

TOWN OF GANDER
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS - DECEMBER 31, 2010

TOWN OF GANDER

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December 31, 2010

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TOWN OF GANDER

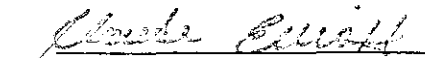
STATEMENT OF RESPONSIBILITY

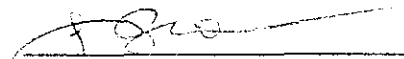
The accompanying Financial Statements are the responsibility of the management of the Town of Gander and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

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.

Walters Hoffe, Chartered Accountants, 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 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 Municipality in accordance with Canadian generally accepted accounting principles.


Claude Elliott, Mayor


Garry Brown, Treasurer

/th

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INDEPENDENT AUDITORS' REPORT

To the **Mayor and members of Council of the Town of Gander**

We have audited the accompanying financial statements of **Town of Gander** which comprise the balance sheet as at December 31, 2010, and the statement of income, statement of changes in equity and cash flow statement 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 generally accepted accounting principles, 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 entity's 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 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 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 financial statements present fairly, in all material respects, the financial position of the Town of Gander as at December 31, 2010 and its financial performance and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

June 2, 2011

TOWN OF GANDER

Statement of Financial Position

December 31, 2010

2010

2009

Financial Assets:

Cash	\$ -	570,376
Receivables (Note 5)	5,059,264	2,621,142
Employee loans and advances	3,319	3,592
Real estate properties held for resale	<u>17,768</u>	<u>18,213</u>
	<u>5,080,351</u>	<u>3,213,323</u>

Liabilities:

Due to bank on current account	388,949	107,149
Payables and accruals (Note 6)	2,274,806	709,244
Severance payable	617,159	519,242
Deferred revenue	437,730	294,293
Long-term debt (Note 7)	9,689,674	9,036,045
Other liabilities	<u>51,122</u>	<u>22,180</u>
	<u>13,459,440</u>	<u>10,688,153</u>

Net Financial Assets (Net Debt)

(8,379,089) (7,474,830)

Non-Financial Assets

Tangible capital assets (Schedule 1)	39,264,596	38,221,674
Capital projects in progress	3,930,517	1,073,246
Inventories for use	209,099	186,695
Prepaid expenses	<u>19,318</u>	<u>8,099</u>
	<u>43,423,530</u>	<u>39,489,714</u>

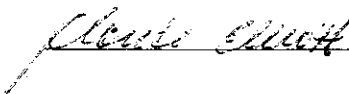
Accumulated surplus (deficit)

\$ 35,044,441 32,014,884

Contingent liabilities (Note 8)

See accompanying notes

Approved:

 Mayor

 Town Clerk

TOWN OF GANDER
Statement of Operations
Year ended December 31, 2010

	<u>2010 Budget</u>	<u>2010 Actual</u>	<u>2009 Actual</u>
Revenue:			
Taxation	\$ 9,478,500	10,249,990	9,090,333
Sales of goods and services	710,400	1,032,357	1,255,821
Grants and transfers	4,029,441	4,473,333	2,861,534
Investment income	7,500	21,213	16,415
Other revenue	<u>1,500</u>	<u>(18,422)</u>	<u>803,294</u>
Total revenue (Schedules 2 and 4)	<u>14,227,341</u>	<u>15,758,471</u>	<u>14,027,397</u>
Expenses:			
General government services	2,262,147	2,374,962	1,989,093
Protective services	1,096,778	1,024,465	1,010,085
Transportation services	3,431,125	3,409,783	3,200,647
Environmental health services	2,614,560	2,612,243	2,586,136
Regional planning and development	610,800	757,293	891,130
Recreation and cultural services	1,556,352	1,541,175	1,492,646
Fiscal services	<u>542,432</u>	<u>1,008,993</u>	<u>651,724</u>
Total expenses (Schedules 3 and 4)	<u>12,114,194</u>	<u>12,728,914</u>	<u>11,821,461</u>
Annual Surplus	2,113,147	3,029,557	2,205,936
Accumulated surplus, beginning of year	<u>32,014,884</u>	<u>32,014,884</u>	<u>29,808,948</u>
Accumulated surplus, end of year	<u>\$ 34,128,031</u>	<u>35,044,441</u>	<u>32,014,884</u>

See accompanying notes

TOWN OF GANDER

Statement of Change in Net Financial Assets (Net Debt)

Year ended December 31, 2010

	2010 Budget	2010 Actual	2009 Actual
Annual surplus (deficit)	\$ 2,113,147	3,029,557	2,205,936
Acquisition of tangible capital assets	(3,802,121)	(3,802,121)	(2,939,569)
Amortization of tangible capital assets	2,655,962	2,655,962	2,548,285
Loss on sale of tangible capital assets	-	95,138	27,816
Proceeds from sale of tangible capital assets	-	8,100	8,754
Decrease (increase) in capital projects in progress	-	(2,857,271)	(874,099)
Decrease (increase) in inventories	-	(22,404)	17,552
Decrease (increase) in prepaids	-	(11,219)	32,117
	<u>(1,146,159)</u>	<u>(3,933,815)</u>	<u>(1,179,144)</u>
Change in net financial assets	966,988	(904,259)	1,026,792
Net financial assets (net debt):			
Beginning of year	<u>(7,474,830)</u>	<u>(7,474,830)</u>	<u>(8,501,622)</u>
End of year	<u>\$(6,507,842)</u>	<u>(8,379,089)</u>	<u>(7,474,830)</u>

See accompanying notes

TOWN OF GANDER

Statement of Cash Flow

Year ended December 31, 2010

2010

2009

	2010	2009
Operating transactions:		
Annual surplus	\$ 3,029,557	2,205,936
Amortization	2,655,962	2,548,285
Loss on sale of tangible capital assets	<u>95,138</u>	<u>27,816</u>
	5,780,657	4,782,037
 Changes in non-cash items:		
Receivables	(2,438,122)	(644,121)
Employee loans and advances	273	-
Real estate properties held for resale	444	6,956
Payables and accruals	1,565,562	(261,782)
Severance payable	97,917	14,446
Deferred revenue	143,437	(139,417)
Other liabilities	28,942	(44,406)
Inventories for use	(22,404)	17,552
Prepaid expenses	<u>(11,219)</u>	<u>32,117</u>
Cash provided by operating transactions	<u>5,145,487</u>	<u>3,763,382</u>
 Capital transactions:		
Acquisition of tangible capital assets	(3,802,121)	(2,939,569)
Proceeds from sale of tangible capital assets	8,100	8,754
Decrease (increase) in capital projects in progress	<u>(2,857,270)</u>	<u>(874,099)</u>
Cash applied for capital transactions	<u>(6,651,291)</u>	<u>(3,804,914)</u>
 Financing transactions:		
Due to bank on interim financing	-	(1,305,863)
Proceeds from long-term debt	2,013,720	1,649,385
Principal repayment	<u>(1,360,092)</u>	<u>(1,162,724)</u>
Cash provided (applied) for financing transactions	<u>653,628</u>	<u>(819,202)</u>
 Increase (decrease) in cash	(852,176)	(860,734)
 Cash, beginning of year	<u>463,227</u>	<u>1,323,961</u>
 Cash, end of year	<u><u>\$ (388,949)</u></u>	<u><u>463,227</u></u>
 Cash consisting of:		
Cash	\$ -	570,376
Due to bank on current account	<u>(388,949)</u>	<u>(107,149)</u>
	<u><u>\$ (388,949)</u></u>	<u><u>463,227</u></u>

See accompanying notes

TOWN OF GANDER
Schedule of Tangible Capital Assets
Year ended December 31, 2010

	General Capital Assets					Infrastructure		Totals
	Land	Land Improvements	Buildings	Vehicles and Equipment	Computer Hardware and Software	Roads and Streets	Water and Sewer	2010
Cost								2009
Opening costs	\$ 119,715	2,148,552	15,683,473	10,285,680	183,283	29,213,435	19,196,043	76,830,181
Additions during the year	223,010	405,979	383,872	314,075	31,400	1,574,416	869,369	3,802,121
Disposals and write downs	-	(10,008)	-	(44,028)	-	(1,031,602)	(53,310)	(1,138,948)
Closing costs	<u>342,725</u>	<u>2,544,523</u>	<u>16,067,345</u>	<u>10,555,727</u>	<u>214,683</u>	<u>29,756,249</u>	<u>20,012,102</u>	<u>79,493,354</u>
Accumulated amortization								
Opening accumulated amortization	-	795,976	5,165,254	4,335,980	92,032	16,550,169	11,669,096	38,608,507
Amortization	-	112,580	401,991	705,423	44,422	1,037,928	353,618	2,655,962
Disposals and write downs	-	(10,008)	-	(39,625)	-	(939,618)	(46,460)	(1,035,711)
Closing accumulated amortization	<u>-</u>	<u>898,548</u>	<u>5,567,245</u>	<u>5,001,778</u>	<u>136,454</u>	<u>16,648,479</u>	<u>11,976,254</u>	<u>40,228,758</u>
Net book value of Tangible Capital Assets	<u>\$ 342,725</u>	<u>1,645,975</u>	<u>10,500,100</u>	<u>5,553,949</u>	<u>78,229</u>	<u>13,107,770</u>	<u>8,035,848</u>	<u>39,264,596</u>

See accompanying notes

TOWN OF GANDER

Schedule 2

Schedule of Revenues

Year ended December 31, 2010

2010

2009

Taxation:

Property tax	\$ 5,670,436	5,085,768
Business tax	1,590,199	1,474,204
Water and sewer tax	1,570,861	1,420,298
Utility tax	658,320	631,885
Grants in lieu of taxes	358,409	310,816
Penalties and interest	401,765	167,362
	<u>10,249,990</u>	<u>9,090,333</u>

Sales of goods and services:

Waste disposal fees	32,644	28,138
Recreation and cultural services	587,168	455,601
Transportation services	23,758	39,163
Protective services	142,165	143,474
Other sales of goods and services	246,622	589,444
	<u>1,032,357</u>	<u>1,255,820</u>

Grants and transfers:

Government of Canada:		
Capital grant	1,514,104	401,610
Other federal revenue	190,367	304,052
Government of Newfoundland and Labrador:		
Municipal operating grant	328,070	371,192
Municipal capital grant	1,730,624	1,401,250
Gas tax revenue	706,017	378,842
Other provincial grants and/or subsidies	4,151	4,588
	<u>4,473,333</u>	<u>2,861,534</u>

Investment income:

Interest from investments	<u>21,213</u>	<u>16,415</u>
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Other revenue:

Gain (loss) on sale of tangible capital assets	(95,138)	(27,816)
Sale of real estate held for sale	69,387	830,399
Miscellaneous	7,329	711
	<u>(18,422)</u>	<u>803,294</u>

Total Revenue

	<u>\$ 15,758,471</u>	<u>14,027,396</u>
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See accompanying notes

TOWN OF GANDER

Schedule 3

Expenditures

Year ended December 31, 2010

2010

2009

General government services:

Legislative	\$ 151,219	160,899
Common	514,638	566,803
General administrative	<u>1,709,105</u>	<u>1,261,391</u>
	<u>2,374,962</u>	<u>1,989,093</u>

Protective services:

Fire	753,417	730,022
Animal and pest control	20,471	17,283
Municipal enforcement	156,075	173,094
Other protective services	<u>94,502</u>	<u>89,686</u>
	<u>1,024,465</u>	<u>1,010,085</u>

Transportation services:

Road, street, sidewalk maintenance	2,004,069	1,806,525
Snow removal	616,102	621,685
Street lighting	244,806	230,127
Traffic services	43,683	48,672
Other transportation services	<u>501,123</u>	<u>493,638</u>
	<u>3,409,783</u>	<u>3,200,647</u>

Environmental health services:

Water supply	1,599,591	1,584,441
Sewage collection and disposal	715,325	700,915
Garbage and waste collection disposal	<u>297,327</u>	<u>300,780</u>
	<u>2,612,243</u>	<u>2,586,136</u>

Regional planning and development:

Planning and zoning	75,976	163,121
Community improvement and development	485,704	568,689
Tourism and marketing	<u>195,613</u>	<u>159,320</u>
	<u>757,293</u>	<u>891,130</u>

Recreation and cultural services:

Recreation administration	122,164	121,644
Skating and curling rinks	679,699	687,354
Parks and playgrounds	433,605	401,233
Other recreation and cultural services	<u>305,707</u>	<u>282,415</u>
	<u>1,541,175</u>	<u>1,492,646</u>

Fiscal services:

Long-term debt interest	480,164	406,710
Interest on temporary bank loans	115	-
Provision for uncollectible taxes, fees and charges	496,963	216,363
Other debt charges	<u>31,751</u>	<u>28,651</u>
	<u>1,008,993</u>	<u>651,724</u>

Total Expenses

<u>\$ 12,728,914</u>	<u>11,821,461</u>
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See accompanying notes

TOWN OF GANDER

Schedule 4

Statement of Operations by Program

Year ended December 31, 2010

	General Government		Protective Services		Transportation Services		Environmental Health Services	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue:								
Taxation	\$ 10,249,990	9,090,333	-	-	-	-	-	-
Sales of goods and services	246,622	589,444	142,165	143,474	23,758	39,164	32,644	28,138
Grants and transfers	3,558,309	1,401,674	4,151	4,589	480,183	911,293	213,340	17,234
Investment income	21,213	16,415	-	-	-	-	-	-
Other revenue	(18,422)	803,294	-	-	-	-	-	-
Total revenue	14,057,712	11,901,160	146,316	148,063	503,941	950,457	245,984	45,372
Expenses:								
Personnel services	1,416,476	1,061,665	798,280	775,310	1,252,827	1,227,262	827,429	766,958
Contract services	438,351	402,920	2,970	4,920	851	2,260	56,973	(2,004)
Utilities	80,650	81,707	36,711	38,573	252,692	243,178	517,724	534,877
Maintenance, materials and supplies	162,247	148,055	100,317	101,928	556,215	494,906	207,171	278,912
Grants and contributions	1,624	3,166	-	-	-	-	-	-
Amortization	97,047	104,534	60,578	60,785	1,335,125	1,219,182	870,560	882,765
Interest on long-term debt	-	-	-	-	-	-	-	-
Other	178,567	187,046	25,609	28,569	12,073	13,859	132,286	124,628
Total expenses	2,374,962	1,989,093	1,024,465	1,010,085	3,409,783	3,200,647	2,612,243	2,586,136
Surplus (deficit)	\$ 11,682,750	9,912,067	(878,149)	(862,022)	(2,905,842)	(2,250,190)	(2,366,259)	(2,540,764)

See accompanying notes

(Continued ...)

TOWN OF GANDER
Statement of Operations by Program
Year ended December 31, 2010

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue:								
Taxation	\$ -	-	-	-	-	-	10,249,990	9,090,333
Sales of goods and services	-	-	587,168	455,601	-	-	1,032,357	1,255,821
Grants and transfers	176,747	283,729	40,603	243,015	-	-	4,473,333	2,861,534
Investment income	-	-	-	-	-	-	21,213	16,415
Other revenue	-	-	-	-	-	-	(18,422)	803,294
Total revenue	176,747	283,729	627,771	698,616	-	-	15,758,471	14,027,397
Expenses:								
Personnel services	339,198	311,346	644,080	631,614	-	-	5,278,290	4,774,155
Contract services	63,461	144,912	337	411	-	-	562,943	553,419
Utilities	1,304	1,759	102,895	105,454	-	-	991,976	1,005,548
Maintenance, materials and supplies	80,192	33,602	347,187	358,960	-	-	1,453,329	1,416,363
Grants and contributions	239,052	344,006	119,389	54,615	-	-	360,065	401,787
Amortization	-	-	292,552	281,018	-	-	2,655,962	2,548,284
Interest on long-term debt	-	-	-	-	480,163	406,710	480,163	406,710
Other	34,087	55,505	34,735	60,574	528,829	245,014	946,186	715,195
Total expenses	757,294	891,130	1,541,175	1,492,646	1,008,992	651,724	12,728,914	11,821,461
Surplus (deficit)	\$(580,547)	(607,401)	(913,404)	(794,030)	(1,008,992)	(651,724)	3,029,557	2,205,936

See accompanying notes

TOWN OF GANDER

Schedule 5

Reconciliation of the Financial Plan to the Budget

Year ended December 31, 2010

	Financial Plan	Amortization (TCA)	Interest Expense	Transfers	PSAB Budget
Revenue:					
Taxation	\$ 9,478,500	-	-	-	9,478,500
Sales of goods and services	710,400	-	-	-	710,400
Grants and transfers	1,419,304	-	-	2,610,137	4,029,441
Investment income	7,500	-	-	-	7,500
Other revenue	1,500	-	-	-	1,500
Total revenue	11,617,204	-	-	2,610,137	14,227,341
Expenses:					
General government services	2,165,100	97,047	-	-	2,262,147
Protective services	1,036,200	60,578	-	-	1,096,778
Transportation services	2,096,000	1,335,125	-	-	3,431,125
Environmental health services	1,743,900	870,660	-	-	2,614,560
Regional planning and development	610,800	-	-	-	610,800
Recreation and cultural services	1,263,800	292,552	-	-	1,556,352
Fiscal services:					
Capital expenditures	1,179,473	-	-	(1,179,473)	-
Debt charges	2,562,000	-	-	(2,019,568)	542,432
Total expenses	12,657,273	2,655,962	-	(3,199,041)	12,114,194
Surplus	\$(1,040,069)	(2,655,962)	-	5,809,178	2,113,147

See accompanying notes

TOWN OF GANDER

Notes to the Financial Statements

December 31, 2010

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, municipal enforcement, development, tourism and other general government operations.

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 Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

(a) Consolidation

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

(b) 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.

(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 within one year of the date of the Statement of Financial Position.

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

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

TOWN OF GANDER

Notes to the Financial Statements

December 31, 2010

2. Significant accounting policies (continued):

(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 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 years
Heavy equipment	10 years
Computer hardware and software	4 years

Infrastructure Assets

Roads and streets:	
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

(f) 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.

(g) Inventories

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

Inventories held for consumption are recorded at cost

TOWN OF GANDER

Notes to the Financial Statements

December 31, 2010

2. Significant accounting policies (continued):

(h) Revenue Recognition

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

(i) Use of Estimates

The preparation of the 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. Actual results could differ from these estimates.

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

The Municipality's position in these respects was considered satisfactory.

4. 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.

5. Receivables:

	<u>2010</u>	<u>2009</u>
Property tax	\$ 2,975,202	2,258,396
Business tax	97,895	67,383
HST rebate	128,485	29,399
Other	<u>4,109,291</u>	<u>2,103,149</u>
	7,310,873	4,458,327
Less allowance for doubtful receivables	<u>(2,251,609)</u>	<u>(1,837,185)</u>
	<u>\$ 5,059,264</u>	<u>2,621,142</u>

6. Payables and accruals:

	<u>2010</u>	<u>2009</u>
Trade payable	\$ 1,920,238	405,978
Accrued interest	52,093	30,900
Accrued wages - regular	175,443	143,545
- vacation and overtime	<u>127,032</u>	<u>128,821</u>
	<u>\$ 2,274,806</u>	<u>709,244</u>

TOWN OF GANDER

Notes to the Financial Statements

December 31, 2010

7. Long-term debt:

	<u>2010</u>	<u>2009</u>
Federation of Canadian Municipalities loan:		
2.64% unsecured; repayable \$200,000 annually, plus interest semi-annually; maturing February, 2018	\$ 1,600,000	1,800,000
Bank loans:		
6.54% unsecured, repayable \$6,169 monthly, including interest; maturing April, 2012	99,974	165,133
3.88% unsecured, repayable \$10,390 monthly, including interest; maturing March, 2013	268,224	380,126
4.60% unsecured, repayable \$5,058 monthly, including interest; maturing April, 2015	237,792	286,348
7.09% unsecured, repayable \$5,092 monthly, including interest; maturing November, 2010	-	49,370
6.5% unsecured, repayable \$10,383 monthly, including interest; maturing February, 2011	20,420	139,452
5.4% unsecured, repayable \$47,109 monthly, including interest; maturing August, 2016	2,719,955	3,126,506
4.87% unsecured, repayable \$1,670 monthly, including interest; maturing June, 2017	111,443	125,676
4.79% unsecured, repayable \$9,989 monthly, including interest; maturing March, 2023	1,109,205	1,174,408
4.38% unsecured; repayable \$16,999 monthly, including interest; maturing June, 2019	1,445,499	1,582,903
3.8% unsecured; repayable \$4,089 monthly, including interest; maturing July, 2014	164,159	206,123
Central Mortgage and Housing Corporation loans:		
3.98% unsecured, repayable \$4,352 annually, including interest; maturing September, 2024	46,027	-
3.98% unsecured, repayable \$15,369 annually, including interest; maturing September, 2024	162,561	-
3.98% unsecured, repayable \$18,915 annually, including interest; maturing September, 2024	200,067	-
3.98% unsecured, repayable \$2,519 annually, including interest; maturing September, 2024	26,647	-
3.98% unsecured, repayable \$4,985 annually, including interest; maturing September, 2024	52,724	-
3.98% unsecured, repayable \$134,723 annually, including interest; maturing September, 2024	<u>1,424,976</u>	<u>-</u>
	<u>\$ 9,689,674</u>	<u>9,036,045</u> (Continued...)

TOWN OF GANDER

Notes to the Financial Statements

December 31, 2010

7. Long-term debt (continued):

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

2011	\$ 1,261,964
2012	1,249,619
2013	1,174,033
2014	1,169,473
2015	1,147,706

8. Contingent liabilities:

- (a) The Town is contingently liable as guarantor of bank loans totalling \$ 99,661, for the Gander Curling Club.
- (b) 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, groundwater 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.

9. Financial instruments:

The Municipality, as part of its operations, carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

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 PSAB. 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 PSAB 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, 2010

11. Other items:

During 2000, Newfoundland and Labrador Housing Corporation transferred 154.85 hectares of land to the Town at no cost. At the time of transfer this land was valued at \$5,005,080 by NLHC. The conditions of this transfer 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. To date \$1,713,664 has been paid to NLHC.

No value for this land or liability to NLHC has been reflected in these financial statements. As any of this land is sold net proceeds will be reflected in the Town's records in the year of sale.

12. Changes in Accounting Policies:

The Municipality has restated its financial statements to comply with the adoption of generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB).

Section PS3150 requires governments to record and amortize their tangible capital assets on their financial statement. In addition, leases, which substantially transfer all of the risks and benefits of ownership to the government, should be treated as capital leases.

	<u>2010</u>	<u>2009</u>
Opening balances:		
General operating fund surplus	\$ 32,014,884	739,465
Investment in property, plant and equipment	<u>-</u>	<u>50,161,455</u>
Opening accumulated surplus as previously reported	32,014,884	50,900,920
Adjustments to tangible capital assets	<u>-</u>	<u>(21,091,972)</u>
Opening accumulated surplus, as restated	32,014,884	29,808,948
Annual surplus	<u>3,029,557</u>	<u>2,205,936</u>
Accumulated surplus, end of year	<u>\$ 35,044,441</u>	<u>32,014,884</u>