



Financial Statements

Town of Gander

December 31, 2013

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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 Canadian Public Sector Accounting Standards as recommended by 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 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 consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Town in accordance with Canadian public sector accounting standards.

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Claude Elliott, Mayor

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Garry Brown, Town Clerk



## Independent Auditors' Report

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

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We have audited the accompanying financial statements of the **Town of Gander** which comprise the statement of financial position as at December 31, 2013, 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**

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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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.

(continued...)

## Independent Auditors' Report (continued)

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

### **Basis for Qualified Opinion**

The Town has not accrued a liability for closure and post closure costs of its landfill site. Canadian public sector accounting standards requires that the liability for closure and post closure discounted costs of the landfill site be recognized based on current estimates of costs and remaining available capacity. Given that the remaining useful life is unknown and current cost estimates are not available we are unable to determine the amount of the liability that may be required.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Town of Gander as at December 31, 2013 and the results of its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Other matters**

In compliance with the requirements of Section 91 of the Municipalities Act, we report as follows on our examination of the accounts of the Town for the year ended December 31, 2013.

#### Expenses in relation to the budget

Actual expenses per the financial statements of \$14,851,953 are within the limits of the adopted budget.

#### Arrears of revenue

The comparative position with respect to arrears of revenue is presented in Note 5 to the financial statements. Taxes receivable decreased from \$2,252,607 as at December 31, 2012 to \$1,757,368 as at December 31, 2013. Of this amount, taxes totaling \$695,660 have been outstanding for one year or longer.

## Independent Auditors' Report (continued)

### **Other matters (continued)**

Manner in which the accounts have been kept and the adequacy of the safeguards against fraud.

The position in these respects is considered satisfactory for an entity of this size.

As required by Section 71 of the Municipalities Act, we report that all employees whose duties include collecting, receiving and depositing cash are adequately bonded.

The comparative figures for the year ended December 31, 2013 were audited by another firm of chartered accountants who provided an audit report without reservation on those financial statements in their report dated November 21, 2013.

Gander, Canada

August 14, 2014



Chartered Accountants

# Town of Gander

## Statement of Financial Position

December 31	2013	2012
<b>Financial Assets</b>		
Cash	\$ 42,489	\$ -
Receivables (Note 5)	3,123,321	4,241,181
Employee loans and advances	2,005	2,205
Real estate properties held for sale	8,324	16,191
	<u>3,176,139</u>	<u>4,259,577</u>
<b>Liabilities</b>		
Bank indebtedness	-	166,494
Demand loan (Note 14)	900,000	685,000
Payables and accruals (Note 6)	1,889,832	1,890,901
Employee future benefits		
Accrued vacation	114,918	101,128
Accrued severance (Note 12)	769,049	815,221
Accrued sick pay (Note 12)	313,139	287,722
Deferred revenue (Note 7)	1,140,720	567,638
Long-term debt (Note 8)	8,202,037	8,613,478
Other liabilities	215,715	116,089
	<u>13,545,410</u>	<u>13,243,671</u>
<b>Net Debt</b>	<u>(10,369,271)</u>	<u>(8,984,094)</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule 1)	48,140,956	46,717,721
Capital projects in progress	950,560	33,335
Inventories for use (Note 15)	206,611	238,515
Prepaid expenses	148,662	89,229
	<u>49,446,789</u>	<u>47,078,800</u>
<b>Accumulated Surplus</b>	<u>\$ 39,077,518</u>	<u>\$ 38,094,706</u>

Contingent liabilities (Note 9)

On behalf of the Town

\_\_\_\_\_ Mayor

\_\_\_\_\_ Town Clerk

See accompanying notes to the financial statements

# Town of Gander

## Statement of Operations

Year ended December 31	(Note 11)		
	Budget 2013	Actual 2013	Actual 2012
<b>Revenue</b>			
Taxation	\$ 11,346,400	\$ 11,694,606	\$ 11,065,982
Sales of goods and services	905,000	894,220	737,423
Grants and transfers	4,926,102	3,125,671	2,637,400
Investment income	5,000	23,508	32,692
Other revenue	<u>1,500</u>	<u>96,760</u>	<u>256,572</u>
Total revenue (Schedules 2, 4 and 5)	<u>17,184,002</u>	<u>15,834,765</u>	<u>14,730,069</u>
<b>Expenses</b>			
General Government services	2,802,486	2,675,085	2,450,018
Protective services	1,537,658	1,583,478	1,466,688
Transportation services	4,072,317	3,997,615	3,670,576
Environmental health services	3,337,466	3,357,548	3,095,177
Regional planning and development	560,719	567,488	600,500
Recreation and cultural services	1,716,827	1,753,100	1,784,190
Fiscal services	<u>862,073</u>	<u>917,639</u>	<u>1,195,782</u>
Total expenses (Schedules 3, 4 and 5)	<u>14,889,546</u>	<u>14,851,953</u>	<u>14,262,931</u>
<b>Annual Surplus</b>	<b>2,294,456</b>	<b>982,812</b>	<b>467,138</b>
<b>Accumulated Surplus, beginning of year</b>	<u><b>38,094,706</b></u>	<u><b>38,094,706</b></u>	<u><b>37,627,568</b></u>
<b>Accumulated Surplus, end of year</b>	<u><b>\$ 40,389,162</b></u>	<u><b>\$ 39,077,518</b></u>	<u><b>\$ 38,094,706</b></u>

See accompanying notes to the financial statements

# Town of Gander

## Statement of Changes in Net Debt

Year ended December 31	Budget 2013	Actual 2013	Actual 2012
<b>Annual Surplus</b>	<b>\$ 2,294,456</b>	<b>\$ 982,812</b>	<b>\$ 467,138</b>
Acquisition of tangible capital assets	(4,837,827)	(4,837,827)	(4,593,522)
Amortization of tangible capital assets	3,258,375	3,258,375	3,052,077
Loss on sale of tangible capital assets	-	129,410	(1,207)
Proceeds from sale of tangible capital assets	-	26,807	52,753
Decrease (increase) in capital projects in progress	-	(917,225)	420,754
Decrease (increase) in inventories	-	31,904	(52,078)
Decrease (increase) in prepaids	-	(59,433)	(70,617)
	<u>(1,579,452)</u>	<u>(2,367,989)</u>	<u>(1,191,840)</u>
<b>Change in net debt</b>	<b>715,004</b>	<b>(1,385,177)</b>	<b>(724,702)</b>
<b>Net debt</b>			
Beginning of year	<u>(8,984,094)</u>	<u>(8,984,094)</u>	<u>(8,259,392)</u>
End of year	<u>\$ (8,269,090)</u>	<u>\$ (10,369,271)</u>	<u>\$ (8,984,094)</u>

See accompanying notes to the financial statements

# Town of Gander

## Statement of Cash Flows

December 31	2013	2012
<b>Operating</b>		
Annual surplus	\$ 982,812	\$ 467,138
Amortization	3,258,375	3,052,077
Loss on sale of tangible capital assets	<u>129,410</u>	<u>(1,207)</u>
	<b>4,370,597</b>	<b>3,518,008</b>
Changes in		
Receivables	1,117,860	(732,456)
Employee loans and advances	200	914
Real estate properties held for resale	7,867	1,577
Payables and accruals	(1,069)	(347,608)
Employee future benefits	(6,965)	41,554
Deferred revenue	573,082	(84,096)
Other liabilities	99,626	29,304
Inventories for use	31,904	(52,078)
Prepaid expenses	<u>(59,433)</u>	<u>(70,617)</u>
<b>Cash provided from operating transactions</b>	<b><u>6,133,669</u></b>	<b><u>2,304,502</u></b>
<b>Financing</b>		
Proceeds from long-term debt	964,215	388,691
Principal repayment	<u>(1,375,656)</u>	<u>(1,446,525)</u>
<b>Cash applied to financing transactions</b>	<b><u>(411,441)</u></b>	<b><u>(1,057,834)</u></b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,837,827)	(4,593,522)
Proceeds from sale of tangible capital assets	26,807	52,753
Decrease in capital projects in progress	<u>(917,225)</u>	<u>420,754</u>
<b>Cash applied to capital transactions</b>	<b><u>(5,728,245)</u></b>	<b><u>(4,120,015)</u></b>
<b>Decrease in cash</b>	<b>(6,017)</b>	<b>(2,873,347)</b>
<b>Cash</b>		
Beginning	<u>(851,494)</u>	<u>2,021,853</u>
Ending	<b><u>\$ (857,511)</u></b>	<b><u>\$ (851,494)</u></b>
Cash consisting of		
Cash	\$ 42,489	\$ (166,494)
Demand loan	<u>(900,000)</u>	<u>(685,000)</u>
<b>Cash, end of year</b>	<b><u>\$ (857,511)</u></b>	<b><u>\$ (851,494)</u></b>

See accompanying notes to the financial statements

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# Town of Gander

## Notes to the Financial Statements

December 31, 2013

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### 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.

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### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian auditing standards as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies.

#### **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.

#### **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.

#### **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.

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# Town of Gander

## Notes to the Financial Statements

December 31, 2013

### 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 are 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

#### 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.

#### 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.

(Continued...)

# Town of Gander

## Notes to the Financial Statements

December 31, 2013

### 2. Summary of significant accounting policies (continued)

#### Severance and sick pay liability (continued)

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, 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 inventory costing method is used.

#### Revenue recognition

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

#### Measurement uncertainty

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 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>2013</u>	<u>2012</u>
Property tax	\$ 1,601,019	\$ 2,032,296
Business tax	156,349	220,311
HST rebate	90,777	103,418
Other	<u>2,509,449</u>	<u>2,876,119</u>
	4,357,594	5,232,144
Less allowance for doubtful receivables	<u>(1,234,273)</u>	<u>(990,963)</u>
	<u>\$ 3,123,321</u>	<u>\$ 4,241,181</u>

# Town of Gander

## Notes to the Financial Statements

December 31, 2013

6. Payables and accruals	<u>2013</u>	<u>2012</u>
Trade payable	\$ 1,799,725	\$ 1,626,024
Accrued interest	41,616	45,361
Accrued wages		
Regular	40,341	198,305
Overtime	<u>8,150</u>	<u>21,211</u>
	<u>\$ 1,889,832</u>	<u>\$ 1,890,901</u>

7. Deferred revenue	<u>2013</u>	<u>2012</u>
Trailway relocation	\$ 22,766	\$ 22,766
Grading deposits	45,500	40,500
Pledged lot sales in trust	107,026	107,409
Landscaping deposits	31,471	37,021
Street development	58,066	92,663
Cobbs Pond Redevelopment	633,552	-
Trailway funding	-	16,592
Cooper Boulevard funding	125,938	125,938
Advertising	-	2,691
Youth centre funding	22,053	22,053
Land lease	17,974	23,361
Loan payment from province	62,201	62,201
Freedom Village recreation fee	8,798	8,798
Elizabeth Drive sidewalk	<u>5,375</u>	<u>5,375</u>
	<u>\$ 1,140,720</u>	<u>\$ 567,368</u>

8. Long-term debt	<u>2013</u>	<u>2012</u>
Federation of Canadian Municipalities loan		
2.64% unsecured; repayable \$200,000 annually, plus interest, semi-annually, maturing February, 2018	\$ 1,000,000	\$ 1,200,000
Bank loans		
3.88% unsecured; repayable \$10,390 monthly, including interest, repaid during the year	-	30,999
4.60% unsecured; repayable \$5,058 monthly including interest, maturing April, 2015	78,004	133,731
5.40% unsecured; repayable \$47,109 monthly, including interest, maturing August, 2016	1,360,275	1,838,132
4.87% unsecured; repayable \$1,670 monthly including interest, maturing June, 2017	64,348	80,815
4.79% unsecured, repayable \$9,989 monthly including interest, maturing March 2023	<u>894,347</u>	<u>969,411</u>
Subtotal	3,396,974	4,253,088

(Continued...)

# Town of Gander

## Notes to the Financial Statements

December 31, 2013

8. Long-term debt (continued)	<u>2013</u>	<u>2012</u>
Balance forward	\$ 3,396,974	\$ 4,253,088
Bank loans (continued)		
4.38% unsecured; repayable \$16,999 monthly including interest, maturing June, 2019	995,333	1,151,994
3.80% unsecured; repayable \$4,089 monthly including interest, maturing July, 2014	28,298	75,332
4.20% unsecured; repayable \$13,335 monthly including interest, maturing April, 2021	1,018,279	1,132,971
3.11% unsecured; repayable \$3,075 monthly including interest, maturing May, 2022	272,733	300,705
2.99% unsecured; repayable \$4,335 monthly including interest, maturing, May, 2023	426,530	-
3.08% unsecured; repayable \$4,991 monthly including Interest, maturing May, 2023	477,793	-
Central Mortgage and Housing Corporation loans		
3.98% unsecured, repayable \$4,352 annually, including interest, maturing September, 2024	38,161	40,887
3.98% unsecured; repayable \$15,369 annually, including interest; maturing September, 2024	134,782	144,409
3.98% unsecured; repayable \$18,915 annually, including interest, maturing September, 2024	165,878	177,726
3.98% unsecured; repayable \$2,519 annually, including interest, maturing September, 2024	22,093	23,671
3.98% unsecured; repayable \$4,985 annually, including interest, maturing September, 2024	43,713	46,837
3.98% unsecured; repayable \$134,723 annually, including interest, maturing September, 2024	1,181,470	1,265,858
Newfoundland and Labrador Municipal Financing Corporation loans		
8.375% unsecured; repayable \$10,212 annually, including interest; maturing December, 2014	19,210	36,907
7.25% unsecured; repayable \$1,428 annually, including interest; maturing March, 2016	6,422	8,688
7.25% unsecured; repayable \$2,824 annually, including interest; maturing March, 2016	12,707	17,189
6.75 unsecured; repayable \$2,349 annually, including interest; maturing March, 2018	17,976	21,292
6.75 unsecured; repayable \$45,181 annually, including interest; repaid during the year	-	43,707
	<u>8,258,352</u>	<u>8,741,261</u>
Recoverable portion	<u>(56,315)</u>	<u>(127,783)</u>
	<u>\$ 8,202,037</u>	<u>\$ 8,613,478</u>

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

	Total Amount	Recoverable Portion	Net Amount
2014	\$ 1,433,541	\$ 30,000	\$ 1,403,541
2015	1,401,622	11,568	1,390,054
2016	1,196,930	8,150	1,188,780
2017	885,071	4,324	880,747
2018	904,085	2,273	901,812

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# Town of Gander

## Notes to the Financial Statements

December 31, 2013

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### **9. Contingent liabilities**

The Town is contingently liable as guarantor of bank loans totalling \$53,659, 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.

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### **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, demand loan, payables and accruals and long-term debt. Cash and demand loan are 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.

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### **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.

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# Town of Gander

## Notes to the Financial Statements

December 31, 2013

### 12. Employee Future Benefits 2013      2012

Future employee benefits related to accrued severance and accrued sick obligations have been calculated based on an actuarial valuation completed on September 11, 2013 and extrapolated to December 31, 2013. 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:

Wages and salary escalation	<b>3.75%</b>	3.75%
Discount rate	<b>3.10%</b>	2.99%

Based on actuarial valuation of the liability, at December 31, 2013 the results for sick leave are:

Accrued sick pay obligation December 31	\$ 306,847	\$ 282,061
Current period benefit cost	50,090	47,833
Benefit payments	(35,643)	(34,355)
Interest on the accrued benefit obligations	9,391	8,982
Actuarial losses	<u>(2,286)</u>	<u>2,326</u>
Accrued sick pay obligations at December 31	<u>\$ 328,399</u>	<u>\$ 306,847</u>

Based on actuarial valuation of the liability, at December 31, 2013 the results for severance are:

Accrued benefit obligation December 31	\$ 868,935	\$ 851,534
Additional employee contract obligation	-	15,000
Current period benefit cost	69,070	65,471
Benefit payments	(130,971)	(82,498)
Interest on the accrued benefit obligation	25,056	26,218
Actuarial losses	<u>(7,910)</u>	<u>8,210</u>
Accrued severance obligation at December 31	<u>\$ 824,180</u>	<u>\$ 883,935</u>

A reconciliation of the accrued benefit liability and the accrued benefit obligation is as follows:

Sick benefits		
<b>Accrued benefit liability December 31</b>	<b>\$ 313,139</b>	<b>\$ 287,722</b>
Unamortized actuarial losses	<u>15,260</u>	<u>19,125</u>
Accrued benefit obligation	<u>\$ 328,399</u>	<u>\$ 306,847</u>
Severance benefits		
<b>Accrued benefit liability December 31</b>	<b>\$ 769,049</b>	<b>\$ 815,221</b>
Unamortized actuarial losses	<u>55,131</u>	<u>68,714</u>
	<u>\$ 824,180</u>	<u>\$ 883,935</u>

# Town of Gander

## Notes to the Financial Statements

December 31, 2013

### 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 requires 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 \$1,856,810 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. Bank indebtedness

Bank indebtedness includes an operating loan amounting to \$900,000 bearing interest at prime minus .45%.

### 15. Inventories for use

	<u>2013</u>	<u>2012</u>
Salt	\$ 110,372	\$ 131,648
Machinery parts	20,152	20,143
Cylinders	23,438	19,118
Fuel	11,823	12,928
Gravel	12,254	11,811
Soda Ash	1,571	8,861
Curb Stop	4,429	6,853
Chlorine	7,741	6,850
Sand	2,388	4,489
Office and cleaning supplies	2,099	3,620
Oils and fluids	2,541	3,571
Paint	3,520	3,218
Calcium and lime	2,967	2,892
Stand pipe and rods	<u>1,316</u>	<u>2,513</u>
	<u>\$ 206,611</u>	<u>\$ 238,515</u>

# 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	2013	2012
<b>Cost</b>									
Opening costs	\$ 549,669	\$ 3,431,394	\$ 20,936,105	\$ 12,280,636	\$ 380,879	\$ 31,779,809	\$ 21,824,168	\$ 91,182,660	\$ 87,647,809
Additions during the year	12,668	2,247,994	984,145	481,797	40,536	870,581	200,105	4,837,826	4,593,522
Disposals and write downs	-	-	(106,378)	(678,385)	-	(220,609)	-	(1,005,372)	(1,058,673)
Closing costs	562,337	5,679,388	21,813,872	12,084,048	421,415	32,429,781	22,024,273	95,015,114	91,182,658
<b>Accumulated amortization</b>									
Opening accumulated amortization	-	1,169,912	6,439,898	6,013,157	215,557	17,917,187	12,709,227	44,464,938	42,419,988
Amortization	-	172,232	518,426	936,188	42,132	1,157,775	431,622	3,258,375	3,052,076
Disposals and write downs	-	-	(88,649)	(636,757)	-	(123,749)	-	(849,155)	(1,007,127)
Closing accumulated amortization	-	1,342,144	6,869,675	6,312,588	257,689	18,951,213	13,140,849	46,874,158	44,464,937
Net book value of Tangible Capital Assets	\$ 562,337	\$ 4,337,244	\$ 14,944,197	\$ 5,771,460	\$ 163,726	\$ 13,478,568	\$ 8,883,424	\$ 48,140,956	\$ 46,717,721

**Town of Gander****Schedule 2****Schedule of Revenues**

December 31, 2013

2013

2012

**Taxation**

Property tax	\$ 6,928,367	\$ 6,554,776
Business tax	1,752,556	1,670,791
Water and sewer tax	1,593,303	1,554,644
Utility tax	754,180	689,557
Grants in lieu of taxes	360,131	363,876
Penalties and interest	<u>306,069</u>	<u>232,338</u>
	<u>11,694,606</u>	<u>11,065,982</u>

**Sales of goods and services**

Waste disposal fees	-	3,020
Recreation and cultural services	447,073	388,589
Transportation services	27,337	31,007
Protective services	135,853	169,712
Other sales of goods and services	<u>283,957</u>	<u>145,095</u>
	<u>894,220</u>	<u>737,423</u>

**Grants and transfers**

Government of Canada		
Capital grant	504,516	924,181
Other Federal revenue	66,505	85,756
Government of Newfoundland and Labrador		
Municipal operating grant	-	360,877
Municipal capital grant	<u>2,554,650</u>	<u>1,266,586</u>
	<u>3,125,671</u>	<u>2,637,400</u>

**Investment income**

Interest from investments	<u>23,508</u>	<u>32,692</u>
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**Other revenue**

Gain on sale of tangible capital assets	(127,009)	2,100
Sale of real estate held for sale	221,287	243,262
Miscellaneous	<u>2,482</u>	<u>11,210</u>
	<u>96,760</u>	<u>256,572</u>

**Total revenue**

	<u>\$ 15,834,765</u>	<u>\$ 14,730,069</u>
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# Town of Gander

## Schedule of Expenditures

# Schedule 3

December 31, 2013

2013

2012

**General Government services**

Legislative	\$ 187,111	\$ 158,491
Common	819,939	738,829
General administrative	<u>1,668,035</u>	<u>1,552,698</u>
	<u>2,675,085</u>	<u>2,450,018</u>

**Protective services**

Fire	1,265,321	1,145,689
Animal and pest control	26,810	20,825
Municipal enforcement	221,044	201,159
Other protective services	<u>70,303</u>	<u>99,015</u>
	<u>1,583,478</u>	<u>1,466,688</u>

**Transportation services**

Road, street, sidewalk maintenance	2,280,580	2,087,110
Snow removal	761,035	711,424
Street lighting	268,810	260,575
Traffic services	76,533	45,089
Other transportation services	<u>610,657</u>	<u>566,378</u>
	<u>3,997,615</u>	<u>3,670,576</u>

**Environmental health services**

Water supply	1,869,747	1,715,263
Sewage collection and disposal	752,737	731,840
Garbage and waste collection disposal	<u>735,064</u>	<u>648,074</u>
	<u>3,357,548</u>	<u>3,095,177</u>

**Regional planning and development**

Planning and zoning	69,157	70,170
Community improvement and development	359,894	392,055
Tourism and marketing	<u>138,437</u>	<u>138,275</u>
	<u>567,488</u>	<u>600,500</u>

**Recreation and cultural services**

Recreation administration	140,764	126,041
Skating and curling rinks	837,642	830,635
Parks and playgrounds	422,640	402,837
Other recreation and cultural services	<u>352,054</u>	<u>424,677</u>
	<u>1,753,100</u>	<u>1,784,190</u>

**Fiscal services**

Long-term debt interest	358,363	392,887
Interest on temporary bank loans	5,335	922
Provision for uncollectible taxes, fees and charges	533,536	785,153
Other debt charges	<u>20,405</u>	<u>16,820</u>
	<u>917,639</u>	<u>1,195,782</u>

**Total Expenses**

	<u>\$ 14,851,953</u>	<u>\$ 14,262,931</u>
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# Town of Gander

# Schedule 4

## Schedule of Operations by Program

Year Ended December 31, 2013

	<u>General Government</u>		<u>Protective Services</u>		<u>Transportation Services</u>		<u>Environmental Health Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenue</b>								
Taxation	\$ 11,694,606	\$ 11,065,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales of goods and services	281,051	144,007	135,854	169,712	27,339	31,007	-	3,020
Grants and transfers	598,995	439,697	23,010	39,014	713,156	1,439,813	148,974	333
Investment income	23,508	32,692	-	-	-	-	-	-
Other revenue	96,760	256,572	-	-	-	-	-	-
<b>Total revenue</b>	<b>12,694,920</b>	<b>11,938,950</b>	<b>158,864</b>	<b>208,726</b>	<b>740,495</b>	<b>1,470,820</b>	<b>148,974</b>	<b>3,353</b>
<b>Expenses</b>								
Personnel services	1,566,312	1,516,695	992,458	946,599	1,492,796	1,356,797	615,380	710,511
Contract services	439,237	432,435	4,396	4,960	-	-	-	-
Utilities	88,991	92,454	78,444	75,026	283,390	268,963	642,707	615,547
Maintenance, materials and supplies	147,631	106,609	143,549	100,706	697,561	632,823	265,314	212,474
Grants and contributions	2,043	5,032	-	-	-	-	-	-
Amortization	55,186	56,288	317,758	290,727	1,508,517	1,398,660	1,029,366	978,084
Accrued sick pay (inc)	25,417	23,860	-	-	-	-	-	-
Accrued severance pay (inc)	84,800	14,235	-	-	-	-	-	-
Other	265,468	202,410	46,873	48,670	15,351	13,333	804,781	578,561
<b>Total expenses</b>	<b>2,675,085</b>	<b>2,450,018</b>	<b>1,583,478</b>	<b>1,466,688</b>	<b>3,997,615</b>	<b>3,670,576</b>	<b>3,357,548</b>	<b>3,095,177</b>
<b>Surplus (Deficit)</b>	<b>\$ 10,019,835</b>	<b>\$ 9,488,932</b>	<b>\$ (1,424,614)</b>	<b>\$ (1,257,962)</b>	<b>\$ (3,257,120)</b>	<b>\$ (2,199,756)</b>	<b>\$ (3,208,574)</b>	<b>\$ (3,091,824)</b>

# Town of Gander

# Schedule 4 (continued)

## Schedule of Operations by Program

Year Ended December 31, 2013

	Regional Planning and Development		Recreation and Cultural Services		Fiscal Services		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenue</b>								
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,694,606	\$ 11,065,982
Sales of goods and services	2,903	1,088	447,073	388,589	-	-	894,220	737,423
Grants and transfers	69,014	104,880	1,572,522	613,663	-	-	3,125,671	2,637,400
Investment income	-	-	-	-	-	-	23,508	32,692
Other revenue	-	-	-	-	-	-	96,760	256,572
<b>Total revenue</b>	<b>71,917</b>	<b>105,968</b>	<b>2,019,595</b>	<b>1,002,252</b>	<b>-</b>	<b>-</b>	<b>15,834,765</b>	<b>14,730,069</b>
<b>Expenses</b>								
Personnel services	333,239	349,994	733,723	701,704	-	-	5,733,908	5,582,300
Contract services	5,441	29,262	715	9,144	-	-	449,789	475,801
Utilities	60	563	113,624	113,161	-	-	1,207,216	1,165,714
Maintenance, materials and supplies	25,036	64,501	396,610	362,212	-	-	1,675,701	1,479,325
Grants and contributions	136,524	126,108	136,715	240,783	-	-	275,282	371,923
Amortization	5,919	4,680	341,629	323,932	-	-	3,258,375	3,052,371
Accrued sick pay (inc)	-	-	-	-	-	-	25,417	23,860
Accrued severance pay (inc)	-	-	-	-	-	-	84,800	14,235
Interest on long-term debt	-	-	-	-	358,363	392,887	358,363	392,887
Other	61,269	25,392	30,084	33,254	559,276	802,895	1,783,102	1,704,515
<b>Total expenses</b>	<b>567,488</b>	<b>600,500</b>	<b>1,753,100</b>	<b>1,784,190</b>	<b>917,639</b>	<b>1,195,782</b>	<b>14,851,953</b>	<b>14,262,931</b>
<b>Surplus (Deficit)</b>	<b>\$ (495,571)</b>	<b>\$ (494,532)</b>	<b>\$ 266,495</b>	<b>\$ (781,938)</b>	<b>\$ (917,639)</b>	<b>\$ (1,195,782)</b>	<b>\$ 982,812</b>	<b>\$ 467,138</b>

# Town of Gander

# Schedule 5

## Reconciliation of the Financial Plan to the Budget

Year Ended December 31, 2013

	<u>Financial Plan</u>	<u>Amortization (TCA)</u>	<u>Interest Expense</u>	<u>Transfers</u>	<u>PSAB Budget</u>
<b>Revenue</b>					
Taxation	\$ 11,346,400	\$ -	\$ -	\$ -	\$ 11,346,400
Sales of goods and services	905,000	-	-	-	905,000
Grants and transfers	1,016,044	-	-	3,910,058	4,926,102
Investment income	5,000	-	-	-	5,000
Other revenue	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Total revenue	<u>13,273,944</u>	<u>-</u>	<u>-</u>	<u>3,910,058</u>	<u>17,184,002</u>
<b>Expenses</b>					
General Government services	2,747,300	55,186	-	-	2,802,486
Protective services	1,219,900	317,758	-	-	1,537,658
Transportation services	2,563,800	1,508,517	-	-	4,072,317
Environmental health services	2,308,100	1,029,366	-	-	3,337,466
Regional planning and development	554,800	5,919	-	-	560,719
Recreation and cultural services	1,375,200	341,627	-	-	1,716,827
Fiscal services - capital expenditures	16,000	-	-	(16,000)	-
- debt charges	<u>2,488,844</u>	<u>-</u>	<u>-</u>	<u>(1,626,771)</u>	<u>862,073</u>
Total expenses	<u>13,273,944</u>	<u>3,258,373</u>	<u>-</u>	<u>(1,642,771)</u>	<u>14,889,546</u>
<b>Surplus (Deficit)</b>	<u>\$ -</u>	<u>\$ (3,258,373)</u>	<u>\$ -</u>	<u>\$ 5,552,829</u>	<u>\$ 2,294,456</u>