



Financial Statements

Town of Happy Valley-Goose Bay

December 31, 2015

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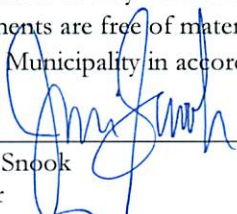
Statement of Responsibility

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.

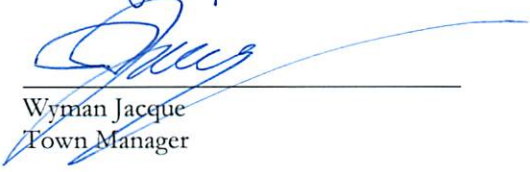
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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



Wyman Jacque
Town Manager



Grant Thornton

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, 2015, 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 \$224,359 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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, 2015.

Expenses in relation to budget:

Actual expenses per the financial statements of \$12,084,731 are \$107,865 above the limits of the adopted budget after required reconciliation to Canadian Public Sector Accounting Standards. Please refer to schedule 10 for this reconciliation.

Arrears of revenue:

The comparative position with respect to arrears of revenue is presented in Note 5 of the financial statements. Taxes receivable decreased to \$1,498,239 as at December 31, 2015 from \$1,598,039 as at December 31, 2014. Of this amount, taxes totalling \$839,383 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.



St. John's, Canada

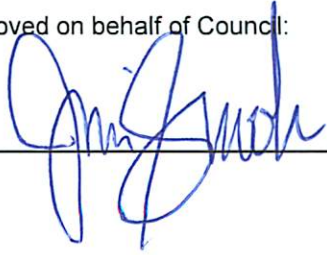
January 19, 2017

Chartered Professional Accountants

TOWN OF HAPPY VALLEY-GOOSE BAY
Statement of Financial Position

Year ended December 31	2015	2014
Financial assets		
Cash and cash equivalents - unrestricted	\$ 4,723,020	\$ 4,576,456
- restricted	787,731	1,621,688
Receivables (Note 5)	3,349,707	2,151,591
Pension plan surplus (Note 8)	334,697	119,062
Real estate properties held for sale	<u>34,461</u>	<u>34,461</u>
 Total financial assets	 <u>\$ 9,229,616</u>	 <u>\$ 8,503,258</u>
Liabilities		
Due to bank (Note 6)	\$ 5,169,945	\$ 5,169,945
Payables and accrued liabilities (Note 7)	2,416,907	1,899,577
Sick leave payable	134,327	104,564
Deferred revenue	99,924	105,612
Landfill closure and post closure liabilities (Note 9)	224,359	217,949
Long-term debt (Schedule 6)	<u>2,576,312</u>	<u>3,044,270</u>
 Total liabilities	 <u>10,621,774</u>	 <u>10,541,917</u>
 Net Debt	 <u>\$ (1,392,158)</u>	 <u>\$ (2,038,659)</u>
Non-financial assets		
Tangible capital assets (Schedule 7)	\$ 66,573,736	\$ 64,747,795
Prepaid expenses	<u>12,717</u>	<u>13,691</u>
 Total non-financial assets	 <u>66,586,453</u>	 <u>64,761,486</u>
 Accumulated Surplus	 <u>\$ 65,194,295</u>	 <u>\$ 62,722,827</u>

Approved on behalf of Council:



Mayor 

Town Manager

See accompanying notes to the financial statements

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

Year ended December 31	(Note 11)		
	2015 Budget	2015 Actual	2014 Actual
Revenue:			
Taxation (Schedule 1)	\$ 8,365,605	\$ 8,198,582	\$ 8,019,469
Sale of goods and services (Schedule 1)	440,000	1,173,666	685,092
Grants and transfers (Schedule 1)	7,358,006	4,980,650	2,961,842
Investment income (Schedule 1)	10,000	13,561	21,698
Other (Schedule 1)	<u>289,500</u>	<u>189,740</u>	<u>2,354,610</u>
Total revenues	<u>16,463,111</u>	<u>14,556,199</u>	<u>14,042,711</u>
Expenditures:			
General government (Schedule 2)	9,301,671	5,540,828	5,076,932
Protective services (Schedule 3)	335,075	696,058	669,249
Transportation services (Schedule 3)	786,360	1,610,522	1,574,691
Environmental health (Schedule 4)	1,137,810	2,339,974	1,802,899
Planning and development (Schedule 4)	12,500	72,631	208,014
Recreation and cultural services (Schedule 5)	348,450	1,476,132	1,390,264
Fiscal services (Schedule 5)	<u>55,000</u>	<u>348,586</u>	<u>406,084</u>
Total expenditures	<u>11,976,866</u>	<u>12,084,731</u>	<u>11,128,133</u>
Annual surplus	<u>4,486,245</u>	<u>2,471,468</u>	<u>2,914,578</u>
Accumulated surplus, beginning of year	<u>62,722,827</u>	<u>62,722,827</u>	<u>59,808,249</u>
Accumulated surplus, end of year	\$ <u>67,209,072</u> \$	\$ <u>65,194,295</u> \$	\$ <u>62,722,827</u>

See accompanying notes to the financial statements

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

Year ended December 31	(Note 11)		
	2015 Budget	2015 Actual	2014 Actual
Annual surplus	\$ <u>4,486,245</u>	\$ <u>2,471,468</u>	\$ <u>2,914,578</u>
Acquisition of tangible capital assets	(7,572,102)	(4,997,908)	(4,046,431)
Amortization of tangible capital assets	3,263,361	3,171,967	3,263,361
Decrease in prepaids	<u>-</u>	<u>974</u>	<u>7,411</u>
	<u>(4,308,741)</u>	<u>(1,824,967)</u>	<u>(775,659)</u>
Change in net debt	177,504	646,502	2,138,919
Net debt, beginning of the year	<u>(2,038,659)</u>	<u>(2,038,659)</u>	<u>(4,177,578)</u>
Net debt, end of year	\$ <u>(1,861,155)</u>	\$ <u>(1,392,157)</u>	\$ <u>(2,038,659)</u>

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Statement of Cash Flow

Year ended December 31	2015	2014
Cash flow:		
Operations:		
Annual surplus	\$ 2,471,468	\$ 2,914,578
Contributed capital tangible assets from developers	-	(2,144,082)
Amortization of tangible capital assets	<u>3,171,967</u>	<u>3,263,361</u>
	5,643,435	4,033,857
Changes in non-cash items:		
Receivables	(1,198,118)	85,030
Prepaid expense	974	7,411
Payables and accruals	517,332	72,803
Pension plan payable	(215,635)	(383,035)
Sick leave payable	29,763	21,028
Deferred revenue	(5,688)	(15,499)
Landfill closure costs	<u>6,411</u>	<u>6,412</u>
	4,778,474	3,828,007
Capital:		
Purchase of tangible capital assets	<u>(4,997,908)</u>	<u>(1,902,349)</u>
Financing:		
Principal repayment of long-term debt	<u>(467,959)</u>	<u>(495,751)</u>
Net (decrease) increase in bank indebtedness	(687,393)	1,429,907
Cash and cash equivalents (bank indebtedness):		
Beginning of the year	<u>1,028,199</u>	<u>(401,708)</u>
End of the year	\$ <u>340,806</u>	\$ <u>1,028,199</u>
Comprised of:		
Cash - unrestricted	\$ 4,723,020	\$ 4,576,456
Cash - restricted	787,731	1,621,688
Due to bank	<u>(5,169,945)</u>	<u>(5,169,945)</u>
	\$ <u>340,806</u>	\$ <u>1,028,199</u>

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2015

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, 2015

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 waste 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, 2015

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
- 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, 2015

2. Significant accounting policies (cont'd)

(i) 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, 2015

5. Receivables	<u>2015</u>	<u>2014</u>
Taxes:		
Property	\$ 881,820	\$ 880,260
Business	282,234	265,420
Water and sewer	<u>334,185</u>	<u>452,359</u>
	1,498,239	1,598,039
Equipment and facility rentals	74,966	72,372
Harmonized sales tax	244,754	91,069
Provincial Government portion of accrued interest payable	15,836	19,463
Due from Provincial and Federal Governments	1,764,537	789,997
Land sales	3,310	3,310
Other	<u>480,336</u>	<u>284,373</u>
	4,081,978	2,858,623
Less: allowance for doubtful accounts	<u>732,271</u>	<u>707,032</u>
	<u>\$ 3,349,707</u>	<u>\$ 2,151,591</u>

6. 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, 2015 (2014 - \$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, 2015 (2014 - \$Nil).

7. Payables and accrued liabilities	<u>2015</u>	<u>2014</u>
Payables and accruals	\$ 2,398,860	\$ 1,877,551
Accrued interest	<u>18,047</u>	<u>22,026</u>
	<u>\$ 2,416,907</u>	<u>\$ 1,899,577</u>

8. Pension plan surplus	<u>2015</u>	<u>2014</u>
Accrued benefit surplus		
Balance, beginning of year	\$ 7,624,645	\$ 7,410,335
Current service cost	413,258	314,054
Interest cost	438,277	422,540
Benefits paid	(418,141)	(437,667)
Actuarial loss (gain)	<u>74,661</u>	<u>(84,617)</u>
Balance, end of year	<u>\$ 8,132,700</u>	<u>7,624,645</u>

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2015

8. Pension plan surplus (cont'd.)	<u>2015</u>	<u>2014</u>
Plan assets:		
Fair value, beginning of year	\$ 8,921,455	\$ 7,803,249
Return on plan assets	513,767	453,537
Experience gains	24,334	495,962
Benefits paid	(418,141)	(437,667)
Town contributions to plan	235,609	477,663
Employee contributions to plan	<u>209,697</u>	<u>128,711</u>
Fair value, end of year	<u>9,486,721</u>	<u>8,921,455</u>
Funded status - surplus	1,354,021	1,296,811
Unamortized gains	<u>(1,019,324)</u>	<u>(1,177,749)</u>
Accrued benefit surplus	\$ <u>334,697</u>	\$ <u>119,062</u>
Significant assumptions used:		
Discount rate	5.50%	5.75%
Expected long-term rate of return on plan assets	5.50%	5.75%
Rate of compensation increase	3.00%	3.00%
Expected average remaining service life (EARSL)	12	12
Net benefit expense for the year:		
Current service cost	\$ 413,258	\$ 314,054
Interest cost	438,277	422,540
Amortization of gains	(108,099)	(59,717)
Employee contributions	(209,697)	(128,711)
Expected return on plan assets	<u>(513,765)</u>	<u>(453,537)</u>
Net benefit expenses	\$ <u>19,974</u>	\$ <u>94,629</u>

TOWN OF HAPPY VALLEY-GOOSE BAY
Notes to the Financial Statements
December 31, 2015

9. 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		2020
Capacity (years):		
Used to date		35
Remaining		<u>4</u>
Total		39
Percent utilized		89.74%
Liability based on percentage	\$	<u>224,359</u>

10. 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 2015. The Town manages its interest risk on long-term debt by obtaining loans with fixed interest rates.

11. 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.

12. Commitments

The Town is committed to making future payments on an operating lease for equipment in:
2016 - \$93,643.

13. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

TOWN OF HAPPY VALLEY-GOOSE BAY
Revenues

Schedule 1

(Note 13)

Year ended December 31	2015	2014
Taxation		
Property	\$ 4,785,270	\$ 4,631,666
Business	939,728	929,349
Water and sewerage	1,962,228	1,953,392
Utility	380,073	349,636
Penalties and interest	131,283	155,426
	<u>\$ 8,198,582</u>	<u>\$ 8,019,469</u>
Sale of Goods and Services		
Recreational and cultural services	\$ 196,595	\$ 292,641
Service levies	8,639	6,675
Equipment hire	41,125	56,012
Garbage collection and disposal fee	927,307	329,764
	<u>\$ 1,173,666</u>	<u>\$ 685,092</u>
Grants and transfers		
Government of Canada		
Capital grants	\$ 1,253,997	\$ 251,431
Other federal revenue	802,666	810,743
Government of Newfoundland and Labrador		
Municipal operating grant	281,719	281,719
Capital grants	2,275,834	1,061,439
Province's portion of debt charges	366,434	395,718
Gas tax receipts	-	160,792
	<u>\$ 4,980,650</u>	<u>\$ 2,961,842</u>
Investment income		
Interest from investments	\$ 13,561	\$ 21,698
Other revenue		
Licences and permits	\$ 78,693	\$ 70,045
Fines	5,089	8,264
Rentals	-	900
Contributed capital tangible assets from developers	-	2,144,082
Sale of real estate held for sale	-	9,038
Other	105,958	122,281
	<u>\$ 189,740</u>	<u>\$ 2,354,610</u>

See accompanying notes to the financial statements

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

Schedule 2

	2015	2014
Council:		
Remuneration for councillors	\$ 171,760	\$ 86,738
Travel and supplies	<u>76,013</u>	<u>93,032</u>
	<u>247,773</u>	<u>179,770</u>
General administration:		
Salaries and benefits	1,015,587	743,518
Travel	14,927	14,244
Professional fees	384,348	338,977
Insurance	105,308	108,750
Amortization	3,171,967	3,263,361
Municipal election	3,263	189
General supplies and other expenses	<u>288,905</u>	<u>159,463</u>
	<u>4,984,305</u>	<u>4,628,502</u>
Property assessment services	<u>125,860</u>	<u>124,264</u>
Engineering services/Town development plan:		
Salaries and benefits	150,815	99,230
General supplies and expenses	<u>32,075</u>	<u>45,166</u>
	<u>182,890</u>	<u>144,396</u>
	<u>\$ 5,540,828</u>	<u>\$ 5,076,932</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

	2015	2014
Protective Services		
Fire Protection:		
Salaries and benefits	\$ 422,272	\$ 447,441
General supplies and expenses	<u>103,647</u>	<u>64,072</u>
	<u>525,919</u>	<u>511,513</u>
Animal and pest control:		
Salaries and benefits	64,393	78,123
General supplies and office expenses	<u>7,304</u>	<u>10,094</u>
	<u>71,697</u>	<u>88,217</u>
Municipal enforcement:		
Salaries and benefits	65,835	60,685
General supplies and office expenses	<u>32,607</u>	<u>8,834</u>
	<u>98,442</u>	<u>69,519</u>
	\$ 696,058	\$ 669,249
Transportation Services		
Streets, roads, sidewalks, bridges, and snow removal:		
Salaries and benefits	\$ 944,697	935,226
Equipment operating, supplies and travel	403,181	466,770
Purchased services	<u>132,151</u>	<u>42,497</u>
	<u>1,480,029</u>	<u>1,444,493</u>
Street lighting	<u>130,493</u>	<u>130,198</u>
	\$ 1,610,522	\$ 1,574,691

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

2015

2014

Environmental Health

Water supply and sewage collection and disposal:

Salaries and benefits	\$ 711,512	\$ 615,383
Professional fees	241,933	-
Water purchases	199,223	88,387
Purchased services	110,224	191,493
General supplies and expenses	<u>352,318</u>	<u>292,377</u>
	<u>1,615,210</u>	<u>1,187,640</u>

Garbage and waste collection and disposal:

Salaries and benefits	205,535	168,532
Waste removal	447,120	381,643
Purchased services	14,320	3,662
Landfill closure costs	6,411	6,411
General supplies and expenses	<u>51,378</u>	<u>55,011</u>
	<u>724,764</u>	<u>615,259</u>

\$ 2,339,974 \$ 1,802,899

Planning and Development

Planning and zoning:

Salaries and benefits	\$ 63,126	\$ 147,078
General supplies and office expenses	<u>9,505</u>	<u>60,936</u>

\$ 72,631 \$ 208,014

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Recreation and Cultural Services and Fiscal Services Expenditures
Year ended December 31

Schedule 5

2015 **2014**

Recreation and Cultural Services

Parks, playgrounds, playing fields and special events:

Salaries and benefits	\$ 300,971	\$ 353,992
Professional fees	166,430	187,721
Purchased services	84,520	2,583
General supplies and expenses	<u>131,812</u>	<u>173,085</u>
	<u>683,733</u>	<u>717,381</u>

Stadium and Curling Club:

Salaries and benefits	512,939	459,683
Purchased services	56,740	54,049
General supplies and expenses	<u>222,720</u>	<u>159,151</u>
	<u>792,399</u>	<u>672,883</u>

\$ 1,476,132 \$ 1,390,264

Fiscal Services

Interest on long-term debt	\$ 127,077	\$ 146,416
Provision for uncollectible taxes, fees, and charges	24,905	90,458
Interest on short-term borrowings	<u>196,604</u>	<u>169,210</u>
	<u>\$ 348,586</u>	<u>\$ 406,084</u>

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY

Schedule 6

Long-term Debt**Year ended December 31****2015****2014**

Newfoundland Municipal Financing Corporation:

6.375% loan, repayable in blended semi-annual instalments of \$17,620; maturing March, 2020; unsecured.	\$ 135,996	\$ 161,347
6.75% loan, repayable in blended semi-annual instalments of \$24,295; maturing March, 2018; unsecured.	110,085	149,252
6.375% loan, repayable in blended semi-annual instalments of \$16,869; maturing February, 2019; unsecured.	104,357	130,200
6.375% loan, repayable in blended semi-annual instalments of \$13,421; maturing March, 2020, unsecured.	103,590	122,900
7.75% loan, repayable in blended semi-annual instalments of \$6,456; maturing September, 2016; unsecured.	12,289	23,504
6.375% loan, repayable in blended semi-annual instalments of \$9,574; repaid in the year.	-	9,278

Royal Bank of Canada:

3.967% loan, repayable in blended monthly payments of \$19,079; maturing June, 2021; unsecured.	1,130,269	1,310,653
3.78% loan, repayable in blended semi-annual payments of \$99,458; maturing April, 2021; unsecured.	<u>979,726</u>	<u>1,137,136</u>
	\$ 2,576,312	\$ 3,044,270

The provincial government's share of the above debt is \$1,446,042 (2014 - \$1,733,736).

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

2016	\$ 481,915
2017	491,808
2018	488,777
2019	467,312
2020	437,490
Subsequent years	209,010

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Schedule of Tangible Capital Assets
Year Ended December 31, 2015

Schedule 7

	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	2015	2014
Cost										
Opening costs	3,093,662	21,264,979	3,277,627	78,318	56,003	22,595,355	48,282,562	2,332,476	98,980,982	95,187,077
Additions during the year	-	881,927	1,882,943	-	-	-	59,400	3,951,964	6,776,234	6,039,266
Transfers during the year	-	-	-	-	-	-	-	(1,778,326)	(1,778,326)	(1,992,835)
Deposals and write downs	-	-	-	-	-	-	-	-	-	(252,526)
Closing costs	<u>3,093,662</u>	<u>22,146,906</u>	<u>5,160,570</u>	<u>78,318</u>	<u>56,003</u>	<u>22,595,355</u>	<u>48,341,962</u>	<u>4,506,114</u>	<u>103,978,890</u>	<u>98,880,882</u>
Accumulated Amortization										
Opening accum'd amortization	-	3,000,436	2,863,039	75,818	-	12,589,410	15,704,484	-	34,233,187	31,222,352
Amortization	-	549,459	189,576	883	-	928,270	1,503,779	-	3,171,967	3,263,361
Deposals and write downs	-	-	-	-	-	-	-	-	-	(252,526)
Closing accum'd amortization	-	<u>3,549,895</u>	<u>3,052,615</u>	<u>76,701</u>	-	<u>13,517,680</u>	<u>17,208,263</u>	-	<u>37,405,154</u>	<u>34,233,187</u>
Net Book Value of Tangible Capital Assets	<u>3,093,662</u>	<u>18,597,011</u>	<u>2,107,955</u>	<u>1,617</u>	<u>56,003</u>	<u>9,077,675</u>	<u>29,133,699</u>	<u>4,506,114</u>	<u>66,573,736</u>	<u>64,747,785</u>

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY
Statement of Operations by Program
Year Ended December 31, 2015

Schedule 8

	General Government*		Protective Services		Transportation Services		Environmental Health Services	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE								
Taxation	\$ 8,199,582	\$ 8,019,469	-	-	-	-	-	-
Sales of goods and services	1,173,666	685,092	-	-	-	-	-	-
Grants and transfers	4,614,216	2,566,124	-	-	-	-	-	-
Investment income	13,561	21,698	-	-	-	-	-	-
Other revenue	189,740	2,354,610	-	-	-	-	-	-
Total revenue	14,189,765	13,646,993	-	-	-	-	-	-
EXPENSES								
Personnel services	1,338,162	929,486	552,500	566,249	944,697	935,226	917,047	783,915
Contract services	615,515	571,991	-	-	132,151	42,497	1,012,820	665,185
Utilities	-	-	-	-	130,493	130,198	-	-
Maintenance materials and supplies	396,993	297,661	143,558	83,000	403,181	466,770	403,696	347,388
Grants and contributions	-	-	-	-	-	-	-	-
Amortization	3,171,967	3,263,361	-	-	-	-	-	-
Interest on long term debt	-	-	-	-	-	-	-	-
Other	18,180	14,433	-	-	-	-	6,411	6,411
Total expenses	5,540,828	5,076,932	696,058	669,249	1,610,522	1,574,691	2,339,974	1,802,899
Surplus (Deficit)	\$ 8,648,937	\$ 8,570,061	(696,058)	(669,249)	(1,610,522)	(1,574,691)	(2,339,974)	(1,802,899)

* 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, 2015

Schedule 8 (cont'd)

	Planning and Development		Recreation and Cultural Services		Fiscal Services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE								
Taxation	-	-	-	-	-	-	8,198,582	8,019,469
Sales of goods and services	-	-	-	-	-	-	1,173,866	685,092
Grants and transfers	-	-	-	-	366,434	395,718	4,980,850	2,961,842
Investment income	-	-	-	-	-	-	13,561	21,698
Other revenue	-	-	-	-	-	-	189,740	2,354,610
Total revenue	-	-	-	-	366,434	395,718	14,568,199	14,042,711
EXPENSES								
Personnel services	63,126	147,078	813,910	813,675	-	-	4,829,442	4,195,629
Contract services	-	-	307,690	244,353	-	-	2,068,176	1,524,026
Utilities	-	-	-	-	-	-	130,493	130,198
Maintenance materials and supplies	9,505	60,936	354,532	332,236	-	-	1,711,465	1,587,991
Grants and contributions	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	3,171,967	3,263,361
Interest on long term debt	-	-	-	-	127,077	146,416	127,077	146,416
Other	-	-	-	-	221,509	259,668	246,110	280,512
Total expenses	72,631	208,014	1,476,132	1,380,264	348,586	406,084	12,084,731	11,128,133
Surplus (Deficit)	(72,631)	(208,014)	(1,476,132)	(1,380,264)	17,848	(10,366)	2,471,468	2,914,578

See accompanying notes to the financial statements

TOWN OF HAPPY VALLEY-GOOSE BAY

Schedule 9

Consolidated Details and Reconciliation to Core Government Results
Year Ended December 31, 2015

	Core Government		Controlled Entities		Government Partnerships		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE								
Taxation	8,198,582	8,019,469	-	-	-	-	8,198,582	8,019,469
Sales of goods and services	1,173,666	685,092	-	-	-	-	1,173,666	685,092
Grants and transfers	4,980,650	2,961,842	-	-	-	-	4,980,650	2,961,842
Investment income	13,561	21,698	-	-	-	-	13,561	21,698
Other revenue	189,740	2,354,610	-	-	-	-	189,740	2,354,610
Total revenue	14,556,199	14,042,711	-	-	-	-	14,556,199	14,042,711
EXPENSES								
Personnel services	4,629,442	4,195,629	-	-	-	-	4,629,442	4,195,629
Contract services	2,068,176	1,524,026	-	-	-	-	2,068,176	1,524,026
Utilities	130,493	130,198	-	-	-	-	130,493	130,198
Maintenance materials and supplies	1,711,465	1,587,891	-	-	-	-	1,711,465	1,587,891
Amortization	3,171,967	3,263,361	-	-	-	-	3,171,967	3,263,361
Interest on long term debt	127,077	146,416	-	-	-	-	127,077	146,416
Other	246,110	280,512	-	-	-	-	246,110	280,512
Total expenses	12,084,731	11,128,133	-	-	-	-	12,084,731	11,128,133
Surplus (Deficit)	2,471,468	2,914,578	-	-	-	-	2,471,468	2,914,578

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, 2015**

	<u>Financial Plan</u>	<u>Amortization (TCA)</u>	<u>Interest Expense</u>	<u>Transfers</u>	<u>PSAB Budget</u>
REVENUE					
Taxation	9,140,605	-	-	(775,000)	8,365,605
Sales of goods and services	440,000	-	-	-	440,000
Grants and transfers	6,583,006	-	-	775,000	7,358,006
Investment income	10,000	-	-	-	10,000
Other revenue	289,500	-	-	-	289,500
Transfers from accumulated surplus	3,217,146	-	-	(3,217,146)	-
Total revenue	<u>19,680,257</u>	<u>-</u>	<u>-</u>	<u>(3,217,146)</u>	<u>16,463,111</u>
EXPENSES					
General government services	6,038,310	3,263,361	-	-	9,301,671
Protective services	335,075	-	-	-	335,075
Transportation services	786,360	-	-	-	786,360
Environmental health services	1,137,810	-	-	-	1,137,810
Regional planning and development	12,500	-	-	-	12,500
Recreation and cultural services	348,450	-	-	-	348,450
Fiscal services:					
Transfer to authorized reserves	2,199,885	-	(2,199,885)	-	-
Capital expenditures	7,572,102	(7,572,102)	-	-	-
Debt charges	1,249,765	-	(1,194,765)	-	55,000
Total expenses	<u>19,680,257</u>	<u>(4,308,741)</u>	<u>(3,394,650)</u>	<u>-</u>	<u>11,976,866</u>
Surplus (Deficit)	<u>-</u>	<u>4,308,741</u>	<u>3,394,650</u>	<u>(3,217,146)</u>	<u>4,486,245</u>

See accompanying notes to the financial statements