CITY OF MOUNT PEARL Consolidated Financial Statements Year Ended December 31, 2015

HARRIS RYAN

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Statement of Responsibility

The accompanying consolidated financial statements and all other information contained in this Annual Report are the responsibility of the management of the City of Mount Pearl. The consolidated financial statements have been prepared by management in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Association of Chartered Professional Accountants of Canada.

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

Council of the City of Mount Pearl has met with management and its external auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.

Harris Ryan, Chartered Professional Accountants, the City of Mount Pearl's appointed external auditors, have audited the accompanying consolidated financial statements. The Auditor's Report is addressed to the Mayor and members of City Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly, the consolidated financial position and results of operations of the City of Mount Pearl in accordance with Canadian generally accepted accounting principles.

Randy Simms Mayor October 4, 2016 Jason Silver, FCPA, FCA Director of Corporate Services



INDEPENDENT AUDITOR'S REPORT

His Worship the Mayor and Councillors City of Mount Pearl

We have audited the accompanying consolidated financial statements of the City of Mount Pearl, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of City of Mount Pearl as at December 31, 2015 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

St. John's, Newfoundland and Labrador October 4, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

Harris Ryan

Consolidated Statement of Financial Position

Year ended December 31

rear ended December 31	2015	2014
Financial Assets		
Current		
Cash and investments	\$ 4,374,383	\$ 2,419,899
Receivables (note 3)	9,547,198	5,149,321
Provincial government financing grants receivable	-	89,371
	13,921,581	7,658,591
Liabilities		
Current		
Payables and accruals (note 4)	10,767,114	7,862,279
Current portion of long term debt (note 5)	1,684,911	9,222,347
	12,452,025	17,084,626
Long term debt (note 5)	33,647,515	20,731,797
Unfunded pension liability (note 6)	1,128,685	1,354,422
Accrued post-retirement benefits (note 7)	4,297,000	4,098,900
Accrued employee benefits (note 8)	2,006,804	2,039,895
Accrued early retirement pension benefit (note 9)	521,314	559,623
	54,053,343	45,869,263
Net Debt	40,131,762	38,210,672
Non-Financial Assets		
Tangible capital assets (note 10)	175,113,541	167,632,649
Inventories, at estimated cost	888,677	993,106
Long-term receivables (note 3)	1,106,759	952,710
Prepaid expenses	802,997	1,047,388
	177,911,974	170,625,853
Non-Financial Liabilities Deferred capital contributions (note 11)	34,526,595	32,103,019
Accumulated Surplus	\$ <u>103,253,617</u>	\$ <u>100,312,162</u>

Commitments (note 12)

On behalf of Council

Randy Simms, Mayor

Jason Silver, Director of Corporate Services

Consolidated Statement of Changes in Net Debt

Year ended December 31

1 041 011404 2 000111001 2 1		2015					
The state of the s	Actual	Actual Budget			Actual Budget		
Annual (surplus) deficit	\$(2,941,455)	\$2,091,847	\$_(4,214,165)				
Acquisition of capital assets	15,338,503	33,102,198	11,096,942				
Amortization of capital assets Disposals of capital assets	(7,599,993) (2,438,066)	(7,078,000)	(7,078,798) (2,230,510)				
Accumulated amortization on disposals of capital assets	2,180,448		1,846,080				
	7,480,892	26,024,198	3,633,714				
(Usage) acquisition of supplies inventories	(104,429)	-	(55,732)				
Advances (repayment) on long-term receivable	154,049	-	(26,250)				
Acquisition (usage) of prepaid expenses	(244,391)	2,030,000	534,163 3,405,697				
Amortization of deferred capital contributions Acquisition of deferred capital contributions	5,446,354 (7,869,930)	(18,377,159)	(3,052,751)				
	(2,618,347)	(16,347,159)	805,127				
Increase (decrease) in net debt	1,921,090	11,768,886	224,676				
Net debt, beginning of year	38,210,672	38,210,672	37,985,996				
Net debt, end of year	\$ <u>40,131,762</u>	\$ <u>49,979,558</u>	\$38,210,672				

City of Mount Pearl Consolidated Statement of Operations

Year ended December 31

		2014	
A SAME AS CASH SECURIOR SAME AS A SAME A SAME AS A SAME	Actua	Actual Budget	
Revenue			
Taxation and utility fees (note 13)	\$ 41,301,291	\$ 40,947,850	\$ 40,948,923
Grants from other governments	2,327,330	2,226,490	396,980
Sales of goods and services	2,337,194	2,011,727	1,717,716
Other revenue from own sources	1,157,511	1,017,700	936,892
Developer donated assets	3,801,978	=	1,314,356
Net revenues from land sales (note 14)	119,000	-	12,000
Grants in lieu of taxes	<u>16,606</u>	16,607	16,606
Total revenue	_51,060,910	46,220,374	45,343,473
Expenditures			
Interest on long-term debt	1,529,006	2,257,622	1,198,221
Transportation services	15,465,270	15,201,113	13,819,657
General government services	4,752,909	4,853,906	3,932,654
Protective services	5,846,668	5,685,149	5,456,023
Recreational services	9,627,559	9,077,625	7,324,697
Environmental health services	9,357,333	9,495,380	7,552,686
Planning and development	1,499,865	1,741,426	1,465,526
Loss on disposal of tangible capital assets	40,845		379,844
Total expenditures	48,119,455	48,312,221	41,129,308
Annual surplus (Deficit)	2,941,455	(2,091,847)	4,214,165
Accumulated surplus, beginning of year	100,312,162	100,312,162	96,097,997
Accumulated surplus, end of year	\$ <u>103,253,617</u>	\$ <u>98,220,315</u>	\$ <u>100,312,162</u>

City of Mount Pearl Consolidated Statement of Cash Flows

Year ended December 31

Year ended December 31		2015		2014
Cash derived from (applied to)				
Operating activities				
Annual surplus	\$	2,941,455	\$	4,214,165
Add non-cash items				
Amortization of tangible capital assets		7,599,993		7,078,798
Amortization of deferred capital contributions		(5,446,354)		(3,405,697)
Accrued unfunded pension liability		(225,737)		(925,378)
Accrued post-retirement benefits		198,100		198,100
Accrued employee benefits		(33,091)		16,957
Accrued early retirement pension benefit		(38,309)		(113,088)
Loss on disposal of tangible capital assets	_	40,845	_	379,844
		5,036,902		7,443,701
Change in non-cash working capital				
Receivables		(4,397,877)		(293,150)
Provincial government financing grants receivable		89,371		170,547
Inventories		104,429		55,732
Long-term receivables		(154,049)		26,250
Prepaid expenses		244,391		(534,163)
Payables and accruals		2,904,835		(3,724,422)
rayaoros ana aconado		3,828,002		3,144,495
			_	
Financing activities				
Proceeds of long term debt		15,000,000		15,000,000
Repayment of long term debt	S	(9,621,718)	-	<u>(8,308,755</u>)
	_	5,378,282	_	6,691,245
Capital activities				
Acquisition of tangible capital assets		(15,338,503)		(11,096,942)
Proceeds on disposal of capital assets		216,773		4,586
Receipt of deferred capital contributions		7,869,930		3,052,751
Receipt of deferred capital continuations	_	(7,251,800)	-	(8,039,605)
	-	(7,231,800)	-	(8,039,003)
Increase (decrease) in cash and cash equivalents		1,954,484		1,796,135
Cash, beginning of year	_	2,419,899	_	623,764
Cash, end of year	\$_	4,374,383	\$_	2,419,899

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

1. Status of the City of Mount Pearl

The City of Mount Pearl is a municipal government that was incorporated in 1955 pursuant to the Province of Newfoundland and Labrador's Municipalities Act. The municipality was granted city status in 1988 pursuant to the passing of The City of Mount Pearl Act in the provincial legislature. The City provides or funds municipal services such as fire, public transportation, public works, community services programming, library, recreation and general government operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared to conform with generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA") and reflect the following significant accounting policies:

a) The reporting entity

The reporting entity includes the accounts and financial activities of organizations which are controlled by the City of Mount Pearl ("the City"). These organizations are accountable to Council for the administration of their financial affairs.

The financial position and results of operations of the following organizations that are controlled by the City have been included in the City's consolidated financial statements.

Arena Board of Management for the Glacier Arena Admiralty House Museum & Archives

b) Purchased services

The City has agreements in place for the purchase of certain municipal services provided on a regional basis including; public transit services, regional fire services, landfill services, the supply of potable water and wastewater treatment services. These services are billed to the City on a cost of supply or consumption basis and are provided by the following organizations:

St. John's Regional Fire Department
St. John's Regional Water Authority
St. John's Transportation Commission
Robin Hood Bay Solid Waste Treatment Facility
Riverhead Wastewater Treatment Facility

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

2. Significant Accounting Policies (continued)

c) Basis of accounting

The consolidated financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. The City recognizes government transfers for capital projects in accordance with PS 3410.26. As such, capital grant revenues are deferred and amortized to income on the same basis as the amortization of the underlying assets which the capital grant was expended to acquire.

d) Cash and investments (bank indebtedness)

Cash and investments (bank indebtedness) includes cash on hand, cash on deposit, bank indebtedness and short-term liquid investments that are readily convertible to cash and are not subject to significant risk of changes in value. Short-term liquid investments have a maturity date of ninety days or less from the date of acquisition.

e) Inventories

Inventories held for consumption are recorded at the lower of estimated cost and replacement value. Allowances have been made for unusable and obsolete parts.

f) Post-employment benefits

The City offers a post-employment benefit package to retired employees and retired elected officials. The benefits provided include life insurance, accidental death and dismemberment coverage, health care and dental benefits. The costs associated with these benefits are recorded in the financial statements on an annual basis. The estimated future liability for post-employment benefits is reported in the City's consolidated statement of financial position.

g) Pension costs

All qualified permanent employees of the City are covered by a pension plan administered by Mercer Canada Limited. Contributions to the plan are required by the employees and the City at the rate of 8.75% of regular pay for a career average plan or 9.75% of regular pay for a best five years plan. The annual contributions for pensions as well as special payments to address the current unfunded liability in the pension plan are recognized in the consolidated financial statements on an accrual basis. The total of the current unfunded liability within the pension plan has been accrued in the City's consolidated financial statements.

h) Non-financial assets

Non-financial assets include all assets of a fixed or permanent nature, claims to goods and services and consumable goods.

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

2. Significant Accounting Policies (continued)

i) Non-financial liabilities

Non-financial liabilities are comprised of the non-amortized portion of the government grants for the construction or acquisition of tangible capital assets. Due to the nature of the liability, these amounts will not be required to be repaid by the City but will be amortized at the same rate as the corresponding tangible capital asset for which they were granted until extinguished. The amortization of the non-financial liabilities is included in government grants as reported in the statement of operations.

j) Vacation and severance costs

The City accounts for severance and vacation pay on the accrual basis. Severance pay is calculated based upon unused sick leave or years of service. Entitlement to severance pay is earned after 5 years of service for management employees and 10 years of service for unionized employees and accordingly, no provision has been made for employees with less than the required years of service. The amount is payable when the employee ceases employment with the City. The accrual does not include any additional compensation which an employee may be entitled to if the City declares an employee's position redundant. Vacation pay is calculated based upon employees' unused vacation leave entitlement at year end.

k) 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.

Government grants received towards the construction or acquisition cost of tangible capital assets are deferred and amortized, at the same rate as the corresponding tangible capital asset which was acquired. The amortization of the capital grant is included in government grants as reported in the statement of operations.

Assets under construction are not amortized until the asset is put into use.

Land and land improvements are not amortized.

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

2. Significant Accounting Policies (continued)

k) Tangible capital assets (continued)

The cost of tangible capital assets is amortized on a straight line basis over the estimated useful lives as follows:

General Tangible Capital Assets

Buildings	40	years
Vehicles	5	years
Machinery and heavy equipment	15	years
Computer hardware	4	years
Computer software	5	years
Office furniture and equipment	10	years
Recreation equipment	5 to 20	years

Infrastructure Assets

Water	and	sewer
vv atci	and	30 44 01

Underground networks Culverts, dams and detention ponds	35 to 75 35 to 50	•
Transportation		
Road surface	12 to 20	years
Road bed	30	years
Sidewalks, curbs and gutters	30	years
Traffic lights	20	years

l) Bonding

As required by Section 89 of The City of Mount Pearl Act, we report that all employees whose duties include collecting, receiving and depositing of cash are bonded.

m) Use of estimates

The preparation of financial statements in conformity with 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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

3.	Receivables
Э.	Receivables

		2015		2014
Taxes and rates receivable	\$	1,729,187	\$	1,471,062
Interest on arrears		58,100		51,075
Accounts receivable		1,118,795		886,507
Capital works funding receivable		7,062,310		3,060,154
Other receivables	_	728,736	_	665,751
		10,697,128		6,134,549
Long-term receivables		(1,106,759)		(952,710)
Less: Allowance for doubtful accounts	_	(43,171)	-	(32,518)
	\$_	9,547,198	\$_	5,149,321

Taxes and rates receivable at December 31, 2015 were \$1,729,187 increased from \$1,471,062 at December 31, 2014. Of these receivables, \$226,461 (2014: \$139,272) has been outstanding for one year or longer.

Long-term Receivables

Long-term receivables are comprised of interest free loans due from the Mount Pearl Soccer Association, Campia Gymnastics and the Mount Pearl Men's Softball Association for the construction of recreation facilities.

Mount Pearl Soccer Association

Repayable in 80 quarterly installments of \$8,750 payable by		
March 1 st , June 1 st , September 1 st and December 1 st of each year,		
commencing June 1, 2014. The remaining principle balance of		
\$7,960 is payable upon maturity.	\$ 646,710	\$ 681,710

Campia Gymnastics

Repayable in 25 annual installments, commencing December 31 st ,		
2016	207,116	-

Mount Pearl Men's Softball Association

built I earl with a Soltban Association		
Repayable in 15 annual installments of \$18,067 payable by February 28 th of each year, commencing February 28 th , 2015.	252,933	271,000
	\$_1,106,759	\$ 952,710

Notes to the Consolidated Financial Statements Year ended December 31, 2015

4.	Payables and Accruals	2015	2014
	Trade payables Other accruals Deferred revenue	\$ 7,321,320 2,935,228 510,566 \$ 10,767,114	\$ 4,575,239 2,789,677 497,363 \$ 7,862,279
5.	Long Term Debt CIBC	2015	2014
	4.23% bank loan, repayable in monthly principal and interest instalments of \$24,417, maturing November 2016	\$ 260,373	\$ 533,154
	Prime less 1.21% revolving demand credit line with interest only payments payable monthly	-	8,000,000
	Royal Bank		
	5.28% bank loan, repayable in monthly principal and interest instalments of \$80,546, maturing June 2023	5,975,173	6,607,987
	5.16% bank loan, repayable in monthly principal and interest instalments of \$89,100, maturing June 2038	14,406,880	14,723,632
	0.39% banker's acceptance loan combined with a 2.48%, 25 year interest rate swap, repayable monthly principal and interest instalments of \$70,000, maturing April 2040	14,690,000	-
	Newfoundland Municipal Financing Corporation		
	Loans with rates of interest ranging from 6.375% to 6.750%, repayable in equal semi-annual instalments with maturity terms up to 2015		89,371
	Less: Current portion	35,332,426 (1,684,911)	29,954,144 (9,222,347)
		\$ <u>33,647,515</u>	\$ <u>20,731,797</u>

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

5. Long Term Debt (continued)

Estimated principal repayments on long term debt over the next five years are as follows:

2015	\$ 1,684,911
2016	\$ 1,490,248
2017	\$ 1,559,841
2018	\$ 1,633,473
2019	\$ 1,709,306

6. Unfunded Pension Liability

The City maintains a defined benefit pension plan ("the Plan") which provides pension benefits to both management and unionized employees. The Plan is a multi-employer plan administered by Newfoundland and Labrador Municipal Employee Benefits Inc. The Plan is equally funded by participating employers and members.

For years of service prior to December 31, 2012, on retirement, on or after the normal retirement age, the retiree will receive a lifetime benefit representing 2% of the average earnings of the best five consecutive years prior to retirement, multiplied by the number of years of Plan membership up to December 31, 2012. This pension benefit was frozen as of December 31, 2012.

Commencing January 1, 2013 the pension plan benefit calculation has been modified such that, for years of service after January 1, 2013, participants over the age of 50 at January 1, 2013 could enroll in a retirement plan in which the retirement benefit will be calculated on a career average basis or a new best five years plan. Participants under the age of 50 at January 1, 2013 were enrolled in the new best five years plan.

Under the career average plan, on retirement, on or after the normal retirement age, the retiree will receive a lifetime benefit representing 2% of the career average earnings of the years subsequent to January 1, 2013 to retirement, multiplied by the number of years of Plan membership after January 1, 2013.

Under the new best five years plan, for years of service commencing on January 1, 2013, on retirement, on or after the normal retirement age, the retiree will receive a lifetime benefit representing 2% of the average earnings of the best five consecutive years prior to retirement, multiplied by the number of years of Plan membership subsequent to January 1, 2013.

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

6. Unfunded Pension Liability (continued)

Normal retirement age under both Plans is 60 years of age. Early retirement is permitted at any time after age 50 on a reduced pension. The pension reduction is calculated at ½ of 1% for each month that early retirement precedes normal retirement age. On January 1st of each year after retirement, retirement benefits in the career average plan are adjusted by the percentage change in the Consumer Price Index up to a maximum increase of 6% per year. On January 1st of each year after retirement, retirement benefits in the best five years plan are adjusted by 85% of the percentage change in the Consumer Price Index up to a maximum increase of 6% per year.

During the year ended December 31, 2015 the City contributed \$1,774,560 (2014: \$1,292,806) to the Plans. Since January 1st, 2013 the City and the members are each contributing 9.75% of regular earnings to the best five years plan or 8.75% of regular earnings to the career average plan. The City is also contributing special payments in an effort to retire the current unfunded liability. During the year ended December 31, 2015 the City contributed special payments of \$225,732 (2014: \$225,737) to the Plans.

The last actuarial valuation of the plan was calculated as of December 31st, 2015. The next actuarial valuation is scheduled to be calculated for the year ended December 31st, 2016.

7. Accrued Post Retirement Benefits

The City provides an extension of AD&D and life insurance benefits coverage and health care and dental benefits to employees and elected officials who retire from the Municipality. Life insurance and AD&D coverage is provided to a maximum of \$30,000. Health care and dental benefits provided to retirees are similar to those of active employees. The accrued liability recorded in the City's financial statements is as follows:

		2015		2014		Expense
Life and AD&D benefits Health benefits Dental benefits	\$	24,700 3,514,400 757,900	\$	23,800 3,349,600 725,500	\$ _	900 164,800 32,400
	\$_	4,297,000	\$_	4,098,900	\$_	198,100

Significant assumptions used in benefit calculations:

Retirement age	60
Discount rate	5.00%
Annual rate of increase in Retiree health care costs	4.00%
Annual rate of increase in Retiree dental costs	3.00%

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

8. Accrued Employee Benefits

The City provides severance benefits to employees upon the cessation of employment. Employees become eligible for severance benefits following five years of service from the date of commencement of employment. The amount of the severance benefit is calculated as the number of completed years of service or the remaining unused sick leave credits, up to a maximum of 24 weeks pay.

All severance is calculated and recorded in the financial statements during the year it is earned.

	2015	2014
Accrued severance benefit Accrued vacation benefit	\$ 1,708,616 	\$ 1,713,390 326,505
	\$ <u>2,006,804</u>	\$ <u>2,039,895</u>

9. Accrued Early Retirement Pension Benefit

Prior to July 1st, 1999, the City's pension plan ("the Old Plan") established a normal retirement age of 65. Subsequent to July 1st, 1999 the City's pension plan ("the New Plan") established a normal retirement age of 60. Pursuant to an agreement dated November 19th, 2003, the City agreed to reimburse retirees for any penalties calculated on the Old Plan benefits arising from retirement prior to attaining age 65 but subsequent to attaining age 60. To be eligible to receive the early retirement benefit an employee must continue to be employed by the City up until the attainment of age 60. Retirement prior to age 60 or resignation from employment with the City will result in the forfeiture of this benefit.

Notes to the Consolidated Financial Statements Year ended December 31, 2015 City of Mount Pearl

10. Tangible Capital Assets

				2014 General Capital Assets	Capital Assets			
	Land	Buildings	Vehicles & Equip	Playing Surfaces & Trails	Computer Hardware Software	Recreation Equipment	Office Furniture	Totals
Cost, Jan 1 st Additions Disposals	\$ 9,763,122 38,930	\$ 41,930,582 36,386,830	\$ 15,762,166 170,024 (68,069)	\$ 5,451,335	\$ 1,098,209 102,750 (55,659)	\$ 3,754,157 797,030 (110,20 <u>5</u>)	\$ 322,322 33,445 (8,080)	\$ 78,081,893 37,747,288 (242,013)
Cost, Dec 31st	9,802,052	78,317,412	15,864,121	5,669,614	1,145,300	4,440,982	347,687	115,587,168
Accumulated amortization, Jan 1 st Amortization Disposals		8,877,591	8,315,413 1,054,590 (68,069)	1,669,525 240,182	673,372 154,577 (55,65 <u>9</u>)	1,236,050 267,511 (109,142)	144,514 34,837 (8,080)	20,916,465 3,347,630 (240,95 <u>0</u>)
Accumulated amortization, Dec 31st		10,473,524	9,301,934	1,909,707	772,290	1,394,419	171,271	24,023,145
Net Book Value, Dec 31st	\$ 9,802,052	\$ 9,802,052 \$ 67,843,888	\$ 6,562,187	\$_3,759,907	\$ 373,010	\$_3,046,563	\$176,416	\$ 91,564,023

City of Mount Pearl

Notes to the Consolidated Financial Statements Year ended December 31, 2015

10. Tangible Capital Assets (continued)

			2(2014 Infrastructure Assets	ire Assets		
	Roads Curbs & Sidewalks	Traffic Lights	Work in Progress	Water & Wastewater Networks	Pumping & Lift Stations	Tools & Equipment	Total
Cost, Jan 1 st Additions Disposals	\$ 63,500,939 3,142,958 (1,765,961)	\$ 2,714,067	\$ 37,308,554 9,986,033 (42,465,704)	\$ 61,447,351 2,662,440 (222,536)	\$ 701,641	\$ 2,951,755 14,200	\$ 168,624,307 15,815,358 (44,454,201)
Cost, Dec 31st	64,877,936	2,714,067	4,828,883	63,887,255	711,368	2,965,955	139,985,464
Accumulated amortization, Jan 1 st Amortization Disposals	35,836,399 2,384,470 (1,501,919)	1,245,156		23,701,473 1,014,109 (103,211)	411,607 25,262	596,165	$61,790,800\\3,731,168\\ (1,605,130)$
Accumulated amortization, Dec 31st	36,718,950	1,352,508	1	24,612,371	436,869	796,140	63,916,838
Net Book Value, Dec 31st	\$ 28,158,986	\$_28,158,986 \$_1,361,559	\$_4,828,883	\$_39,274,884	\$274,499	\$ 2,169,815	\$_76,068,626

Notes to the Consolidated Financial Statements Year ended December 31, 2015 City of Mount Pearl

10. Tangible Capital Assets (continued)

				2015 General Capital Assets	apital Assets			
	Land	Buildings	Vehicles & Equip	Playing Surfaces & Trails	Computer Hardware Software	Recreation Equipment	Office Furniture	Totals
Cost, Jan 1 st Additions Disposals	\$ 9,802,052 382,400	\$ 78,317,412 128,595	\$ 15,864,121 2,530,154 (2,041,264)	\$ 5,669,614 85,803 (175,530)	\$ 1,145,300 70,182 (123,64 <u>8</u>)	\$ 4,440,982 169,791 (44,216)	\$ 347,687 12,673 (29,588)	\$115,587,168 3,379,598 (2,414,246)
Cost, Dec 31 st	10,184,452	78,446,007	16,353,011	5,579,887	1,091,834	4,566,557	330,772	116,552,520
Accumulated amortization, Jan 1 st Amortization Disposals		10,473,524 2,053,171	9,301,934 998,554 (1,796,951)	1,909,707 249,962 (166,676)	772,290 147,170 (122,58 <u>1)</u>	1,394,419 314,594 (41,286)	171,271 35,344 (29,134)	24,023,145 3,798,795 (2,156,628)
Accumulated amortization, Dec 31st		12,526,695	8,503,537	1,992,993	796,879	1,667,727	177,481	25,665,312
Net Book Value, Dec 31st	\$ 10,184,452	\$ 65,919,312	\$ 7,849,474	\$ 3,586,894	\$294,955	\$ 2,898,830	\$ 153,291	\$ 90,887,208

City of Mount Pearl Notes to the Consolidated Financial Statements

Year ended December 31, 2015

10. Tangible Capital Assets (continued)

			2(2015 Infrastructure Assets	re Assets		
	Roads Curbs & Sidewalks	Traffic Lights	Work in Progress	Water & Wastewater Networks	Pumping & Lift Stations	Tools & Equipment	Total
Cost, Jan 1 st Additions Disposals	\$ 64,877,936 70,989	\$ 2,714,067 46,117	\$ 4,828,883 11,797,440 (225,665)	\$ 63,887,255	\$ 711,368	\$ 2,965,955 270,024 (23,820)	\$ 139,985,464 12,184,570 (249,485)
Cost, Dec 31st	64,948,925	2,760,184	16,400,658	63,887,255	711,368	3,212,159	151,920,549
Accumulated amortization, Jan 1 st Amortization Disposals	36,718,950 2,426,289	1,352,508		24,612,371 1,028,080	436,869 24,189	796,140 217,979 (23,820)	63,916,838 3,801,198 (23,820)
Accumulated amortization, Dec 31st	39,145,239	1,457,169	1	25,640,451	461,058	990,299	67,694,216
Net Book Value, Dec 31st	\$_25,803,686	\$ 25,803,686 \$ 1,303,015	\$_16,400,658	\$ 16,400,658 \$ 38,246,804 \$ 250,310 \$ 2,221,860	\$250,310	\$_2,221,860	\$_84,226,333

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

11. Deferred Capital Contributions

In accordance with PS 3410.26, capital contributions from the Province of Newfoundland and Labrador for cost shared projects are not recorded as revenues when received nor when they become receivable. The provincial portion of cost shared projects is deferred and amortized at the same rate and on the same basis as the underlying asset that was acquired or constructed. The amortization of the capital contribution is included in government grants in the City's financial statements.

2015 2014

Deferred capital grants

\$ 34,526,595 \$ 32,103,019

2015

12. Commitments and Contractual Obligations

The City has commitments under long term leases and other agreements for office equipment, communication and maintenance services requiring payments as follows:

2016	\$ 34,643
2017	18,382
2018	18,382
2019	15,797
2020	6,215

Leases and service agreements are renewed or replaced as they expire. Several leases and service agreements are currently up for renewal but have not been finalized to date. Accordingly, the continuing annual commitment is not likely to be less than \$50,000.

13. Taxation and Utility Fees

	2015	2014
Residential property tax	\$ 14,889,019	\$ 14,907,255
Residential water and wastewater fees	6,080,050	6,026,400
Commercial property tax	7,153,437	7,028,219
Commercial business tax	9,291,937	9,226,184
Commercial water and wastewater fees	2,036,445	1,944,917
Cable and utility tax	1,654,533	1,622,468
Waste management fees	195,870	193,480
	\$ <u>41,301,291</u>	\$ <u>40,948,923</u>

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

14. Net Revenues from Land Sales

The City developed land parcels within Donovans Business Park and sold the developed parcels to commercial enterprises to foster the expansion of the business base within the City. All parcels within Donovans Business Park have now been sold. Future land sale revenues will be reduced to miscellaneous and partial parcels within the City. The gross sales revenues are as follows:

	2015	2014
Land sales revenues	\$ 119,000	\$ 12,000

15. Schedule of Expenditure by Object

		2015	2014
	Actual	Budget	Actual
		30.	
Purchased services	\$ 18,886,748	\$ 18,435,447	\$ 16,620,186
Salaries and employee benefits	15,797,722	16,060,604	13,395,238
Amortization of tangible capital assets and			
deferred government grants	7,599,993	7,078,000	5,049,404
Supplies and parts	2,564,807	2,625,994	2,624,553
Debt and financing charges	1,529,006	2,284,522	1,198,221
Loss on disposal of tangible capital assets	40,845	-	379,844
Professional services	997,385	932,263	1,141,832
Grants and subsidies	564,671	677,351	605,859
Professional development	138,278	218,040	114,171
-			
	\$ <u>48,119,455</u>	\$ <u>48,312,221</u>	\$ <u>41,129,308</u>

16. Budget

In accordance with The City of Mount Pearl Act, council must adopt a financial plan for each fiscal year 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 City of Mount Pearl has modified its financial plan to present a budget that is consistent with the scope and accounting principles used to report actual results. The budget figures reported in these consolidated financial statements have been approved by council.

The reconciliation between the City's cash based financial plan and the PSAB accrual based budget figures reported in these consolidated financial statements is disclosed in Schedule C - Reconciliation of the Cash Based Financial plan to the Budget.

Notes to the Consolidated Financial Statements

Year ended December 31, 2015

17. Financial Instruments

a) Fair values

The City's financial instruments are comprised of cash and investments, receivables, payables and accruals and deferred grant revenue. The fair value of these financial instruments approximate their carrying amount due to their short-term nature.

The fair value of long-term debt is based on rates currently available to the City with similar terms and maturities and approximates its carrying value.

It is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments.

b) Credit risk

The City is exposed to credit related losses in the event of non-performance by counterparties to the financial instruments. Credit exposure is minimized by dealing only with credit worthy counterparties.

City of Mount Pearl Schedule A

Consolidated Schedule of Revenues

Year ended December 31, 2015

	2015	2014
Taxation		
Residential property tax	\$ 14,889,019	\$ 14,907,255
Residential water and wastewater fees	6,080,050	6,026,400
Commercial property tax	7,153,437	7,028,219
Commercial business tax	9,291,937	9,226,184
Commercial water and wastewater fees	2,036,445	1,944,917
Cable and utility tax	1,654,533	1,622,468
Waste management fees	195,870	193,480
	41,301,291	40,948,923
Sales of goods and services		
Rental income	119,766	119,766
Recreation fees	2,189,571	1,553,897
Planning and development fees	5,300	23,400
Engineering fees	19,337	18,088
Bulk garbage fees	3,220	2,565
	2,337,194	1,717,716
Other revenues from own sources		
Investment income	142,911	86,545
Interest on taxes	186,382	174,121
Compliance letter fees	51,450	47,850
Tax certificate fees	74,300	72,300
Business permits	192,296	240,154
Local improvement assessments	203,553	95,970
Residential occupancy permits	55,741	55,797
Contractor's permits and licensing	18,407	25,808
Traffic fines	51,358	37,892
Other revenues	166,587	-
Animal control fees	8,126	1,464
Taxi licensing	2,640	3,195
Transportation fees	3,760	95,796
	1,157,511	936,892

Schedule A

Consolidated Schedule of Revenues

Year ended December 31, 2015

	2015	2014
Grants from other governments		
Government of Canada		
Special projects grants	92,827	121,155
Government of Newfoundland and Labrador		
Cost shared grants	2,117,620	184,441
Financing grant	89,372	89,372
Other grants	27,511	2,012
Grants from other governments	2,327,330	396,980
Other revenues		
Developer donated assets	3,801,978	1,314,356
Net revenues from land sales (note 14)	119,000	12,000
Grants in lieu of taxes	16,606	16,606
	3,937,584	1,342,962
Consolidated revenues	\$ <u>51,060,910</u>	\$ <u>45,343,473</u>

Schedule B

Consolidated Schedule of Expenses Year ended December 31, 2015

				_
		2015	20	14
Transportation services				
Transportation administration	\$	1,764,756	\$ 1,688,8	02
Snow removal		2,323,001	2,095,5	04
Fleet		2,783,339	2,692,2	44
Roads and streets		2,481,098	2,629,4	02
Public transit		1,553,448	1,541,99	96
Traffic and street lights		1,081,090	1,121,9	59
Amortization	_	3,478,538	2,049,7	50
	_	15,465,270	13,819,6	57
General government services				
Council and administration		1,730,545	821,3	18
Finance		1,090,917	1,028,7	
Human resources		634,764	836,0	
Information technology		798,118	759,4	
Amortization		235,999	226,4	
Other general government services	_	262,566	260,5	81
	_	4,752,909	3,932,6	554
Protective services				
Fire protection		4,993,868	4,688,5	99
Municipal enforcement		733,565	640,6	91
Animal control		104,062	108,9	80
Emergency response preparedness		13,299	15,8	90
Other protective services	_	1,874	1,8	<u>63</u>
	-	5,846,668	5,456,0	123
Environmental health services				
Water and waste water		6,562,676	4,998,4	174
Garbage disposal		1,211,016	1,179,7	
Amortization		1,580,200	1,369,7	
Other environmental services	_	3,441	4,7	
	-	9,357,333	7,552,6	<u> 86</u>

Schedule B

Consolidated Schedule of Expenses Year ended December 31, 2015

	2015	2014
Recreational services		
Recreation administration	747,150	768,552
Healthy living program	480,572	424,482
Swimming pool	890,091	715,429
Glacier	1,225,243	1,180,745
Summit / Reid Centre	1,977,124	989,173
Kenmount Park Community Centre	136,366	86,101
Museum	99,014	48,403
Legion	29,250	26,223
Library	20,659	27,318
Parks	906,092	1,030,679
Youth development	278,884	213,094
Community events	242,443	224,442
Amortization	2,293,717	1,385,622
Other recreation services	300,954	204,434
	9,627,559	7,324,697
Planning and development		
Planning and zoning	1,272,402	1,133,962
Economic development	107,289	182,826
Community marketing	108,635	130,902
Amortization	11,539	17,836
	1,499,865	1,465,526
Fiscal services		
Interest on long term debt	1,529,006	1,198,221
Loss on disposal of tangible capital assets	40,845	379,844
	1,569,851	1,578,065
Consolidated expenses	\$ <u>48,119,455</u>	\$ <u>41,129,308</u>

City of Mount Pearl Schedule C

Reconciliation of the Cash Based Financial Plan to the PSAB Budget Year ended December 31, 2015

Consolidated PSAB Totals	\$ 40,947,850 2,226,490 2,011,727 1,017,700 16,607	\$\frac{46,220,374}{2,257,622}\$ 15,201,113 4,853,906 5,685,149 9,077,625 9,495,380 1,741,426
Debt Payments & Reserves	1 1111	(1,789,571) - (27,637) - - 13,586,094
Amortization		3,460,000 225,000 1,780,000 1,595,000 18,000
Other Government Grants	1,793,000	- (237,000) - 18,377,159
Capital Fund Adjustments		- 429,135 47,895 - 297,465 158,850 72,590 (34,108,133)
Arena Board of Mgmt	\$ - 175,000 1,025,000	1,200,000
Admiralty House	\$ - 82,470 18,050	100,520
City of Mount Pearl	\$ 40,947,850 176,020 vices 968,677 1,017,700	43,126,854 4,047,193 11,311,978 4,608,648 5,685,149 5,936,640 7,741,530 1ent 1,650,836 1d 2,144,880 \$ 43,126,854
	Revenues Taxation Grants from other governments Sales of goods and services Own source revenues Grants in lieu of taxes	Expenditures Debt servicing Transportation General government Protective services Recreational services Environmental health Planning and development Transfers to capital fund

Consolidated Reconciliation to Core Government Results Year ended December 31, 2015 City of Mount Pearl Schedule D

	S	Core	Controlled	olled	
	Gove	Government	Entities	ies	Total
	2015	2014	2015	2014	2015 2014
Revenues					
Taxation	\$ 41,301,291	\$ 40,948,923	-	∽	\$ 41,301,291 \$ 40,948,923
Sales of goods and					
services	1,373,898	732,077	963,296	985,639	2,337,194 1,717,716
Grants and transfers	2,305,941	396,980	21,389		2,327,330 396,980
Investment income	142,911	86,545		•	142,911 86,545
Own source revenues	1,014,600	850,347	•	1	1,014,600 850,347
Other revenues	3,937,584	1,342,962	1	1	3,937,584 1,342,962
	50,076,225	44,357,834	984,685	985,639	51,060,910 45,343,473
Expenditures					
Personnel services	15,014,572	12,677,683	783,150	717,555	15,797,722 13,395,238
Contract services	16,358,630	14,058,269	271,015	211,612	16,629,645 14,269,881
Utilities	1,957,339	2,042,324	299,764	307,981	2,257,103 2,350,305
Materials and supplies	2,539,036	2,613,009	25,771	11,544	7
Grants and contributions	564,671	605,859	•	1	564,671 605,859
Interest on long-term debt	t 1,529,006	1,198,221		1	1,529,006 1,198,221
Amortization	7,598,450	5,048,481	1,543	923	•
Professional services	997,385	1,141,832	•	•	997,385 1,141,832
Professional development	t 132,957	108,158	5,321	6,013	138,278 114,171
Loss on disposal of					
tangible capital assets	40,845	379,844	1		40,845 379,844
	46,732,891	39,873,680	1,386,564	1,255,628	48,119,455 41,129,308
Surplus (Deficit)	\$_3343,334 \$_4484,154	\$ 4,484,154	\$ (401,879)	\$	\$_2,941,455 \$_4,214,165

City of Mount Pearl Schedule E Consolidated Statement of Operations by Program Year ended December 31, 2015

	Ge	General	Protective	ive	Transportation	tation	Environmental Health	tal Health
	Gover	Government	Services	es	Services	ses	Services	ses
	2015	2014	2015	2014	2015	2014	2015	201
Revenues Taxation	\$ 32.988.926 \$ 32.590.486	\$ 32.590.486	€	~	ı ∽	ı ∽	\$ 8,312,365 \$	8,358,437
Sales of goods and								
Services	119,766	119,766	•	•	5,900	18,088	16,657	2,565
Grants and transfers	96,905	322,817	1	1	1,571,614	į	129,059	1
Investment income	•	•	•	1	•	1	•	•
Own source revenues	461,998	294,271	59,484	39,356	3,759	95,796	•	
Other revenues	3,937,584	1,342,962	1			t	•	1
	37,605,176	34,670,302	59,484	39,356	1,581,273	113,884	8,458,081	8,361,002
Expenditures								
Personnel services	2,509,855	1,528,618	809,100	736,124	4,806,996	4,669,513	1,705,552	1,554,324
Contract services	879,038	820,560	5,027,737	4,714,907	3,618,534	3,323,188	5,726,480	4,245,614
Utilities	237,353	229,804	i	1	1,234,805	1,432,651	•	•
Materials and supplies	98,213	99,994	5,672	4,992	1,845,440	1,930,964	341,660	378,263
Grants and contributions	266,325	264,958	Ĭ	ĩ	ı	•	i	•
Interest on long-term debt	tc	1	•	•	1	1	•	1
Amortization	235,999	226,477	ı	i	3,478,538	2,049,750	1,580,200	1,369,719
Professional services	437,606	700,020	1	ì	467,269	395,853	3,441	4,766
Professional development	nt 88,520	62,223	4,159	Ĭ	13,688	17,738	1	•
Loss on disposal of								
tangible capital assets				1	1	•		1
	4,752,909	3,932,654	5,846,668	5,456,023	15,465,270	13,819,657	9,357,333	7,552,686
Surplus (Deficit)	\$ <u>32,852,267</u> \$ <u>30,737,648</u>	\$ 30,737,648	\$_(5,787,184)	\$_(5,416,667)	\$ <u>(13,883,997)</u>	\$(13,705,773)	\$(899,252)	\$ 808,316

City of Mount Pearl
Schedule E

Consolidated Statement of Operations by Program Year ended December 31, 2015

	Planni	Planning and	Recreation	ıtion	Fiscal	al		
	Develo	Development	Services	ices	Services	ices		Total
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues								r I
Taxation	↔	· •	· •	· ↔	€	€	\$ 41.301.291	\$ 40 948 923
Sales of goods and								
Services	5,300	23,400	2,189,571	1,553,897	•	,	2,337,194	1717716
Grants and transfers	15,679		514,076	74.163	•	1	2 327 330	396 980
Investment income	1	1			142,911	86.545	142 911	86 545
Own source revenues	479,883	417,729	9,476	3,195		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1.014.600	850.347
Other revenues		1				•	3,937,584	1,342,962
	500,862	441,129	2,713,123	1,631,255	142,911	86,545	51,060,910	45,343,473
Expenditures								
Personnel services	1,308,720	1,273,433	4,657,499	3,633,226	1	•	15.797.722	13.395.238
Contract services	77,833	108,927	1,300,023	1,056,685	1	•	16,629,645	14.269.881
Utilities	•	•	784,945	687,850	•	•	2,257,103	2,350,305
Materials and supplies	12,197	21,178	261,625	189,162	i	•	2,564,807	2,624,553
Grants and contributions	2,000	5,500	293,346	335,401	•	•	564,671	605,859
Interest on long-term debt		•	ī	•	1,529,006	1,198,221	1.529,006	1.198,221
Amortization	11,539	17,836	2,293,717	1,385,622	•		7,599,993	5,049,404
Professional services	79,412	23,320	9,657	17,873	1	í	997,385	1,141,832
Professional development		15,332	26,747	18,878	•	1	138,278	114,171
Loss on disposal of								
tangible capital assets		1	I	•	40,845	379,844	40,845	379,844
	1,499,865	1,465,526	9,627,559	7,324,697	1,569,851	1,578,065	48,119,455	41,129,308
Surplus (Deficit)	\$ (1,024,397)	\$ (1,024,397)	\$ (6,914,436)	\$ (5,693,442)	\$ (1,426,940)	\$ (1,491,520)	\$ 2,941,455	\$ 4,214,165