



Financial Statements

Town of Gander

December 31, 2015

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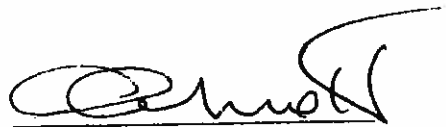
Statement of Responsibility

The accompanying financial statements are the responsibility of the management of the Town of Gander (the "Town") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the 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.

The Council of the Town 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 Town'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 tests 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 Town in accordance with Canadian generally accepted accounting principles.



Cyril Abbott, Deputy Mayor



Gary Brown, Treasurer

Independent auditors' report

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To the Mayor and Members of Council of the
Town of Gander

We have audited the accompanying financial statements for the Town of Gander which is comprised of the statement of financial position as at December 31, 2015, and the 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 Financial Statements

It is the responsibility of the management of the Town of Gander to ensure the accompanying financial statements have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. It is also Management's responsibility to ensure appropriate systems of internal and administrative controls are maintained 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.

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. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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 financial statements present fairly, in all material respects, the financial position of the Town of Gander as at December 31, 2015 and the results of its operations, changes in net debt 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 15 to the financial statements, which explains that certain comparative information for the year ended December 31, 2014, has been restated.

Gander, Canada

February 8, 2017

Grant Thornton LLP

Chartered Professional Accountants

Town of Gander

Statement of Financial Position

December 31

2015

2014

Restated
(Note 15)**Financial Assets**

Cash – gas tax account	\$ 1,058,773	862
Receivables (Note 4)	4,565,496	3,826,373
Employee loans and advances	1,190	1,584
Real estate properties held for sale	8,324	8,324
	<u>5,633,783</u>	<u>3,837,143</u>

Liabilities

Bank indebtedness	23,707	46,867
Demand loan (Note 12)	4,245,000	2,325,000
Payables and accruals (Note 5)	3,556,568	4,282,369
Payable to NLHC (Note 14)	453,430	557,439
Employee future benefits		
Accrued vacation	125,736	134,131
Accrued severance (Note 11)	804,962	767,762
Accrued sick pay (Note 11)	372,227	339,496
Deferred revenue (Note 6)	1,464,546	919,217
Long-term debt (Note 7)	11,246,475	8,781,910
Other liabilities	84,622	121,077
	<u>22,377,273</u>	<u>18,275,268</u>

Net Debt (16,743,490) (14,438,125)

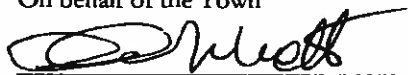
Non-Financial Assets

Tangible capital assets (Schedule 1)	53,212,661	48,205,413
Land held for resale (Note 14)	906,859	1,114,878
Capital projects in progress	5,879,882	4,882,121
Inventories for use (Note 13)	235,897	258,458
Prepaid expenses	86,526	145,536
	<u>60,321,825</u>	<u>54,606,406</u>

Accumulated Surplus \$ 43,578,335 \$ 40,168,281

Contingent liabilities (Note 8)

On behalf of the Town



Deputy Mayor



Town Clerk

See accompanying notes to the financial statements

Town of Gander

Statement of Operations

Year ended December 31	Budget 2015 (Note 10)	Actual 2015	Actual 2014 Restated (Note 15)
Revenue			
Taxation	\$ 12,640,000	\$ 12,706,781	\$ 12,150,491
Sales of goods and services	1,166,400	923,325	951,513
Grants and transfers	2,907,457	2,836,756	3,938,098
Investment income	10,000	17,181	31,792
Other revenue	<u>10,000</u>	<u>3,108,405</u>	<u>134,292</u>
Total revenue (Schedules 2 and 4)	<u>16,733,857</u>	<u>19,592,448</u>	<u>17,206,186</u>
Expenses			
General Government services	2,941,228	2,952,661	2,957,221
Protective services	1,913,144	1,939,542	1,786,190
Transportation services	4,352,412	4,937,055	4,216,649
Environmental health services	3,653,319	3,592,989	3,613,502
Regional planning and development	468,159	437,147	500,478
Recreation and cultural services	2,002,216	2,018,017	2,044,392
Fiscal services	<u>887,659</u>	<u>304,984</u>	<u>1,642,723</u>
Total expenses (Schedules 3 and 4)	<u>16,218,137</u>	<u>16,182,395</u>	<u>16,761,155</u>
Annual Surplus	<u>\$ 515,720</u>	<u>\$ 3,410,053</u>	<u>\$ 445,031</u>

Accumulated surplus, beginning of year			
As previously stated	\$	40,168,281	\$ 39,077,518
Prior period adjustment (Note 15)		<u>-</u>	<u>645,732</u>
As restated		40,168,281	39,723,250
Annual surplus		<u>3,410,053</u>	<u>445,031</u>
Accumulated surplus, end of year	\$	<u>43,578,334</u>	<u>\$ 40,168,281</u>

See accompanying notes to the financial statements

Town of Gander

Statement of Changes in Net Debt

Year ended December 31	Budget 2015 (Note 10)	Actual 2015	Actual 2014 Restated (Note 15)
Annual Surplus	<u>\$ 515,720</u>	<u>\$ 3,410,053</u>	<u>\$ 445,031</u>
Acquisition of tangible capital assets	(8,731,411)	(8,731,411)	(3,528,810)
Amortization of tangible capital assets	3,616,281	3,616,281	3,434,200
Loss on sale of tangible capital assets	-	107,881	1,885
Loss on sale of land held for resale	-	104,011	88,293
Proceeds from sale of tangible capital assets	-	-	28,268
Proceeds from sale of land held for resale	-	104,010	88,293
Increase in capital projects in progress	-	(997,761)	(3,931,561)
Decrease (increase) in inventories	-	22,561	(51,847)
Decrease in prepaids	-	59,010	3,126
	<u>(5,115,130)</u>	<u>(5,715,418)</u>	<u>(3,868,153)</u>
Change in net debt	(4,599,410)	(2,305,365)	(3,423,122)
Net debt			
Beginning of year	<u>(13,880,686)</u>	<u>(14,438,125)</u>	<u>(11,015,003)</u>
End of year	<u>\$ (18,480,096)</u>	<u>\$ (16,743,490)</u>	<u>\$ (14,438,125)</u>

See accompanying notes to the financial statements

Town of Gander

Statement of Cash Flows

December 31	2015	2014 Restated (Note 15)
Operating		
Annual surplus	\$ 3,410,053	\$ 445,031
Amortization	3,616,281	3,434,200
Loss on sale of land held for sale	104,011	88,293
Loss on sale of tangible capital assets	<u>107,881</u>	<u>1,885</u>
	7,238,226	3,969,409
Changes in		
Receivables	(739,123)	(703,052)
Employee loans and advances	394	421
Payables and accruals	(725,801)	2,392,537
Employee future benefits	61,536	44,283
Deferred revenue	545,329	(221,503)
Other liabilities	(36,455)	(94,638)
Inventories for use	22,561	(51,847)
Prepaid expenses	<u>59,010</u>	<u>3,126</u>
Cash provided from operating transactions	<u>6,425,677</u>	<u>5,338,736</u>
Financing		
Demand loan	1,920,000	1,425,000
Payable to NLHC	(104,009)	(88,293)
Proceeds from long-term debt	4,132,250	2,084,675
Principal repayment of long-term debt	<u>(1,667,685)</u>	<u>(1,504,802)</u>
Cash provided for financing transactions	<u>4,280,556</u>	<u>1,916,580</u>
Capital transactions		
Acquisition of tangible capital assets	(8,731,411)	(3,528,810)
Proceeds from sale of tangible capital assets	-	28,268
Proceeds from sale of land held for resale	104,010	88,293
Increase in capital projects in progress	<u>(997,761)</u>	<u>(3,931,561)</u>
Cash applied to capital transactions	<u>(9,625,162)</u>	<u>(7,343,810)</u>
Increase (decrease) in cash	1,081,071	(88,494)
Cash		
Beginning	<u>(46,005)</u>	42,489
Ending	<u>\$ 1,035,066</u>	<u>\$ (46,005)</u>

See accompanying notes to the financial statements

Town of Gander

Notes to the Financial Statements

December 31, 2015

1. Status of the Town of Gander

The incorporated Town of Gander is a municipal government that was incorporated in 1958 pursuant to the Province of Newfoundland and Labrador's Municipalities Act. The Municipality provides or funds municipal services such as fire, public works, parks and recreation, library, tourism and other general government operations.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by CPA Canada Public Sector Accounting Board (PSAB) and reflect the following significant accounting policies.

Basis of consolidation

The Town has no controlled entities or government partnerships and as such the financial statements are not consolidated.

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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdrafts). Bank borrowings are considered to be financing activities.

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.

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 annual deficit, provides the change in net debt for the year.

Town of Gander

Notes to the Financial Statements

December 31, 2015

2. Summary of significant accounting policies (continued)

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 and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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	25 to 40 years
Vehicles and equipment	
Vehicles	5 years
Machinery, equipment and furniture	5 to 15 years
Maintenance and road construction equipment	10 years
Computer hardware and software	4 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	5 to 20 years
Road grade	30 years
Traffic lights and equipment	10 to 15 years
Water and sewer	
Land	Indefinite
Land improvements	50 years
Buildings	25 to 40 years
Underground networks	15 to 100 years
Machinery and equipment	15 years

Donated and contributed assets

Donated and contributed assets are capitalized at their estimated fair value at the date of acquisition. Works of art for display in municipal property have not been included in capital assets. Certain assets have been disclosed at a nominal value if historical cost is not available and a determination of fair value is not appropriate or possible for the asset.

Leases

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

Impairment of long-lived assets

Long lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired fixed assets are recorded at fair value, determined principally using discounted future cash flow expected from their use and eventual disposition.

Town of Gander

Notes to the Financial Statements

December 31, 2015

2. Summary of significant accounting policies (continued)

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services in transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

Severance and sick pay liability

An accrued liability for severance is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after ten years of continuous service. An estimate for the provision of employees with less than ten years of service has been determined by actuarial analysis.

An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

Actuarial gains or losses are being amortized to the liability and the related expense straight-line over the expected average remaining service life of the employee group.

Inventories

Inventories held for sale are recorded at the lower of cost and net realizable value.

Inventories held for consumption are recorded at cost.

Average costing method is used.

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured. Property tax billings are prepared by the Town based on assessed values of the respective property. Tax rates are approved annually by Council.

Government grants and transfers are recognized as revenue in the financial period in which the events give rise to the transfer occurring, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined.

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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. Items requiring significant estimates include the useful life of tangible capital assets, rates of amortization, impairment of assets and allowances for doubtful accounts, accrued sick pay and accrued severance.

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. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Town of Gander

Notes to the Financial Statements

December 31, 2015

3. Sufficiency of Bonds

Fidelity bond coverage of \$50,000 is carried on all staff having positions of trust and this coverage is considered to be adequate.

4. Receivables	<u>2015</u>	<u>2014</u>
Property tax	\$ 1,880,969	\$ 1,908,370
Business tax	348,107	287,803
HST rebate	251,620	142,081
Other	<u>3,731,806</u>	<u>2,688,368</u>
	6,212,501	5,026,622
Less allowance for doubtful receivables	<u>(1,647,006)</u>	<u>(1,200,249)</u>
	<u>\$ 4,565,496</u>	<u>\$ 3,826,373</u>

5. Payables and accruals	<u>2015</u>	<u>2014</u>
Trade payables	\$ 3,405,476	\$ 4,039,420
Accrued interest	36,929	41,539
Accrued wages		
Regular	96,158	185,795
Overtime	<u>18,005</u>	<u>15,615</u>
	<u>\$ 3,556,568</u>	<u>\$ 4,282,369</u>

6. Deferred revenue	<u>2015</u>	<u>2014</u>
Trailway relocation	\$ 22,766	\$ 22,766
Grading deposits	32,500	57,500
Pledged lot sales in trust	17,176	107,026
Landscaping deposits	70,766	53,466
Subdivision development fee deposits	28,179	47,493
Gas tax	1,064,896	384,445
Cooper Boulevard funding	125,938	125,938
Youth centre funding	-	22,053
Land lease	26,063	22,268
Loan payment from province	62,201	62,201
Freedom Village recreation fee	8,798	8,798
Elizabeth Drive sidewalk	<u>5,263</u>	<u>5,263</u>
	<u>\$ 1,464,546</u>	<u>\$ 919,217</u>

Town of Gander

Notes to the Financial Statements

December 31, 2015

7. Long-term debt	<u>2015</u>	<u>2014</u>
Federation of Canadian Municipalities loan		
2.64% unsecured; repayable \$200,000 annually, plus interest, semi-annually, maturing February, 2018	\$ 600,000	\$ 800,000
Bank loans		
4.60% unsecured, repaid during the year	-	19,659
5.40% unsecured; repayable \$47,109 monthly, including interest, maturing August, 2016	323,710	855,944
4.87% unsecured; repayable \$1,670 monthly including interest, maturing June, 2017	28,912	47,061
4.79% unsecured, repayable \$9,989 monthly including interest, maturing March 2023	733,208	815,609
4.38% unsecured; repayable \$16,999 monthly including interest, maturing June, 2019	660,692	831,670
4.20% unsecured; repayable \$13,335 monthly including interest, maturing April, 2021	773,974	898,672
3.11% unsecured; repayable \$3,075 monthly including interest, maturing May, 2022	214,149	243,885
2.99% unsecured; repayable \$4,335 monthly including interest, maturing, May, 2023	345,658	386,694
3.08% unsecured; repayable \$4,991 monthly including interest, maturing May, 2023	384,726	431,975
3.45% unsecured; repayable \$20,567 monthly including interest, maturing May, 2024	1,800,901	1,982,371
2.10% unsecured; repayable \$26,785 monthly, including interest, maturing July 2020	4,034,592	-
Central Mortgage and Housing Corporation loans		
3.98% unsecured, repayable \$4,352 annually, including interest, maturing September, 2024	32,383	35,329
3.98% unsecured; repayable \$15,369 annually, including interest; maturing September, 2024	114,375	124,778
3.98% unsecured; repayable \$18,915 annually, including interest, maturing September, 2024	140,763	153,566
3.98% unsecured; repayable \$2,519 annually, including interest, maturing September, 2024	18,748	20,453
3.98% unsecured; repayable \$4,985 annually, including interest, maturing September, 2024	37,096	40,470
3.98% unsecured; repayable \$134,723 annually, including interest, maturing September, 2024	1,002,588	1,093,774
Newfoundland and Labrador Municipal Financing Corporation loans		
7.25% unsecured; repayable \$1,428 annually, including interest; maturing March, 2016	1,378	3,990
7.25% unsecured; repayable \$2,824 annually, including interest, maturing March, 2016	2,726	7,894
6.75% unsecured; repayable \$2,349 annually, including interest, maturing March, 2018	10,644	14,432
	<u>11,261,223</u>	<u>8,808,226</u>

Town of Gander
Notes to the Financial Statements
December 31, 2015

7. Long-term debt (cont'd)	<u>2015</u>	<u>2014</u>
Recoverable portion	<u>(14,748)</u>	<u>(26,316)</u>
	<u>\$ 11,246,475</u>	<u>\$ 8,781,910</u>

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2016	\$ 1,615,131
2017	1,318,967
2018	1,352,151
2019	1,089,004
2020	1,022,322
Thereafter	4,848,898

8. Contingent liabilities

The Town is contingently liable as guarantor of bank loans totalling \$22,991, for the Gander Curling Club.

The Town is currently operating a Class B landfill site. 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, ground water monitoring, gas management system operations, inspections and annual reports. To date the Town has not been able to estimate these costs of remediation of its landfill site and consequently no liability is reflected in the financial statements. It is the Town's understanding that the Provincial Government will provide the required funding for the remediation, which also has not been reflected in these financial statements.

Claims have been initiated against the Town by taxpayers regarding counter claims for annual local improvement assessments and/or service levies levied against their real property. The outcome of this matter is not reasonably determinable at this time. Should any loss result from the resolution of these claims, the losses will be charged to operations in the period of the resolution.

Town of Gander

Notes to the Financial Statements

December 31, 2015

9. Financial instruments

The Municipality, as part of its operations, carries a number of financial instruments. The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Municipalities' financial instruments consist of cash, accounts receivable, payables and accruals, payable to NLHC and long-term debt. Cash is classified as loans and receivables and are initially measured at fair value and subsequently at amortized cost. Payables and accruals are classified as other financial liabilities and are initially measured at fair value and subsequently at amortized cost. The carrying values of the Municipalities' financial instruments approximate the fair values. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant currency or credit risks. The Municipality is exposed to interest rate risk. The following analysis provides a measure of the Municipality's risk exposure and concentrations at December 31, 2015.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its interest-bearing liabilities including long-term debt.

The Municipality reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable during the year. In the opinion of management, the interest rate risk exposure to the company is low and not material.

10. Budget

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

The reconciliation between the Municipality's cash based financial plan and the PSAS accrual based budget figures used in these statements is disclosed in Schedule 5 – Reconciliation of the Financial Plan to the Budget.

Town of Gander

Notes to the Financial Statements

December 31, 2015

11. Employee future benefits	<u>2015</u>	<u>2014</u>
<p>Future employee benefits related to accrued severance and accrued sick obligations have been calculated based on an actuarial valuation completed on March 12, 2015. The assumptions are based on future events. The economic assumptions used in the valuation are the Town of Gander's best estimates of expected rates as follows:</p>		
Wages and salary escalation	3.75%	2.85%
Interest	3.25%	2.85%
<p>Based on actuarial valuation of the liability, at December 31, 2015 the results for sick leave are:</p>		
Accrued sick pay obligation December 31, 2014	\$ 354,121	\$ 328,399
Impact of Plan Amendment	31,986	(4,812)
Current period benefit cost	41,064	51,527
Benefit payments	(48,240)	(36,980)
Interest on the accrued benefit obligations	10,902	10,406
Actuarial losses	<u>(7,653)</u>	<u>5,581</u>
Accrued sick pay obligations at December 31, 2015	<u>\$ 382,180</u>	<u>\$ 354,121</u>
<p>Based on actuarial valuation of the liability, at December 31, 2015 the results for severance are:</p>		
Accrued benefit obligation December 31, 2014	\$ 837,044	\$ 824,180
Additional employee contract obligation	-	-
Current period benefit cost	75,823	70,571
Benefit payments	(69,119)	(101,986)
Interest on the accrued benefit obligation	23,951	25,063
Actuarial losses	<u>(32,196)</u>	<u>19,216</u>
Accrued severance obligation at December 31, 2015	<u>\$ 835,503</u>	<u>\$ 837,044</u>
<p>A reconciliation of the accrued benefit liability and the accrued benefit obligation is as follows:</p>		
Sick benefits		
Accrued benefit obligation	\$ 382,180	\$ 354,121
Unamortized actuarial losses	<u>(9,952)</u>	<u>(14,625)</u>
Accrued benefit liability December 31	<u>\$ 372,228</u>	<u>\$ 339,496</u>
Severance benefits		
Accrued benefit obligation	\$ 835,503	\$ 837,044
Unamortized actuarial losses	<u>(30,541)</u>	<u>(69,282)</u>
Accrued benefit liability December 31	<u>\$ 804,962</u>	<u>\$ 767,762</u>

Town of Gander
Notes to the Financial Statements
December 31, 2015

12. Demand loan

The town has a demand loan available with its bank. At December 31, 2015, there was \$4,245,000 (2014 - \$325,000) outstanding. The interest rate on this demand loan is prime minus 0.6%

13. Inventories for use	<u>2015</u>	<u>2014</u>
Salt	\$ 91,402	\$ 131,020
Machinery parts	58,648	34,534
Gravel	5,445	13,339
Fuel	7,889	11,712
Soda Ash	7,098	9,130
Office & Cleaning Services	11,033	7,492
Stand Pipe & rods	520	6,918
Curb Stop	4,107	5,624
Sand	3,968	4,286
Hydrants	3,125	2,854
Paint	1,164	2,845
Oils and fluids	4,324	1,869
Calcium & Lime	1,306	1,726
Chlorine	9,191	1,671
Cylinders	<u>26,677</u>	<u>23,438</u>
	<u>\$ 235,897</u>	<u>\$ 258,458</u>

14. Land held for sale

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,114,878	\$ 1,291,464
Land sold during the year	<u>208,019</u>	<u>176,586</u>
Balance, end of year	<u>\$ 906,859</u>	<u>\$ 1,114,878</u>

During 2000, Newfoundland and Labrador Housing Corporation (NLHC) transferred 154.85 hectares of land to the Town at no cost. At the time of transfer this land was valued by NLHC at \$5,005,080. The conditions of this transfer requires the Town to pay to NLHC 50% of the NLHC valuation of the applicable land sold up to a maximum of \$2,502,540. As at December 31, 2015, the balance payable to NLHC is \$453,430 (2014 - \$557,439).

Town of Gander

Notes to the Financial Statements

December 31, 2015

15. Prior period adjustment

During the year ended December 31, 2015, management determined there had been an error in the recognition of tangible capital assets and long-term debt. During the fiscal year ended December 31, 2000, NLHC transferred 154.85 hectares of land to the Town at no cost. At the time of transfer, the fair market value of this land was \$5,005,080, as determined by NLHC. The conditions of this conveyance require that the Town pay to NLHC 50% of the NLHC valuation of the applicable land sold up to a maximum of \$2,502,540.

PSAS requires that contributed capital assets be recorded at an amount equal to their fair value at the date of the contribution. In addition, the payable to NLHC meets the definition of a liability. Accordingly, land and liability to NLHC have been understated, respectively in the financial statements of the Town. The Town has corrected these errors retrospectively in these financial statements. The effect on the financial statements, as a result of this correction, was as follows:

	As Previously Stated	Correction	As Restated
Statement of financial position as at December 31, 2014			
Payable to NLHC	\$ -	\$ 557,439	\$ 557,439
Land held for resale	-	1,114,878	1,114,878
Accumulated surplus, beginning of year	39,077,518	645,732	39,723,250
Accumulated surplus, end of year	39,610,842	557,439	40,168,281
Statement of operations			
Other revenue	\$ 222,585	\$ (88,293)	\$ 134,292
Statement of changes in net debt			
Annual surplus	\$ 533,324	\$ (88,293)	\$ 445,031
Net assets (debt) beginning of year	(10,369,271)	(645,732)	(11,015,003)
Net assets (debt) end of year	(13,880,686)	(557,439)	(14,438,125)

Town of Gander

Schedule 1

Schedule of Tangible Capital Assets

Year Ended December 31

	General Capital Assets						Infrastructure		Totals
	Land	Land Improvements	Buildings	Vehicles and Equipment	Computer Hardware and Software	Roads and Streets	Water and Sewer	2015	
Cost									
Opening costs	\$ 562,848	\$ 6,014,755	\$ 22,700,779	\$ 13,006,062	\$ 433,835	\$ 33,032,678	\$ 22,127,571	\$ 97,878,528	\$ 95,015,114
Additions during the year	90,616	343,733	28,025	774,121	7,212	3,187,565	4,300,139	8,731,411	3,528,810
Disposals and write downs	-	3,107	5,508	-	-	599,567	146,398	(754,580)	(665,396)
Closing costs	653,464	6,355,381	22,723,296	13,780,183	441,047	35,620,676	26,281,312	105,855,359	97,878,528
Accumulated amortization									
Opening accumulated amortization	-	1,618,125	7,410,100	6,967,326	308,266	19,832,485	13,536,813	49,673,115	46,874,158
Amortization	-	284,933	572,313	1,055,708	43,251	1,220,015	440,061	3,616,281	3,434,200
Disposals and write downs	-	-	-	-	-	(503,771)	(142,927)	(646,698)	(635,243)
Closing accumulated amortization	-	1,903,058	7,982,413	8,023,034	351,517	20,548,729	13,833,947	52,642,698	49,673,115
Net book value of Tangible Capital Assets	\$ 653,464	\$ 4,452,323	\$ 14,740,883	\$ 5,757,149	\$ 89,530	\$ 15,071,947	\$ 12,447,365	\$ 53,212,661	\$ 48,205,413

Town of Gander

Schedule of Revenues

Schedule 2

December 31, 2015

2015

2014
Restated
(Note 15)

	2015	2014 Restated (Note 15)
Taxation		
Property tax	\$ 7,700,101	\$ 7,370,506
Business tax	1,872,930	1,691,730
Water and sewer tax	1,695,631	1,698,824
Utility tax	768,905	748,477
Grants in lieu of taxes	397,581	369,121
Penalties and interest	<u>271,633</u>	<u>271,833</u>
	<u>12,706,781</u>	<u>12,150,491</u>
Sales of goods and services		
Recreation and cultural services	489,746	452,705
Transportation services	17,891	36,673
Protective services	181,325	201,327
Other sales of goods and services	<u>234,363</u>	<u>260,808</u>
	<u>923,325</u>	<u>951,513</u>
Grants and transfers		
Government of Canada		
Capital grant	22,053	300,891
Other Federal revenue	22,210	36,088
Government of Newfoundland and Labrador		
Provincial gas tax grant	36,651	-
Municipal capital grant	2,754,102	3,601,119
Other provincial grants and/or subsidies	<u>1,740</u>	<u>-</u>
	<u>2,836,756</u>	<u>3,938,098</u>
Investment income		
Interest from investments	<u>17,181</u>	<u>31,792</u>
Other revenue		
Gain (loss) on sale of tangible capital assets	(94,415)	671
Loss on sale of land held for resale	(104,011)	(88,293)
Sale of real estate held for sale	282,189	215,777
Capital donations	3,000,901	-
Miscellaneous	<u>23,741</u>	<u>6,137</u>
	<u>3,108,405</u>	<u>134,292</u>
Total revenue	<u>\$ 19,592,448</u>	<u>\$ 17,206,186</u>

Town of Gander
Schedule of Expenditures
December 31, 2015

Schedule 3

2015 2014

General government services		
Legislative	\$ 227,580	\$ 188,199
Common	894,572	1,018,536
General administrative	<u>1,830,509</u>	<u>1,750,486</u>
	<u>2,952,661</u>	<u>2,957,221</u>
Protective services		
Fire	1,544,123	1,416,995
Animal and pest control	15,978	21,749
Municipal enforcement	307,475	276,424
Other protective services	<u>71,966</u>	<u>71,022</u>
	<u>1,939,542</u>	<u>1,786,190</u>
Transportation services		
Road, street, sidewalk maintenance	2,917,507	2,309,189
Snow removal	915,638	865,196
Street lighting	277,208	273,386
Traffic services	67,770	63,807
Other transportation services	<u>758,932</u>	<u>705,071</u>
	<u>4,937,055</u>	<u>4,216,649</u>
Environmental health services		
Water supply	2,002,147	1,972,375
Sewage collection and disposal	823,783	828,592
Garbage and waste collection disposal	<u>767,059</u>	<u>812,535</u>
	<u>3,592,989</u>	<u>3,613,502</u>
Regional planning and development		
Planning and zoning	76,808	70,590
Community improvement and development	191,656	302,188
Tourism and marketing	<u>168,683</u>	<u>127,700</u>
	<u>437,147</u>	<u>500,478</u>
Recreation and cultural services		
Recreation administration	249,870	201,191
Skating and curling rinks	832,106	848,374
Parks and playgrounds	662,957	625,660
Other recreation and cultural services	<u>273,084</u>	<u>369,167</u>
	<u>2,018,017</u>	<u>2,044,392</u>
Fiscal services		
Long-term debt interest	370,192	350,991
Interest on temporary bank loans	11,932	9,161
Provision for uncollectible taxes, fees and charges	(91,049)	1,268,953
Other debt charges	<u>13,909</u>	<u>13,618</u>
	<u>304,984</u>	<u>1,642,723</u>
Total Expenses	<u>\$ 16,182,395</u>	<u>\$ 16,761,155</u>

Town of Gander

Schedule 4

Schedule of Operations by Program

Year Ended December 31, 2015

	General Government		Protective Services		Transportation Services		Environmental Health Services	
	2015	2014	2015	2014	2015	2014	2015	2014
		Restated (Note 15)						
Revenue								
Taxation	\$ 12,706,781	\$ 12,150,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales of goods and services	230,163	260,808	181,325	201,327	17,891	36,673	-	-
Grants and transfers	36,643	109,135	-	-	1,813,985	1,305,540	720,190	1,525,162
Investment income	17,181	31,792	-	-	-	-	-	-
Other revenue	3,108,405	134,292	-	-	-	-	-	-
Total revenue	16,099,173	12,686,518	181,325	201,327	1,831,876	1,342,213	720,190	1,525,162
Expenses								
Personnel services	1,853,787	1,710,666	1,277,441	1,154,662	1,724,789	1,697,013	665,115	651,100
Contract services	412,756	432,134	3,679	4,316	40,650	1,522	3,829	2,049
Utilities	94,448	93,200	83,756	82,397	291,804	288,417	640,468	667,133
Maintenance, materials and supplies	150,519	277,380	128,484	152,815	1,221,911	668,067	463,370	428,285
Grants and contributions	6,142	3,389	-	-	-	-	-	-
Amortization	68,428	64,571	394,244	337,071	1,601,512	1,538,598	1,074,919	1,037,331
Accrued sick pay	32,732	26,357	-	-	-	-	-	-
Accrued severance pay	106,695	100,699	-	-	-	-	-	-
Interest on long term debt	-	-	-	-	-	-	-	-
Other	227,154	248,825	51,938	54,929	56,389	23,032	745,288	827,604
Total expenses	2,952,661	2,957,221	1,939,542	1,786,190	4,937,055	4,216,649	3,592,989	3,613,502
Surplus (Deficit)	\$ 13,146,512	\$ 9,729,297	\$ (1,758,217)	\$ (1,584,863)	\$ (3,105,179)	\$ (2,874,436)	\$ (2,872,799)	\$ (2,088,340)

Town of Gander

Schedule 4 (continued)

Schedule of Operations by Program

Year Ended December 31, 2015

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total		2014 Restated (Note 15)
	2015	2014	2015	2014	2015	2014	2015		
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,706,781	\$ 12,150,491	
Sales of goods and services	4,200	-	489,746	452,705	-	-	923,325	951,513	
Grants and transfers	9,028	24,769	256,910	973,492	-	-	2,836,756	3,938,098	
Investment income	-	-	-	-	-	-	17,181	31,792	
Other revenue	-	-	-	-	-	-	3,108,405	134,292	
Total revenue	13,228	24,769	746,656	1,426,197	-	-	19,592,448	17,206,186	
Expenses									
Personnel services	287,738	332,259	913,372	873,325	-	-	6,722,242	6,419,025	
Contract services	7,009	31,118	688	741	-	-	468,611	471,881	
Utilities	1,343	771	111,736	112,391	-	-	1,223,555	1,244,309	
Maintenance, materials and supplies	22,548	23,618	377,010	412,441	-	-	2,363,842	1,962,606	
Grants and contributions	69,028	59,201	59,198	148,768	-	-	134,368	211,358	
Amortization	6,359	6,359	470,816	450,270	-	-	3,616,278	3,434,200	
Accrued sick pay	-	-	-	-	-	-	32,732	26,357	
Accrued severance pay	-	-	-	-	-	-	106,695	100,699	
Interest on long-term debt	-	-	-	-	-	-	370,191	350,991	
Other	43,122	47,152	85,197	46,456	370,191	350,991	1,143,881	2,539,729	
Total expenses	437,147	500,478	2,018,017	2,044,392	304,984	1,642,723	16,182,395	16,761,155	
Surplus (Deficit)	\$ (423,919)	\$ (475,709)	\$ (1,271,361)	\$ (618,195)	\$ (304,984)	\$ (1,642,723)	\$ 3,410,053	\$ 445,031	

Town of Gander

Schedule 5

Reconciliation of Financial Plan to Budget

Year Ended December 31, 2015

	Financial Plan	Amortization (TCA)	Interest Expense	Transfers	PSAS Budget
Revenue					
Taxation	\$ 12,640,000	\$ -	\$ -	\$ -	\$ 12,640,000
Sales of goods and services	1,166,400	-	-	-	1,166,400
Grants and transfers	624,582	-	-	2,282,875	2,907,457
Investment income	10,000	-	-	-	10,000
Other revenue	10,000	-	-	-	10,000
Total revenue	<u>14,450,982</u>	-	-	<u>2,282,875</u>	<u>16,733,857</u>
Expenses					
General Government services	2,872,800	68,428	-	-	2,941,228
Protective services	1,518,900	394,244	-	-	1,913,144
Transportation services	2,750,900	1,601,512	-	-	4,352,412
Environmental health services	2,578,400	1,074,919	-	-	3,653,319
Regional planning and development	461,800	6,359	-	-	468,159
Recreation and cultural services	1,531,400	470,816	-	(15,000)	2,002,216
Fiscal services - capital expenditures	15,000	-	-	(1,834,123)	887,659
- debt charges	2,721,782	-	-	(1,849,123)	16,218,137
Total expenses	<u>14,450,982</u>	<u>3,616,278</u>	-	<u>(1,849,123)</u>	<u>16,218,137</u>
Surplus (Deficit)	\$ -	\$ (3,616,278)	\$ -	\$ 4,131,998	\$ 515,720