown and current costs estimates are not available, we are unable to determine the amounts of adjustment, if any, that may be required.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Town of Happy Valley-Goose Bay as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 5 to the financial statements which explains that certain comparative information for the year ended December 31, 2014 has been restated.

Report on Other Legal and Reporting Requirements

In compliance with the requirements of Section 91 of the Municipalities Act, we report as follows on our examination of the accounts of the Town for the year ended December 31, 2014.

Expenses in relation to budget:

Actual expenses per the financial statements of \$11,128,133 are below the limits of the adopted budget.

Arrears of revenue:

The comparative position with respect to arrears of revenue is presented in Note 6 of the financial statements. Taxes receivable decreased to \$1,598,039 as at December 31, 2014 from \$1,654,820 as at December 31, 2013. Of this amount, taxes totalling \$906,112 have been outstanding for one year or longer.

Manner in which the accounts have been kept and the adequacy of the safeguards against fraud:

Our firm was engaged only to express an opinion on the financial statements. We have not performed any special audits on fraud or internal controls; however we can report that during the audit of the financial statements no instances of fraud came to our attention.

Report on Other Legal and Reporting Requirements (cont'd)

As required by Section 71 of the Municipalities Act, we report that all employees whose duties include collecting, receiving and depositing cash are adequately bonded.



Happy Valley-Goose Bay, Canada

January 25, 2016

Chartered Professional Accountants

TOWN OF HAPPY VALLEY-GOOSE BAY
Statement of Financial Position

December 31	2014	(Restated) 2013
Financial assets		
Cash and cash equivalents - unrestricted	\$ 4,576,456	\$ 2,537,068
- restricted	1,621,688	2,231,169
Receivables (Note 6)	2,151,591	2,236,622
Pension plan surplus (Note 9)	119,062	-
Real estate properties held for sale	<u>34,461</u>	<u>34,461</u>
Total financial assets	<u>\$ 8,503,258</u>	<u>\$ 7,039,320</u>
Liabilities		
Due to bank (Note 7)	\$ 5,169,945	\$ 5,169,945
Payables and accrued liabilities (Note 8)	1,899,577	1,826,774
Pension plan payable (Note 9)	-	263,973
Sick leave payable	104,564	83,536
Deferred revenue	105,613	121,112
Landfill closure and post closure liabilities (Note 10)	217,949	211,537
Long-term debt (Schedule 6)	<u>3,044,270</u>	<u>3,540,021</u>
Total liabilities	<u>10,541,918</u>	<u>11,216,898</u>
Net Debt	<u>\$ (2,038,659)</u>	<u>\$ (4,177,578)</u>
Non-financial assets		
Tangible capital assets (Schedule 7)	\$ 64,747,795	\$ 63,964,725
Prepaid expenses	<u>13,691</u>	<u>21,102</u>
Total non-financial assets	<u>64,761,486</u>	<u>63,985,827</u>
Accumulated Surplus (Note 5)	<u>\$ 62,722,827</u>	<u>\$ 59,808,249</u>

Approved on behalf of Council:

_____ Mayor _____ Town Clerk

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Statement of Operations and Accumulated Surplus

Year ended December 31	(Note 12)		(Restated)
	2014	2014	2013
	Budget	Actual	Actual
Revenue:			
Taxation (Schedule 1)	\$ 8,091,725	\$ 8,019,469	\$ 7,423,837
Sale of goods and services (Schedule 1)	319,700	685,092	387,996
Grants and transfers (Schedule 1)	4,898,429	2,961,842	5,736,909
Investment income (Schedule 1)	10,000	21,698	3,403
Other (Schedule 1)	424,500	2,354,610	1,526,337
Total revenues	13,744,354	14,042,711	15,078,482
Expenditures:			
General government (Schedule 2)	5,113,622	5,076,932	4,380,623
Protective services (Schedule 3)	747,550	669,249	598,284
Transportation services (Schedule 3)	2,383,300	1,574,691	1,406,652
Environmental health (Schedule 4)	1,559,900	1,802,899	1,629,034
Planning and development (Schedule 4)	216,425	208,014	186,159
Recreation and cultural services (Schedule 5)	1,247,100	1,390,264	1,098,784
Fiscal services (Schedule 5)	497,876	406,084	273,178
Total expenditures	11,765,773	11,128,133	9,572,714
Annual surplus	1,978,581	2,914,578	5,505,768
Accumulated surplus, beginning of year (Note 5)	59,808,249	59,808,249	54,302,481
Accumulated surplus, end of year	\$ 61,786,830	\$ 62,722,827	\$ 59,808,249

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Statement of Change in Net Debt

Year ended December 31	(Note 12) 2014 Budget	2014 Actual	(Restated) 2013 Actual
Annual surplus	\$ <u>1,978,581</u>	\$ <u>2,914,578</u>	\$ <u>5,505,768</u>
Acquisition of tangible capital assets	(5,082,989)	(4,046,431)	(7,422,265)
Amortization of tangible capital assets	2,713,310	3,263,361	2,713,310
Decrease in prepaids	<u>-</u>	<u>7,411</u>	<u>26,499</u>
	<u>(2,369,679)</u>	<u>(775,659)</u>	<u>(4,682,456)</u>
Change in net debt	(391,098)	2,138,919	823,312
Net debt, beginning of the year	<u>(4,177,578)</u>	<u>(4,177,578)</u>	<u>(5,000,890)</u>
Net debt, end of year	\$ <u>(4,568,676)</u>	\$ <u>(2,038,659)</u>	\$ <u>(4,177,578)</u>

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Statement of Cash Flow

Year ended December 31	2014	(Restated) 2013
Cash flow:		
Operations:		
Annual surplus	\$ 2,914,578	\$ 5,505,768
Contributed capital tangible assets from developers	(2,144,082)	(783,003)
Amortization of tangible capital assets	<u>3,263,361</u>	<u>2,713,310</u>
	4,033,857	7,436,075
Changes in non-cash items:		
Receivables	85,030	5,278,982
Prepaid expense	7,411	26,499
Payables and accruals	72,803	(1,397,653)
Pension plan payable	(383,035)	(429,381)
Sick leave payable	21,028	(12,783)
Deferred revenue	(15,499)	114,986
Landfill closure costs	<u>6,412</u>	<u>6,410</u>
	3,828,007	11,023,135
Capital:		
Purchase of tangible capital assets	<u>(1,902,349)</u>	<u>(6,639,263)</u>
Financing:		
Principal repayment of long-term debt	<u>(495,751)</u>	<u>(614,179)</u>
Net decrease in bank indebtedness	1,429,907	3,769,693
Cash and cash equivalents (bank indebtedness):		
Bank indebtedness, beginning	<u>(401,708)</u>	<u>(4,171,401)</u>
Cash and cash equivalents (bank indebtedness), ending	\$ 1,028,199	\$ (401,708)
Comprised of:		
Cash - unrestricted	\$ 4,576,456	\$ 2,537,068
Cash - restricted	1,621,688	2,231,169
Due to bank	<u>(5,169,945)</u>	<u>(5,169,945)</u>
	\$ 1,028,199	\$ (401,708)

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2014

1. Nature of operations

The Town is responsible for the provision of municipal services to the residents of the Town of Happy Valley-Goose Bay and is incorporated under and operates in accordance with the Municipalities Act of Newfoundland and Labrador.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada 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 the receipt of goods and services or the creation of an obligation to pay.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition. Restricted cash and cash equivalents consist of cash held for the waste water treatment plant, recreation complex, and gas tax projects as required by funding agreements.

(c) Real estate properties held for sale

Real estate properties held for sale are 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.

(d) 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 revenues over expenses, provides the change in net financial assets for the year.

Real estate properties 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.

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2014

2. Significant accounting policies (cont'd)

(e) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is put into use. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

General tangible capital assets:

Land	Indefinite
Land improvements	10 to 50 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Term of lease
Vehicle and equipment	
Vehicles	5 years
Maintenance and road construction equipment	10 years
Machinery and equipment	5 to 15 years
Computer hardware and software	4 years
Furniture and fixtures	5 years

Infrastructure assets:

Transportation	
Road surface	5 to 20 years
Road grade	30 years
Bridges	30 to 50 years
Traffic lights and equipment	10 to 15 years
Marine structures	25 years
Water and sewer	
Underground networks	15 to 60 years
Dams and other surface water structures	25 to 50 years

(g) Landfill Closure and Post Closure Liabilities

The estimated cost to close and maintain solid waster landfill sites are based on estimated future expenses, in current dollars, and are charged to expenses as the landfill capacity is used.

(h) Pension plan payable

The Town maintains a defined benefit plan which provides pension benefits to its employees. The cost and obligation of pension benefits earned by employees are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions of future investment returns for funded plan, salary changes and retirement ages of employees. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

The discount rate used for determining the benefit obligation is the expected rate of return on the plan assets or the Town's cost of borrowing.

Past service costs resulting from plan amendments are recognized at the date of amendment.

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2014

2. Significant accounting policies (cont'd)

(i) Sick leave payable

An accrued liability is recorded for sick leave earned by employees that management estimates will be paid out upon retirement of the employees. Management's estimate is based on accumulated sick days, pay rates of employees, and an expected retirement age of 60 years. The Town is liable to pay 20% of accumulated sick days, to a maximum of 37 days, upon employee retirement or termination due to redundancy.

(j) Revenue recognition

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

Government transfers are recognized as either expenditures or revenue in the period that the events giving rise to the transfer occurred as long as a) the transfer is authorized, b) eligibility criteria have been met by the recipient and c) a reasonable estimate of the amount can be made.

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

Contributed assets are recognized as revenue on acquisition.

(k) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Items requiring significant estimates include the useful life of tangible capital assets, rates of amortization, impairment of assets, allowance for doubtful accounts, accrued sick leave, accrued pension obligation, total landfill capacity, and future landfill closure expenses.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

(l) Financial instruments

The Town considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Town accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- due to bank
- payables and accrued liabilities, including those related to employee compensation and landfill
- long-term debt

A financial asset or liability is recognized when the Town becomes party to contractual provisions of the instrument.

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2014

2. Significant accounting policies (cont'd)

(l) Financial instruments (cont'd)

The Town initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Town subsequently measures its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and receivables.

Financial liabilities measured at cost include payables and accrued liabilities, due to bank, and long-term debt .

The Town removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net annual surplus.

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

The Town's position in these respects was considered satisfactory for an entity of its size.

4. Sufficiency of bonds

Fidelity bond coverage of \$175,000 was in place on all persons having positions of trust. The amount of this bond was considered adequate.

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2014

5. Restatement of previously issued financial statements

The December 31, 2013 figures have been restated to correct an error related to the waste water treatment plant project reported in the due from Provincial and Federal governments receivable balance and the corresponding grants and transfers revenue balance.

The following items for fiscal 2013 have been restated in these financial statements:

	As previously reported	Grants and transfers revenue adjustment	As restated
Statement of Operations and accumulated surplus			
Revenues - Grants and transfers	\$ 6,988,035	\$ (1,251,126)	\$ 5,736,909
Annual surplus	6,756,894	(1,251,126)	5,505,768
Accumulated surplus, beginning of year	54,302,481	-	54,302,481
Accumulated surplus, end of year	\$ 61,059,375	\$ (1,251,126)	\$ 59,808,249
Statement of Financial Position			
Receivables			
Due from Provincial and Federal Governments	\$ 2,137,967	\$ (1,251,126)	\$ 886,841
Net Debt	(2,926,452)	(1,251,126)	(4,177,578)
Accumulated surplus, end of year	\$ 61,059,375	\$ (1,251,126)	\$ 59,808,249
Statement of Changes in Net Debt			
Annual Surplus	\$ 6,756,894	\$ (1,251,126)	\$ 5,505,768
Net debt, beginning of year	5,000,890	-	5,000,890
Net debt, end of year	\$ (2,926,452)	\$ (1,251,126)	\$ (4,177,578)
Statement of Cash Flows			
Annual surplus	\$ 6,756,894	\$ (1,251,126)	\$ 5,505,768
Receivables	\$ 4,027,856	\$ 1,251,126	\$ 5,278,982

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2014

6. Receivables	<u>2014</u>	<u>(Restated)</u> <u>2013</u>
Taxes:		
Property	\$ 880,260	\$ 912,621
Business	265,420	248,492
Water and sewer	<u>452,359</u>	<u>493,707</u>
	<u>1,598,039</u>	1,654,820
Equipment and facility rentals	72,372	53,870
Harmonized sales tax	91,069	109,545
Provincial Government portion of accrued interest payable	19,463	23,184
Due from Provincial and Federal Governments	789,997	886,841
Land sales	3,310	3,310
Other	<u>284,374</u>	<u>165,841</u>
	<u>2,858,623</u>	2,897,411
Less: allowance for doubtful accounts	<u>707,032</u>	<u>660,789</u>
	<u>\$ 2,151,591</u>	<u>\$ 2,236,622</u>

7. Due to bank

The Town has an interim financing loan agreement with the Royal Bank of Canada for construction of the waste water treatment facility. The loan has an approved borrowing limit of \$8 million with a balance owing of \$5,169,945 at December 31, 2014 (2013 - \$5,169,945). The loan is unsecured with interest calculated at prime less 0.25%.

The Town also has negotiated a revolving demand loan with the Royal Bank of Canada with an approved borrowing limit of \$1.5 million and interest calculated at prime less 0.25%. The loan is unsecured with a balance owing of \$Nil at December 31, 2014 (2013 - \$Nil).

8. Payables and accrued liabilities

	<u>2014</u>	<u>2013</u>
Payables and accruals	\$ 1,877,551	\$ 1,800,580
Accrued interest	<u>22,026</u>	<u>26,194</u>
	<u>\$ 1,899,577</u>	<u>\$ 1,826,774</u>

9. Pension plan surplus (payable)

	<u>2014</u>	<u>2013</u>
Accrued benefit surplus (obligation):		
Balance, beginning of year	\$ 7,410,335	\$ 6,607,752
Current service cost	314,054	327,110
Interest cost	422,540	382,509
Benefits paid	(437,667)	(237,953)
Actuarial loss (gain)	<u>(84,617)</u>	<u>330,917</u>
Balance, end of year	<u>\$ 7,624,645</u>	<u>7,410,335</u>

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2014

9. Pension plan payable (cont'd)	<u>2014</u>	<u>2013</u>
Plan assets:		
Fair value, beginning of year	\$ 7,803,249	\$ 6,328,779
Return on plan assets	453,537	377,951
Experience gains	495,962	607,955
Benefits paid	(437,667)	(237,953)
Town contributions to plan	477,663	586,111
Employee contributions to plan	<u>128,711</u>	<u>140,406</u>
Fair value, end of year	<u>8,921,455</u>	<u>7,803,249</u>
Funded status - (deficit) surplus	1,296,811	392,914
Unamortized gains	<u>(1,177,749)</u>	<u>(656,887)</u>
Accrued benefit surplus (liability)	\$ <u>119,062</u>	\$ <u>(263,973)</u>
Significant assumptions used:		
Discount rate	5.75%	5.75%
Expected long-term rate of return on plan assets	5.75%	5.75%
Rate of compensation increase	3.00%	3.00%
Expected average remaining service life (EARSL)	12	11
Net benefit expense for the year:		
Current service cost	\$ 314,054	\$ 327,110
Interest cost	422,540	382,509
Amortization of gains	(59,717)	(34,532)
Employee contributions	(128,711)	(140,406)
Expected return on plan assets	<u>(453,537)</u>	<u>(377,951)</u>
Net benefit expenses	\$ <u>94,629</u>	\$ <u>156,730</u>

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2014

10. Landfill closure and post closure liabilities

Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

Estimated closure and post closure costs	\$	250,000
Expected year capacity will be reached		2,020
Capacity (years):		
Used to date		34
Remaining		5
Total		39
Percent utilized		87.18%
Liability based on percentage	\$	217,949

11. Financial instruments

The Town, as part of its operations, carried a number of financial instruments. It is management's opinion the Town is not exposed to significant currency or credit risk arising from these financial instruments. However, the Town has interest rate risk due to the variable interest rate on its operating line of credit and interim financing loan with the Royal Bank of Canada. A change in the variable rate can impact cash flow to service the debt when such debt is outstanding. There was no change in the interest rates or balances on these loans during 2014. The Town manages its interest risk on long-term debt by obtaining loans with fixed interest rates.

12. 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 for PSAB. For comparative purposes, the Town of Happy Valley-Goose Bay 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 Town's cash based financial plan and the PSAB accrual based budget figures used in these statements is disclosed in Schedule 10 - Reconciliation of the Financial Plan to the Budget.

13. Commitments

The Town is committed to making future payments on an operating lease for equipment as follows: 2015 - \$102,156; and, 2016 - \$93,643.

TOWN OF HAPPY VALLEY-GOOSE BAY
Revenues

Schedule 1

(Restated)

Year ended December 31

2014

2013

Taxation

Property	\$ 4,631,666	\$ 4,089,540
Business	929,349	876,293
Water and sewerage	1,953,392	1,940,614
Utility	349,636	355,159
Penalties and interest	155,426	162,231
	<u>\$ 8,019,469</u>	<u>\$ 7,423,837</u>

Sale of Goods and Services

Recreational and cultural services	\$ 292,641	\$ 203,654
Service levies	6,675	20,335
Equipment hire	56,012	66,628
Garbage collection and disposal fee	329,764	97,379
	<u>\$ 685,092</u>	<u>\$ 387,996</u>

Grants and transfers

Government of Canada		
Capital grants	\$ 251,431	\$ 467,612
Other federal revenue	810,743	821,846
Government of Newfoundland and Labrador		
Municipal operating grant	281,719	247,854
Capital grants	274,758	2,890,948
Province's portion of debt charges	395,718	402,552
Gas tax receipts	947,473	888,017
Other	-	18,080
	<u>\$ 2,961,842</u>	<u>\$ 5,736,909</u>

Investment income

Interest from investments	\$ 21,698	\$ 3,403
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Other revenue

Licences and permits	\$ 70,045	\$ 49,522
Fines	8,264	4,374
Rentals	900	3,150
Contributed capital tangible assets from developers	2,144,082	783,003
Sale of real estate held for sale	9,038	619,052
Other	122,281	67,236
	<u>\$ 2,354,610</u>	<u>\$ 1,526,337</u>

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
General Government Expenditures
Year ended December 31

Schedule 2

	2014	2013
Council:		
Remuneration for councillors	\$ 86,738	\$ 63,040
Travel and supplies	<u>93,032</u>	<u>48,192</u>
	<u>179,770</u>	<u>111,232</u>
General administration:		
Salaries and benefits	743,518	671,855
Travel	14,244	52,766
Professional fees	338,977	127,381
Insurance	108,750	88,490
Amortization	3,263,361	2,713,310
Municipal election	189	8,457
Grants and subsidies	-	7,000
General supplies and other expenses	<u>159,463</u>	<u>155,448</u>
	<u>4,628,502</u>	<u>3,824,707</u>
Property assessment services	<u>124,264</u>	<u>120,568</u>
Engineering services/Town development plan:		
Salaries and benefits	99,230	61,265
Cost of real estate properties sold	-	225,000
General supplies and expenses	<u>45,166</u>	<u>37,851</u>
	<u>144,396</u>	<u>324,116</u>
	<u>\$ 5,076,932</u>	<u>\$ 4,380,623</u>

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Protective and Transportation Services Expenditures
Year ended December 31

Schedule 3

	2014	2013
Protective Services		
Fire Protection:		
Salaries and benefits	\$ 447,441	\$ 390,080
General supplies and expenses	<u>64,072</u>	<u>46,723</u>
	<u>511,513</u>	<u>436,803</u>
Animal and pest control:		
Salaries and benefits	78,123	67,526
General supplies and office expenses	<u>10,094</u>	<u>9,286</u>
	<u>88,217</u>	<u>76,812</u>
Municipal enforcement:		
Salaries and benefits	60,685	77,594
General supplies and office expenses	<u>8,834</u>	<u>7,075</u>
	<u>69,519</u>	<u>84,669</u>
	<u>\$ 669,249</u>	<u>\$ 598,284</u>
Transportation Services		
Streets, roads, sidewalks, bridges, and snow removal:		
Salaries and benefits	\$ 935,226	\$ 879,573
Equipment operating, supplies and travel	466,770	377,249
Purchased services	<u>42,497</u>	<u>34,239</u>
	<u>1,444,493</u>	<u>1,291,061</u>
Street lighting	<u>130,198</u>	<u>115,591</u>
	<u>\$ 1,574,691</u>	<u>\$ 1,406,652</u>

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Environmental Health and Planning and Development Expenditures
Year ended December 31

Schedule 4

2014 **2013**

Environmental Health

Water supply and sewage collection and disposal:

Salaries and benefits	\$ 615,383	\$ 703,212
Water purchases	88,387	106,922
Purchased services	191,493	76,816
General supplies and expenses	<u>292,377</u>	<u>299,022</u>
	<u>1,187,640</u>	<u>1,185,972</u>

Garbage and waste collection and disposal:

Salaries and benefits	168,532	158,874
Waste removal	381,643	221,593
Purchased services	3,662	3,164
Landfill closure costs	6,411	6,411
General supplies and expenses	<u>55,011</u>	<u>53,020</u>
	<u>615,259</u>	<u>443,062</u>

\$ 1,802,899 \$ 1,629,034

Planning and Development

Planning and zoning:

Salaries and benefits	\$ 147,078	\$ 158,452
General supplies and office expenses	<u>60,936</u>	<u>27,707</u>

\$ 208,014 \$ 186,159

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY

Schedule 5

Recreation and Cultural Services and Fiscal Services Expenditures

Year ended December 31

2014

2013

Recreation and Cultural Services

Parks, playgrounds, playing fields and special events:

Salaries and benefits	\$ 353,992	\$ 408,906
Purchased services	190,304	2,244
General supplies and expenses	173,085	123,445
	<u>717,381</u>	<u>534,595</u>

Stadium and Curling Club:

Salaries and benefits	459,683	396,199
Purchased services	54,049	48,704
General supplies and expenses	159,151	119,286
	<u>672,883</u>	<u>564,189</u>

\$ 1,390,264 \$ 1,098,784

Fiscal Services

Interest on long-term debt

\$ 146,416 \$ 174,645

Provision for uncollectible taxes, fees, and charges

90,458 32,751

Interest on short-term borrowings

169,210 65,782

\$ 406,084 \$ 273,178

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Long-term Debt
December 31

Schedule 6

	2014	2013
Newfoundland Municipal Financing Corporation:		
6.375% loan, repayable in blended semi-annual instalments of \$17,620; maturing March, 2020; unsecured.	\$ 161,347	\$ 185,156
6.75% loan, repayable in blended semi-annual instalments of \$24,295; maturing March, 2018; unsecured.	149,252	185,902
6.375% loan, repayable in blended semi-annual instalments of \$16,869; maturing February, 2019; unsecured.	130,200	154,470
6.375% loan, repayable in blended semi-annual instalments of \$13,421; maturing March, 2020; unsecured.	122,900	141,036
7.75% loan, repayable in blended semi-annual instalments of \$6,456; maturing September, 2016; unsecured.	23,504	33,981
6.375% loan, repayable in blended semi-annual instalments of \$9,574; maturing March, 2015; unsecured.	9,278	26,984
8.375% loan, repayable in blended semi-annual instalments of \$17,943; repaid in year.	-	33,753
6.375% loan, repayable in blended semi-annual instalments of \$6,471; repaid in year.	-	6,271
Royal Bank of Canada:		
3.967% loan, repayable in blended monthly payments of \$19,079; maturing June, 2021; unsecured.	1,310,653	1,483,586
3.78% loan, repayable in blended semi-annual payments of \$99,458; maturing April, 2016; unsecured.	<u>1,137,136</u>	<u>1,288,882</u>
	\$ <u>3,044,270</u>	\$ <u>3,540,021</u>

The provincial government's share of the above debt is \$1,733,736 (2013 - \$2,039,686).

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Long -Term Debt
December 31, 2014

Schedule 6 (cont'd)

The aggregate amount of long-term debt principal payments estimated to be required in each of the next five years are as follows:

2015	\$	467,929
2016		1,296,636
2017		319,659
2018		311,583
2019		284,925

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Schedule of Tangible Capital Assets
Year Ended December 31, 2014

Schedule 7

Cost	General Capital Assets						Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2014	2013	
Opening costs	3,093,662	19,757,664	3,393,455	78,318	56,003	21,784,227	45,930,724	1,093,024	95,187,077	87,764,812	
Additions during the year	-	1,507,315	136,698	-	-	811,128	351,838	3,232,287	6,039,266	29,126,756	
Transfers during the year	-	-	-	-	-	-	-	(1,992,835)	(1,992,835)	(21,704,491)	
Disposals and write downs	-	-	(252,526)	-	-	-	-	-	(252,526)	-	
Closing costs	3,093,662	21,264,979	3,277,627	78,318	56,003	22,595,355	46,282,562	2,332,476	98,980,982	95,187,077	
Accumulated Amortization											
Opening accum'd amortization	-	2,481,447	2,847,342	75,818	-	11,612,989	14,204,756	-	31,222,352	28,509,042	
Amortization	-	518,989	268,223	-	-	976,421	1,499,728	-	3,263,361	2,713,310	
Disposals and write downs	-	-	(252,526)	-	-	-	-	-	(252,526)	-	
Closing accum'd amortization	-	3,000,436	2,863,039	75,818	-	12,589,410	15,704,484	-	34,233,187	31,222,352	
Net Book Value of Tangible Capital Assets	3,093,662	18,264,543	414,588	2,500	56,003	10,005,945	30,578,078	2,332,476	64,747,795	63,964,725	

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Statement of Operations by Program
Year Ended December 31, 2014

	General Government*		Protective Services		Transportation Services		Environmental Health Services	
	2014	2013 (Restated)	2014	2013	2014	2013	2014	2013
REVENUE								
Taxation	\$ 8,019,469	\$ 7,423,837	-	-	-	-	-	-
Sales of goods and services	685,092	387,996	-	-	-	-	-	-
Grants and transfers	2,566,124	5,334,356	-	-	-	-	-	-
Investment income	21,698	3,403	-	-	-	-	-	-
Other revenue	2,354,610	1,526,337	-	-	-	-	-	-
Total revenue	<u>13,646,993</u>	<u>14,675,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES								
Personnel services	929,486	796,160	586,249	535,200	935,226	879,573	783,915	862,086
Contract services	571,991	336,439	-	-	42,497	34,239	665,185	408,495
Utilities	-	-	-	-	130,198	115,591	-	-
Maintenance materials and supplies	297,661	241,491	83,000	63,084	466,770	377,249	347,388	352,042
Grants and contributions	-	-	-	-	-	-	-	-
Amortization	3,263,361	2,713,310	-	-	-	-	-	-
Interest on long term debt	-	-	-	-	-	-	-	-
Other	14,433	293,223	-	-	-	-	6,411	6,411
Total expenses	<u>5,076,932</u>	<u>4,380,623</u>	<u>669,249</u>	<u>598,284</u>	<u>1,574,691</u>	<u>1,406,652</u>	<u>1,802,899</u>	<u>1,629,034</u>
Surplus (Deficit)	<u>\$ 8,570,061</u>	<u>\$ 10,295,306</u>	<u>(669,249)</u>	<u>(598,284)</u>	<u>(1,574,691)</u>	<u>(1,406,652)</u>	<u>(1,802,899)</u>	<u>(1,629,034)</u>

* The general government category includes revenues and expenses that cannot be attributed to a particular sector.
 See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Statement of Operations by Program
Year Ended December 31, 2014

Schedule 8 (cont'd)

	Planning and Development		Recreation and Cultural Services		Fiscal Services		Total (Restated)
	2014	2013	2014	2013	2014	2013	
REVENUE							
Taxation	-	-	-	-	-	-	7,423,837
Sales of goods and services	-	-	-	-	-	-	387,996
Grants and transfers	-	-	-	-	395,718	402,553	5,736,909
Investment income	-	-	-	-	-	-	3,403
Other revenue	-	-	-	-	-	-	1,526,337
Total revenue	-	-	-	-	395,718	402,553	15,078,482
EXPENSES							
Personnel services	147,078	158,452	813,675	805,105	-	-	4,195,629
Contract services	-	-	244,353	50,948	-	-	830,121
Utilities	-	-	-	-	-	-	115,591
Maintenance materials and supplies	60,936	27,707	332,236	242,731	-	-	1,304,304
Grants and contributions	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	2,713,310
Interest on long term debt	-	-	-	-	146,416	174,645	174,645
Other	-	-	-	-	259,668	98,533	398,167
Total expenses	208,014	186,159	1,390,264	1,098,784	405,084	273,178	9,572,714
Surplus (Deficit)	(208,014)	(186,159)	(1,390,264)	(1,098,784)	(10,366)	129,375	5,505,768

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Consolidated Details and Reconciliation to Core Government Results
Year Ended December 31, 2014

	Core Government		Controlled Entities		Government Partnerships		Total
	2014	2013 (Restated)	2014	2013	2014	2013 (Restated)	
REVENUE							
Taxation	8,019,469	7,423,837	-	-	-	-	7,423,837
Sales of goods and services	685,092	387,996	-	-	-	-	387,996
Grants and transfers	2,961,842	5,736,909	-	-	-	-	5,736,909
Investment income	21,698	3,403	-	-	-	-	3,403
Other revenue	2,354,610	1,526,337	-	-	-	-	1,526,337
Total revenue	14,042,711	15,078,482	-	-	-	-	15,078,482
EXPENSES							
Personnel services	4,195,629	4,036,576	-	-	-	-	4,036,576
Contract services	1,524,026	830,121	-	-	-	-	830,121
Utilities	130,198	115,591	-	-	-	-	115,591
Maintenance materials and supplies	1,587,991	1,304,304	-	-	-	-	1,304,304
Amortization	3,263,361	2,713,310	-	-	-	-	2,713,310
Interest on long term debt	146,416	174,645	-	-	-	-	174,645
Other	280,512	398,167	-	-	-	-	398,167
Total expenses	11,128,133	9,572,714	-	-	-	-	9,572,714
Surplus (Deficit)	2,914,578	5,505,768	-	-	-	-	5,505,768

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY

Schedule 10

**Reconciliation of the Financial Plan to the Budget
Year Ended December 31, 2014**

	Financial Plan	Amortization (TCA)	Interest Expense	Transfers	PSAB Budget
REVENUE					
Taxation	8,866,725	-	-	(775,000)	8,091,725
Sales of goods and services	319,700	-	-	-	319,700
Grants and transfers	4,123,429	-	-	775,000	4,898,429
Investment income	10,000	-	-	-	10,000
Other revenue	424,500	-	-	-	424,500
Transfers from accumulated surplus	2,212,760	-	-	(2,212,760)	-
Total revenue	15,957,114	-	-	(2,212,760)	13,744,354
EXPENSES					
General government services	1,863,380	3,250,242	-	-	5,113,622
Protective services	747,550	-	-	-	747,550
Transportation services	2,383,300	-	-	-	2,383,300
Environmental health services	1,559,900	-	-	-	1,559,900
Regional planning and development	216,425	-	-	-	216,425
Recreation and cultural services	1,247,100	-	-	-	1,247,100
Fiscal services:				-	-
Transfer to authorized reserves	1,111,898	-	(1,111,898)	-	-
Capital expenditures	5,530,865	-	(5,082,989)	-	447,876
Debt charges	1,296,696	-	(1,246,696)	-	50,000
Total expenses	15,957,114	3,250,242	(7,441,583)	-	11,765,773
Surplus (Deficit)	-	(3,250,242)	7,441,583	(2,212,760)	1,978,581

See accompanying notes to the financial statements