

TOWN OF GANDER
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS - DECEMBER 31, 2011

TOWN OF GANDER

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December 31, 2011

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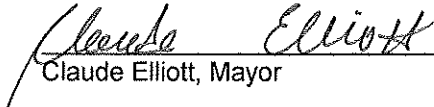
STATEMENT OF RESPONSIBILITY

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 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 (A)

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 statement of financial position as at December 31, 2011, and the statement of operations, statement of changes in net financial assets (net debt) and cash flows 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain 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, 2011 and its financial performance and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

June 14, 2012

TOWN OF GANDER

Statement of Financial Position

December 31, 2011

2011

2010

Financial Assets:

Cash	\$ 2,021,853	-
Receivables (Note 5)	3,508,725	5,059,264
Employee loans and advances	3,119	3,319
Real estate properties held for resale	<u>17,768</u>	<u>17,768</u>
	<u>5,551,465</u>	<u>5,080,351</u>

Liabilities:

Due to bank on current account	-	388,949
Payables and accruals (Note 6)	2,336,177	2,274,806
Severance payable	679,821	617,159
Deferred revenue (Note 7)	651,734	437,730
Long-term debt (Note 8)	9,671,312	9,689,674
Other liabilities	<u>86,785</u>	<u>51,122</u>
	<u>13,425,829</u>	<u>13,459,440</u>

Net Financial Assets (Net Debt)

(7,874,364) (8,379,089)

Non-Financial Assets

Tangible capital assets (Schedule 1)	45,227,821	39,264,596
Capital projects in progress	454,089	3,930,517
Inventories for use	186,438	209,099
Prepaid expenses	<u>18,612</u>	<u>19,318</u>
	<u>45,886,960</u>	<u>43,423,530</u>


Accumulated surplus (deficit)


\$ 38,012,596 35,044,441

Contingent liabilities (Note 9)

See accompanying notes

Approved:

 Mayor

 Town Clerk (A)

TOWN OF GANDER

Statement of Operations

Year ended December 31, 2011

	<u>2011 Budget</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
Revenue:			
Taxation	\$ 10,135,200	10,896,768	10,249,990
Sales of goods and services	799,600	777,147	1,032,357
Grants and transfers	2,937,830	3,152,412	4,473,333
Investment income	5,000	39,192	21,213
Other revenue	1,000	1,449,869	(18,422)
	<u>13,878,630</u>	<u>16,315,388</u>	<u>15,758,471</u>
Total revenue (Schedules 2 and 4)			
Expenses:			
General government services	2,507,752	2,432,102	2,374,962
Protective services	1,173,628	1,181,448	1,024,465
Transportation services	3,629,701	3,675,264	3,409,783
Environmental health services	2,686,733	2,518,917	2,612,243
Regional planning and development	647,440	577,004	757,293
Recreation and cultural services	1,604,227	1,736,926	1,541,175
Fiscal services	493,275	1,225,572	1,008,993
	<u>12,742,756</u>	<u>13,347,233</u>	<u>12,728,914</u>
Total expenses (Schedules 3 and 4)			
Annual Surplus	1,135,874	2,968,155	3,029,557
Accumulated surplus, beginning of year	<u>35,044,441</u>	<u>35,044,441</u>	<u>32,014,884</u>
Accumulated surplus, end of year	<u>\$ 36,180,315</u>	<u>38,012,596</u>	<u>35,044,441</u>

See accompanying notes

TOWN OF GANDER

Statement of Change in Net Financial Assets (Net Debt)

Year ended December 31, 2011

	<u>2011 Budget</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
Annual surplus (deficit)	\$ 1,135,873	2,968,155	3,029,557
Acquisition of tangible capital assets	(8,980,057)	(8,980,057)	(3,802,121)
Amortization of tangible capital assets	2,848,483	2,848,483	2,655,962
Loss on sale of tangible capital assets	-	(110,930)	95,138
Proceeds from sale of tangible capital assets	-	279,280	8,100
Decrease (increase) in capital projects in progress	-	3,476,427	(2,857,271)
Decrease (increase) in inventories	-	22,660	(22,404)
Decrease (increase) in prepaids	-	706	(11,219)
	<u>(6,131,574)</u>	<u>(2,463,431)</u>	<u>(3,933,815)</u>
Change in net financial assets	(4,995,701)	504,724	(904,258)
Net financial assets (net debt):			
Beginning of year	<u>(8,379,088)</u>	<u>(8,379,088)</u>	<u>(7,474,830)</u>
End of year	<u>\$(13,374,789)</u>	<u>(7,874,364)</u>	<u>(8,379,088)</u>

See accompanying notes

TOWN OF GANDER

Statement of Cash Flows

Year ended December 31, 2011

2011

2010

Operating transactions:

Annual surplus	\$ 2,968,155	3,029,557
Amortization	2,848,483	2,655,962
Loss on sale of tangible capital assets	(110,930)	95,138
	<u>5,705,708</u>	<u>5,780,657</u>

Changes in non-cash items:

Receivables	1,550,539	(2,438,122)
Employee loans and advances	200	273
Real estate properties held for resale	-	444
Payables and accruals	61,371	1,565,562
Severance payable	62,662	97,917
Deferred revenue	214,004	143,437
Other liabilities	35,663	28,942
Inventories for use	22,661	(22,404)
Prepaid expenses	706	(11,219)

Cash provided by operating transactions 7,653,514 5,145,487

Capital transactions:

Acquisition of tangible capital assets	(8,980,057)	(3,802,121)
Proceeds from sale of tangible capital assets	279,280	8,100
Decrease (increase) in capital projects in progress	<u>3,476,428</u>	<u>(2,857,270)</u>

Cash applied for capital transactions (5,224,349) (6,651,291)

Financing transactions:

Proceeds from long-term debt	1,095,353	2,013,720
Principal repayment	<u>(1,113,716)</u>	<u>(1,360,092)</u>

Cash provided (applied) for financing transactions (18,363) 653,628

Increase (decrease) in cash **2,410,802** **(852,176)**

Cash, beginning of year (388,949) 463,227

Cash, end of year **\$ 2,021,853** **(388,949)**

Cash consisting of:

Cash	\$ 2,021,853	-
Due to bank on current account	-	(388,949)
	<u>\$ 2,021,853</u>	<u>(388,949)</u>

See accompanying notes

TOWN OF GANDER
Schedule of Tangible Capital Assets
Year ended December 31, 2011

	General Capital Assets					Infrastructure		Totals	
	Land	Land Improvements	Buildings	Vehicles and Equipment	Computer Hardware and Software	Roads and Streets	Water and Sewer	2011	2010
Cost									
Opening costs	\$ 342,725	2,544,523	16,067,345	10,555,727	214,683	29,756,249	20,012,102	79,493,354	76,830,181
Additions during the year	28,080	230,243	4,857,617	1,490,027	88,306	1,440,027	845,757	8,980,057	3,802,121
Disposals and write downs	-	(12,575)	(119,856)	(57,254)	-	(606,531)	(29,386)	(825,602)	(1,138,948)
Closing costs	<u>370,805</u>	<u>2,762,191</u>	<u>20,805,106</u>	<u>11,988,500</u>	<u>302,989</u>	<u>30,589,745</u>	<u>20,828,473</u>	<u>87,647,809</u>	<u>79,493,354</u>
Accumulated amortization									
Opening accumulated amortization	-	898,548	5,567,245	5,001,778	136,454	16,648,479	11,976,254	40,228,758	38,608,507
Amortization	-	138,520	465,565	719,587	56,028	1,080,883	387,900	2,848,483	2,655,962
Disposals and write downs	-	(12,574)	(105,373)	(57,254)	-	(452,667)	(29,385)	(657,253)	(1,035,711)
Closing accumulated amortization	-	<u>1,024,494</u>	<u>5,927,437</u>	<u>5,664,111</u>	<u>192,482</u>	<u>17,276,695</u>	<u>12,334,769</u>	<u>42,419,988</u>	<u>40,228,758</u>
Net book value of Tangible Capital Assets	<u>\$ 370,805</u>	<u>1,737,697</u>	<u>14,877,669</u>	<u>6,324,389</u>	<u>110,507</u>	<u>13,313,050</u>	<u>8,493,704</u>	<u>45,227,821</u>	<u>39,264,596</u>

See accompanying notes

TOWN OF GANDER

Schedule 2

Schedule of Revenues

Year ended December 31, 2011

2011

2010

Taxation:

Property tax	\$ 6,112,100	5,670,436
Business tax	1,696,111	1,590,199
Water and sewer tax	1,631,881	1,570,861
Utility tax	647,253	658,320
Grants in lieu of taxes	365,388	358,409
Penalties and interest	444,035	401,765
	<u>10,896,768</u>	<u>10,249,990</u>

Sales of goods and services:

Waste disposal fees	39,656	32,644
Recreation and cultural services	380,831	587,168
Transportation services	41,174	23,758
Protective services	158,006	142,165
Other sales of goods and services	157,480	246,622
	<u>777,147</u>	<u>1,032,357</u>

Grants and transfers:

Government of Canada:		
Capital grant	741,017	1,514,104
Other federal revenue	72,043	190,367
Government of Newfoundland and Labrador:		
Municipal operating grant	360,877	328,070
Municipal capital grant	1,333,706	1,730,624
Gas tax revenue	644,769	706,017
Other provincial grants and/or subsidies	-	4,151
	<u>3,152,412</u>	<u>4,473,333</u>

Investment income:

Interest from investments	<u>39,192</u>	<u>21,213</u>
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Other revenue:

Gain (loss) on sale of tangible capital assets	112,380	(95,138)
Sale of real estate held for sale	150,150	69,387
Donated infrastructure	1,184,591	-
Miscellaneous	2,748	7,329
	<u>1,449,869</u>	<u>(18,422)</u>

Total Revenue

	<u>\$ 16,315,388</u>	<u>15,758,471</u>
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See accompanying notes

TOWN OF GANDER

Schedule 3.

Expenditures

Year ended December 31, 2011

2011

2010

General government services:

Legislative	\$ 158,756	151,219
Common	682,445	514,638
General administrative	<u>1,590,901</u>	<u>1,709,105</u>
	<u>2,432,102</u>	<u>2,374,962</u>

Protective services:

Fire	898,901	753,417
Animal and pest control	20,559	20,471
Municipal enforcement	168,305	156,075
Other protective services	<u>93,683</u>	<u>94,502</u>
	<u>1,181,448</u>	<u>1,024,465</u>

Transportation services:

Road, street, sidewalk maintenance	2,093,437	2,004,069
Snow removal	703,114	616,102
Street lighting	254,115	244,806
Traffic services	49,068	43,683
Other transportation services	<u>575,530</u>	<u>501,123</u>
	<u>3,675,264</u>	<u>3,409,783</u>

Environmental health services:

Water supply	1,583,357	1,599,591
Sewage collection and disposal	680,774	715,325
Garbage and waste collection disposal	<u>254,786</u>	<u>297,327</u>
	<u>2,518,917</u>	<u>2,612,243</u>

Regional planning and development:

Planning and zoning	62,485	75,976
Community improvement and development	377,623	485,704
Tourism and marketing	<u>136,896</u>	<u>195,613</u>
	<u>577,004</u>	<u>757,293</u>

Recreation and cultural services:

Recreation administration	129,207	122,164
Skating and curling rinks	832,578	679,699
Parks and playgrounds	337,035	433,605
Other recreation and cultural services	<u>438,106</u>	<u>305,707</u>
	<u>1,736,926</u>	<u>1,541,175</u>

Fiscal services:

Long-term debt interest	428,050	480,164
Interest on temporary bank loans	2,694	115
Provision for uncollectible taxes, fees and charges	757,656	496,963
Other debt charges	<u>37,172</u>	<u>31,751</u>
	<u>1,225,572</u>	<u>1,008,993</u>

Total Expenses

\$ 13,347,233	12,728,914
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See accompanying notes

TOWN OF GANDER

Schedule 4

Statement of Operations by Program

Year ended December 31, 2011

	General Government		Protective Services		Transportation Services		Environmental Health Services	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue:								
Taxation	\$ 10,896,768	10,249,990	-	-	-	-	-	-
Sales of goods and services	157,480	246,622	158,006	142,165	41,174	23,758	39,655	32,644
Grants and transfers	2,058,907	3,558,309	529,059	4,151	240,970	480,183	79,375	213,340
Investment income	39,192	21,213	-	-	-	-	-	-
Other revenue	265,278	(18,422)	-	-	615,633	-	568,958	-
Total revenue	13,417,625	14,057,712	687,065	146,316	897,777	503,941	687,988	245,984
Expenses:								
Personnel services	1,477,230	1,416,476	853,782	798,280	1,359,970	1,252,827	713,527	827,429
Contract services	431,782	438,351	3,401	2,970	600	851	-	56,973
Utilities	88,443	80,650	55,370	36,711	262,410	252,692	571,436	517,724
Maintenance, materials and supplies	130,138	162,247	118,839	100,317	674,941	556,215	200,363	207,171
Grants and contributions	2,021	1,624	-	-	-	-	-	-
Amortization	115,592	97,047	127,828	60,578	1,366,801	1,335,125	917,534	870,660
Interest on long-term debt	-	-	-	-	-	-	-	-
Other	186,896	178,567	22,229	25,609	10,542	12,073	116,058	132,286
Total expenses	2,432,102	2,374,962	1,181,449	1,024,465	3,675,264	3,409,783	2,518,918	2,612,243
Surplus (deficit)	\$ 10,985,523	11,682,750	(494,384)	(878,149)	(2,777,487)	(2,905,842)	(1,830,930)	(2,366,259)

See accompanying notes

(Continued....)

TOWN OF GANDER
Statement of Operations by Program
Year ended December 31, 2011

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue:								
Taxation	\$ -	-	-	-	-	-	10,896,768	10,249,990
Sales of goods and services	-	-	380,832	587,168	-	-	777,147	1,032,357
Grants and transfers	170,454	176,747	73,647	40,603	-	-	3,152,412	4,473,333
Investment income	-	-	-	-	-	-	39,192	21,213
Other revenue	-	-	-	-	-	-	1,449,869	(18,422)
Total revenue	170,454	176,747	454,479	627,771	-	-	16,315,388	15,758,471
Expenses:								
Personnel services	352,535	339,198	663,150	644,080	-	-	5,420,194	5,278,290
Contract services	54,973	63,461	394	337	-	-	491,150	562,943
Utilities	1,278	1,304	98,394	102,895	-	-	1,077,331	991,976
Maintenance, materials and supplies	27,183	80,192	432,508	347,187	-	-	1,583,972	1,453,329
Grants and contributions	99,036	239,052	190,994	119,389	-	-	292,051	360,065
Amortization	-	-	320,728	292,552	-	-	2,848,483	2,655,962
Interest on long-term debt	-	-	-	-	428,050	480,163	428,050	480,163
Other	41,998	34,087	30,758	34,735	797,521	528,829	1,206,002	946,186
Total expenses	577,003	757,294	1,736,926	1,541,175	1,225,571	1,008,992	13,347,233	12,728,914
Surplus (deficit)	\$(406,549)	\$(580,547)	(1,282,447)	(913,404)	(1,225,571)	(1,008,992)	2,968,155	3,029,557

See accompanying notes

TOWN OF GANDER

Schedule 5

Reconciliation of the Financial Plan to the Budget

Year ended December 31, 2011

	Financial Plan	Amortization (TCA)	Interest Expense	Transfers	PSAB Budget
Revenue:					
Taxation	\$ 10,135,200	-	-	-	10,135,200
Sales of goods and services	799,600	-	-	-	799,600
Grants and transfers	1,257,843	-	-	1,679,987	2,937,830
Investment income	5,000	-	-	-	5,000
Other revenue	1,000	-	-	-	1,000
Total revenue	12,198,643	-	-	1,679,987	13,878,630
Expenses:					
General government services	2,392,160	115,592	-	-	2,507,752
Protective services	1,045,800	127,828	-	-	1,173,628
Transportation services	2,262,900	1,366,801	-	-	3,629,701
Environmental health services	1,769,199	917,534	-	-	2,686,733
Regional planning and development	647,440	-	-	-	647,440
Recreation and cultural services	1,283,499	320,728	-	-	1,604,227
Fiscal services:					
Capital expenditures	1,142,021	-	-	(1,142,021)	-
Debt charges	2,302,764	-	-	(1,809,489)	493,275
Total expenses	12,845,783	2,848,483	-	(2,951,510)	12,742,756
Surplus (deficit)	\$(647,140)	(2,848,483)	-	4,631,497	1,135,874

See accompanying notes

TOWN OF GANDER

Notes to the Financial Statements

December 31, 2011

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, 2011

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 to 15 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.

First-in first-out inventory costing method is used.

TOWN OF GANDER
Notes to the Financial Statements
December 31, 2011

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) Measurement uncertainty

The preparation of the financial statement in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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.

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>2011</u>	<u>2010</u>
Property tax	\$ 3,559,530	2,975,202
Business tax	102,337	97,895
HST rebate	132,542	128,485
Other	<u>2,722,416</u>	<u>4,109,291</u>
	6,516,825	7,310,873
Less allowance for doubtful receivables	<u>(3,008,100)</u>	<u>(2,251,609)</u>
	<u>\$ 3,508,725</u>	<u>5,059,264</u>

6. Payables and accruals:

	<u>2011</u>	<u>2010</u>
Trade payable	\$ 1,990,822	1,920,238
Accrued interest	49,100	52,093
Accrued wages - regular	183,843	175,443
- vacation and overtime	<u>112,412</u>	<u>127,032</u>
	<u>\$ 2,336,177</u>	<u>2,274,806</u>

TOWN OF GANDER

Notes to the Financial Statements

December 31, 2011

7. Deferred revenue:

	<u>2011</u>	<u>2010</u>
Trailway relocation	\$ 22,766	22,766
Grading deposits	48,500	44,500
Pledged lot sales in trust	299,963	138,618
Landscaping deposits	29,891	29,891
Street development	117,125	60,853
Environmental assessment grant	10,000	10,000
Advertising	4,900	4,844
Youth centre funding	22,053	22,053
Land lease	19,847	16,090
Loan payment from province	62,201	72,228
Freedom Village recreation fee	8,798	8,798
Elizabeth Drive sidewalk	5,690	7,089
	<u>\$ 651,734</u>	<u>437,730</u>

8. Long-term debt:

	<u>2011</u>	<u>2010</u>
Federation of Canadian Municipalities loan: 2.64% unsecured; repayable \$200,000 annually, plus interest semi-annually; maturing February, 2018	\$ 1,400,000	1,600,000
Bank loans:		
6.54% unsecured, repayable \$6,169 monthly, including interest; maturing April, 2012	30,423	99,974
3.88% unsecured, repayable \$10,390 monthly, including interest; maturing March, 2013	151,968	268,224
4.60% unsecured, repayable \$5,058 monthly, including interest; maturing April, 2015	186,955	237,792
6.5% unsecured; repayable \$10,383 monthly, including interest; repaid during the year	-	20,420
5.4% unsecured; repayable \$47,109 monthly, including interest; maturing August, 2016	2,290,892	2,719,955
4.87% unsecured; repayable \$1,670 monthly, including interest; maturing June, 2017	96,501	111,443
4.79% unsecured; repayable \$9,989 monthly, including interest; maturing March, 2023	1,040,838	1,109,205
4.38% unsecured; repayable \$16,999 monthly, including interest; maturing June, 2019	1,301,954	1,445,499
3.8% unsecured; repayable \$4,089 monthly, including interest; maturing July, 2014	<u>120,575</u>	<u>164,159</u>
Subtotal	6,620,106	7,776,671

TOWN OF GANDER
Notes to the Financial Statements
December 31, 2011

8. Long-term debt (continued):

Balance forward	\$ 6,620,106	7,776,671
4.2% unsecured; repayable \$13,335 monthly, including interest; maturing April, 2021	1,242,928	-
Central Mortgage and Housing Corporation loans:		
3.98% unsecured, repayable \$4,352 annually, including interest; maturing September, 2024	43,507	46,027
3.98% unsecured, repayable \$15,369 annually, including interest; maturing September, 2024	153,662	162,561
3.98% unsecured, repayable \$18,915 annually, including interest; maturing September, 2024	189,114	200,067
3.98% unsecured, repayable \$2,519 annually, including interest, maturing September, 2024	25,188	26,647
3.98% unsecured, repayable \$4,985 annually, including interest, maturing September, 2024	49,838	52,724
3.98% unsecured, repayable \$134,723 annually, including interest; maturing September, 2024	<u>1,346,969</u>	<u>1,424,976</u>
	<u>\$ 9,671,312</u>	<u>9,689,673</u>

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

2012	\$ 1,359,581
2013	1,288,748
2014	1,289,071
2015	1,272,106
2016	1,067,262

9. Contingent liabilities:

- (a) The Town is contingently liable as guarantor of bank loans totalling \$84,327, 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.

(Continued...)

TOWN OF GANDER

Notes to the Financial Statements

December 31, 2011

9. Contingent liabilities (continued):

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.

10. 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 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 interest, currency or credit risks.

11. Budget:

In accordance with the Province of Newfoundland and Labrador's Municipalities Act, every council must adopt a financial plan for each fiscal period in a form approved by the minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations 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.

12. Employee future benefits:

The Town of Gander has a defined contribution plan providing pension benefits to all of its full-time employees. The defined contribution plan is based on an annual percentage of the employees' regular earnings. The maximum contribution is 7% for management and 6.5% for full-time and full-time union seasonal employees, with each contributing 50% of the cost of the plan. There is no liability to the Town as a pension is purchased at the time of retirement consisting of the employee and employer contributions, plus interest, therefore, there is no liability recorded relating to employee future benefits.

The net expenses for the Town's defined contribution plan is as follows:

	<u>2011</u>	<u>2010</u>
Net plan expenses	\$ 254,396	242,118

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13. 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.

14. Cash and temporary investments:

Cash and temporary investments are comprised of the following:

	<u>2011</u>	<u>2010</u>
Cash	\$ 2,021,853	-
Temporary investments	<u>-</u>	<u>-</u>
	<u>\$ 2,021,853</u>	<u>-</u>

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost.