

CITY OF CORNER BROOK

FINANCIAL STATEMENTS

December 31, 2009

CITY OF CORNER BROOK
FINANCIAL STATEMENTS
December 31, 2009
TABLE OF CONTENTS

	<u>Page</u>
AUDITOR'S REPORT	1
AUDITOR'S REPORT - STATUTORY REQUIREMENTS	2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF SURPLUS	4
STATEMENT OF REVENUE AND EXPENDITURES	5
STATEMENT OF REVENUE	6
STATEMENT OF EXPENDITURES	7
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	9
STATEMENT OF CASH FLOW	10
NOTES TO FINANCIAL STATEMENTS	11
SCHEDULE I - SCHEDULE OF TANGIBLE CAPITAL ASSETS	17
SCHEDULE II - RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET	18

BRIAN N. HILLIER
CHARTERED ACCOUNTANT

TELEPHONE: (709) 634-6431
FAX: (709) 634-2769

57 Humber Road
P.O. Box 783
Corner Brook
Newfoundland
A2H 6G7

e-mail: brian.hillier.ca.cb@nf.sympatico.ca

AUDITOR'S REPORT

To the Mayor and Councillors
City of Corner Brook
Corner Brook, Newfoundland Labrador

I have audited the financial statements of the City of Corner Brook as at December 31, 2009, and for the year then ended. These financial statements are the responsibility of the City. My responsibility is to express an opinion on these financial statements based on my audit.

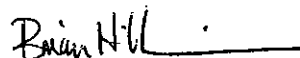
I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2009, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

In compliance with the requirements of Section 112 of the City of Corner Brook Act, my report on the examination of the accounts of the City for the year ended December 31, 2009 is included herewith.

CORNER BROOK,
NEWFOUNDLAND LABRADOR

29 July 2010



CHARTERED ACCOUNTANT

BRIAN N. HILLIER
CHARTERED ACCOUNTANT

TELEPHONE: (709) 634-6431
FAX: (709) 634-2769

57 Humber Road
P.O. Box 783
Corner Brook
Newfoundland
A2H 6G7

e-mail: brian.hillier.ca.cb@nf.sympatico.ca

AUDITOR'S REPORT

To the Mayor and Councillors
City of Corner Brook
Corner Brook, Newfoundland Labrador

In compliance with the requirements of Section 112 of the City of Corner Brook Act, I report as follows on the audit of the accounts of the City of Corner Brook for the year ended December 31, 2009.

EXPENDITURES

Actual expenditures of \$24,424,761 (including allocation to reserves) exceeded the limits of the revised budget of \$22,737,153 by \$1,687,608.

REVENUE

Actual revenues of \$38,849,192 (including contributions from reserves) exceeded the amounts in the budget of \$37,367,953 by \$1,481,239.

ARREARS OF REVENUE

Taxes and rates receivable totalled \$1,456,457 at December 31, 2009. Of this amount \$770,329 has been outstanding for one year or longer. The allowance for doubtful accounts amounted to \$183,856 at December 31, 2009.

MANNER IN WHICH THE ACCOUNTS HAVE BEEN KEPT
AND THE ADEQUACY OF SAFEGUARDS AGAINST FRAUD

The position in these respects is considered satisfactory.

SUFFICIENCY OF BONDS

I report that all employees collecting, receiving and depositing money are adequately bonded.

CORNER BROOK,
NEWFOUNDLAND LABRADOR

29 July 2010

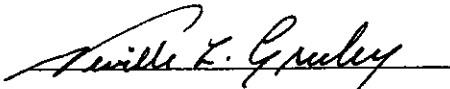
Brian Hillier

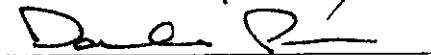
CHARTERED ACCOUNTANT

CITY OF CORNER BROOK
STATEMENT OF FINANCIAL POSITION
December 31, 2009

	<u>2009</u>	<u>2008</u>
<u>FINANCIAL ASSETS</u>		
Cash	\$ 20,380,216	6,097,386
Accounts receivable (Note 3)	<u>3,428,165</u>	<u>3,349,576</u>
	<u>23,808,381</u>	<u>9,446,962</u>
<u>LIABILITIES</u>		
Due to bank (Note 4)	5,740,222	9,083,537
Accounts payable and accrued liabilities (Note 5)	9,260,461	5,142,096
Long-term debt (Note 6)	30,181,890	10,629,071
Employee termination (Note 7)	<u>1,941,216</u>	<u>2,072,359</u>
	<u>47,123,789</u>	<u>26,927,063</u>
<u>NET FINANCIAL ASSETS (DEBT)</u>	<u>(23,315,408)</u>	<u>(17,480,101)</u>
<u>NON-FINANCIAL ASSETS</u>		
Tangible capital assets (Schedule I)	79,243,342	60,400,180
Prepaid expenses (Note 8)	<u>1,001,874</u>	<u>1,192,437</u>
	<u>80,245,216</u>	<u>61,592,617</u>
<u>ACCUMULATED EQUITY</u>	56,929,808	44,112,516
<u>RESERVED</u> (Note 9)	<u>6,703,999</u>	<u>8,311,138</u>
<u>NET EQUITY</u>	<u>\$ 50,225,809</u>	<u>35,801,378</u>
<u>CONTINGENCIES</u> (Note 10)		

ON BEHALF OF THE COUNCIL:

 Mayor

 Director of Corporate Services

CITY OF CORNER BROOK
STATEMENT OF SURPLUS
Year ended December 31, 2009

	<u>Budget</u> (Schedule II)	<u>2009</u>	<u>2008</u>
<u>REVENUE</u>	\$37,367,953	38,849,192	28,838,487
<u>EXPENDITURES</u>	<u>22,737,153</u>	<u>24,424,761</u>	<u>24,405,836</u>
<u>ANNUAL SURPLUS</u>	<u>\$14,630,800</u>	14,424,431	4,432,651
<u>EQUITY</u> , beginning of year (Note 11)		<u>35,801,378</u>	<u>31,368,727</u>
<u>EQUITY</u> , end of year		<u>\$50,225,809</u>	<u>35,801,378</u>

CITY OF CORNER BROOK
STATEMENT OF REVENUE AND EXPENDITURE
Year ended December 31, 2009

	<u>Page</u>	<u>Budget</u> (Schedule II)	<u>2009</u>	<u>2008</u>
<u>REVENUE</u>				
Taxation	6	\$17,084,100	18,374,039	17,795,896
Contributions	6	12,790,389	12,862,884	6,365,499
Utility taxes	6	1,088,800	1,118,002	1,079,931
Grants in lieu of taxes	6	1,367,000	1,369,614	1,353,288
Other revenue	6	<u>5,037,664</u>	<u>5,124,653</u>	<u>2,243,873</u>
		<u>37,367,953</u>	<u>38,849,192</u>	<u>28,838,487</u>
<u>EXPENDITURES</u>				
General Government	7	3,161,108	3,187,323	3,101,810
Community services	7	1,157,700	1,270,303	1,130,396
Fire Department	7	3,441,863	3,014,401	3,190,091
Operational services	7	8,805,125	9,636,482	9,466,573
Water and sewerage	7	2,133,439	2,112,293	2,141,959
Corner Brook Transit	7	425,000	405,622	411,399
Parks and Recreation	8	1,213,023	1,292,797	1,224,733
Pepsi Centre	8	1,247,075	1,243,171	1,213,028
Grants	8	233,900	255,698	387,519
Debt charges	8	657,520	593,894	698,706
Allocation to reserves	8	111,400	1,262,777	1,159,622
Provision for doubtful accounts		<u>150,000</u>	<u>150,000</u>	<u>280,000</u>
		<u>22,737,153</u>	<u>24,424,761</u>	<u>24,405,836</u>
<u>SURPLUS FOR THE YEAR</u>		<u>\$14,630,800</u>	<u>14,424,431</u>	<u>4,432,651</u>

CITY OF CORNER BROOK
STATEMENT OF REVENUE
Year ended December 31, 2009

	Budget 2009	Actual 2009	Actual 2008
<u>TAXATION</u>			
Water sewer levy	\$ --	978,965	973,216
Municipal tax	13,067,000	13,289,415	12,751,142
Business tax	3,585,100	3,593,482	3,592,780
Poll tax	375,000	455,755	421,129
Corner Brook Downtown Business Association	<u>57,000</u>	<u>56,422</u>	<u>57,629</u>
	<u>17,084,100</u>	<u>18,374,039</u>	<u>17,795,896</u>
<u>CONTRIBUTIONS</u>			
Province of Newfoundland and Labrador:			
Municipal operating grants	\$ 666,600	754,259	666,636
Debt grants	1,412,700	1,397,536	1,447,685
Capital funding	<u>10,711,089</u>	<u>10,711,089</u>	<u>4,251,178</u>
	<u>12,790,389</u>	<u>12,862,884</u>	<u>6,365,499</u>
<u>UTILITY TAXES</u>			
Newfoundland Power Limited	\$ 650,000	688,629	648,318
Aliant Communications	365,000	354,824	362,543
Rogers Cable	55,000	59,697	54,740
Other	<u>18,800</u>	<u>14,852</u>	<u>14,330</u>
	<u>1,088,800</u>	<u>1,118,002</u>	<u>1,079,931</u>
<u>GRANTS IN LIEU OF TAXES</u>			
Canadian Broadcasting Corporation	\$ 6,000	5,834	5,834
Corner Brook Pulp and Paper Limited:			
Current grant	1,169,000	1,171,715	1,102,834
Water grant	90,000	90,000	90,000
Government of Canada	90,000	87,697	87,252
Newfoundland Liquor Corporation	12,000	14,368	14,368
Western Memorial Regional Hospital	<u>--</u>	<u>--</u>	<u>53,000</u>
	<u>1,367,000</u>	<u>1,369,614</u>	<u>1,353,288</u>
<u>OTHER REVENUE</u>			
Interest	\$ 400,000	295,034	431,957
Licences and permits	301,000	289,524	369,500
Recreation and community service	42,500	62,206	35,783
Pepsi Centre	120,000	120,000	120,000
Wild Cove Landfill Site	82,500	92,012	86,406
Land sales	130,000	154,115	21,309
Revenue from operating reserves	--	115,460	--
Revenue from capital reserves	3,842,764	3,842,764	1,035,865
Miscellaneous	<u>118,900</u>	<u>153,538</u>	<u>143,053</u>
	<u>5,037,664</u>	<u>5,124,653</u>	<u>2,243,873</u>
<u>TOTAL</u>	<u>\$37,367,953</u>	<u>38,849,192</u>	<u>28,838,487</u>

CITY OF CORNER BROOK
STATEMENT OF EXPENDITURES
Year ended December 31, 2009

	Budget <u>2009</u>	Actual <u>2009</u>	Actual <u>2008</u>
<u>GENERAL GOVERNMENT</u>			
Executive and Legislative	\$ 257,500	290,269	313,854
Chief Administrative Office	413,500	414,496	404,573
Corporate Services Department	2,219,500	2,203,818	2,140,999
Business Resource Centre	224,300	232,432	187,912
Amortization	<u>46,308</u>	<u>46,308</u>	<u>54,472</u>
	<u>3,161,108</u>	<u>3,187,323</u>	<u>3,101,810</u>
<u>COMMUNITY SERVICES DEPARTMENT</u>			
Community Services Administration	\$ 369,800	336,262	353,344
Development and planning	215,600	265,893	334,011
Building inspection	283,200	276,658	166,868
Municipal enforcement	192,600	184,615	184,263
Animal control	<u>96,500</u>	<u>89,312</u>	<u>91,910</u>
	<u>1,157,700</u>	<u>1,152,740</u>	<u>1,130,396</u>
<u>FIRE DEPARTMENT</u>			
Fire protection	3,324,300	3,014,401	3,071,462
Amortization	<u>117,563</u>	<u>117,563</u>	<u>118,629</u>
	<u>3,441,863</u>	<u>3,131,964</u>	<u>3,190,091</u>
<u>OPERATIONAL SERVICES DEPARTMENT</u>			
Supervision and administration	\$ 1,716,400	1,710,964	1,543,068
Other operations payroll	836,000	957,977	903,794
Building maintenance	293,500	345,053	351,425
Street lighting	560,000	576,241	551,910
Snow clearing	1,318,000	1,729,443	1,660,910
Traffic control	168,000	202,639	177,256
Drainage	104,000	128,751	162,064
Street and storm sewer cleaning	236,500	199,157	275,830
Street maintenance	686,000	880,370	892,472
Miscellaneous expenses	34,000	51,232	46,031
Sanitation and waste removal	539,000	540,930	495,404
Amortization	<u>2,313,725</u>	<u>2,313,725</u>	<u>2,406,409</u>
	<u>8,805,125</u>	<u>9,636,482</u>	<u>9,466,573</u>
<u>WATER AND SEWERAGE</u>			
Purification and treatment	\$ 230,000	213,334	229,150
Water mains and hydrants	810,400	776,928	837,059
Sanitary systems	230,000	278,417	209,217
Regulators and meters	68,000	51,537	55,416
Reservoirs and intakes	87,500	85,368	86,906
Pumphouse	90,000	89,170	91,797
Amortization	<u>617,539</u>	<u>617,539</u>	<u>632,414</u>
	<u>2,133,439</u>	<u>2,112,293</u>	<u>2,141,959</u>

CITY OF CORNER BROOK
STATEMENT OF EXPENDITURES
Year ended December 31, 2009

	Budget <u>2009</u>	Actual <u>2009</u>	Actual <u>2008</u>
<u>CORNER BROOK TRANSIT</u>			
Transit contract subsidy	<u>425,000</u>	<u>405,622</u>	<u>411,399</u>
 <u>PARKS AND RECREATION</u>			
Administration	\$ 69,500	71,681	64,782
Recreation	72,000	84,117	98,676
Parks	388,300	453,776	378,987
Amortization	<u>683,223</u>	<u>683,223</u>	<u>682,288</u>
	<u>1,213,023</u>	<u>1,292,797</u>	<u>1,224,733</u>
 <u>PEPSI CENTRE</u>			
Operating subsidy	\$ 700,000	700,000	700,000
Building maintenance	50,000	46,096	15,953
Amortization	<u>497,075</u>	<u>497,075</u>	<u>497,075</u>
	<u>1,247,075</u>	<u>1,243,171</u>	<u>1,213,028</u>
 <u>GRANTS</u>			
Corner Brook Downtown Business Association	\$ 57,000	56,422	57,745
Corner Brook Stream Project	12,500	12,500	12,500
Community service grants	56,200	50,093	50,392
Corner Brook Museum and Archive Society	42,000	33,418	46,059
Summer concert series	30,000	14,978	27,289
WDMO/BOT	36,200	35,738	35,363
ECMA	--	--	75,000
East Meets West	<u>--</u>	<u>52,549</u>	<u>83,171</u>
	<u>233,900</u>	<u>255,698</u>	<u>387,519</u>
 <u>DEBT CHARGES</u>			
Interest	<u>657,520</u>	<u>593,894</u>	<u>698,706</u>
 <u>ALLOCATION TO RESERVES</u>			
Equipment replacement	--	100,000	100,000
Operating reserve	28,900	--	--
Capital equipment	--	91,800	--
Wild Cove Landfill Site	82,500	92,012	86,406
Water and sewer	<u>--</u>	<u>978,965</u>	<u>973,216</u>
	<u>111,400</u>	<u>1,262,777</u>	<u>1,159,622</u>
 <u>TOTAL</u>	 <u>22,814,100</u>	 <u>24,287,938</u>	 <u>23,547,665</u>

CITY OF CORNER BROOK
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
Year ended December 31, 2009

	<u>2009</u>	<u>2008</u>
Annual surplus	\$ 14,424,431	4,436,642
Acquisition of tangible capital assets	(23,118,595)	(14,582,004)
Amortization of tangible capital assets	4,275,433	4,391,287
Net change in prepaid expenses	190,563	(53,690)
Net change in reserves	<u>(1,607,139)</u>	<u>4,220,299</u>
<u>CHANGE IN NET FINANCIAL ASSETS</u>	(5,835,307)	(1,587,466)
<u>NET FINANCIAL ASSETS (DEBT),</u> beginning of year	<u>(17,480,101)</u>	<u>(15,892,635)</u>
<u>NET FINANCIAL ASSETS (DEBT),</u> end of year	<u>\$ (23,315,408)</u>	<u>(17,480,101)</u>

CITY OF CORNER BROOK
STATEMENT OF CASH FLOW
Year ended December 31, 2009

	<u>2009</u>	<u>2008</u>
<u>OPERATING TRANSACTIONS</u>		
Annual surplus	\$ 14,424,431	4,431,651
Change in non-cash items:		
Accounts receivable	(78,589)	1,458,385
Accounts payable and accrued liabilities	4,118,365	1,670,487
Amortization	4,275,433	4,391,287
Employee termination	(131,143)	11,486
Prepaid expenses	190,563	(53,690)
	<u>22,799,060</u>	<u>11,909,606</u>
<u>CAPITAL TRANSACTIONS</u>		
Acquisition of tangible capital assets	<u>(23,118,595)</u>	<u>(14,582,004)</u>
<u>FINANCING TRANSACTIONS</u>		
Proceeds of long-term debt	22,024,466	1,067,942
Repayment of long-term debt	(2,471,647)	(2,410,846)
Net change in reserves	<u>(1,607,139)</u>	<u>4,220,299</u>
	<u>17,945,680</u>	<u>2,877,395</u>
<u>INCREASE IN CASH</u>	17,626,145	204,997
<u>CASH (DEFICIENCY), beginning of year</u>	<u>(2,986,151)</u>	<u>(3,191,148)</u>
<u>CASH (DEFICIENCY), end of year</u>	<u>\$ 14,639,994</u>	<u>(2,986,151)</u>
<u>CASH (DEFICIENCY) consists of:</u>		
Cash	\$20,380,216	6,097,386
Due to bank (Note 4)	<u>(4,740,222)</u>	<u>(9,083,537)</u>
	<u>\$14,639,994</u>	<u>(2,986,151)</u>

CITY OF CORNER BROOK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

1. The City of Corner Brook is a municipal government incorporated pursuant to the Province of Newfoundland and Labrador's City of Corner Brook Act. The City provides and funds municipal services including fire, public works, recreation 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 of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

(a) Basis of Consolidation

The financial statements include the assets, liabilities, revenue and expenses of the reporting entity including, where material, local boards and committees.

(b) Cash

Cash includes cash balances, bank balances and short-term investments.

(c) 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 in use. The cost of the tangible capital assets are amortized on a straight-line basis over their estimated useful life as follows:

Computer hardware	4 years
Buildings	25-40 years
Equipment	5-10 years
Transportation infrastructure	5-50 years
Vehicles	5 years
Water and sewer infrastructure	15-60 years
Recreation infrastructure	10-20 years

(d) Revenue Recognition

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

(e) Use of Estimates

The preparation of 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 those estimates.

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

3. Accounts receivable consist of:

	<u>2009</u>	<u>2008</u>
Taxes		
Municipal	\$ 833,004	1,365,706
Business	206,930	374,452
Service fees	236,036	111,609
Utility	714,005	648,318
Tax rebate	356,484	193,844
Recoverable works:		
Flood damages	415,555	415,555
Province of Newfoundland Labrador	107,859	128,283
Tax agreement grant	234,343	--
Building permit	--	170,000
Advance - YMCA	13,000	13,000
Project East meets West	77,996	--
Property sales	130,000	--
Other	<u>286,809</u>	<u>280,155</u>
	3,612,021	3,700,922
Less: Allowance for doubtful accounts	<u>183,856</u>	<u>351,346</u>
	<u>\$3,428,165</u>	<u>3,349,576</u>

4. Due to bank consists of:

	<u>2009</u>	<u>2008</u>
Royal Bank of Canada:		
Current account overdraft	<u>\$ 5,740,222</u>	<u>9,083,537</u>

The current account overdraft bears interest at prime plus 0.8%.

5. Accounts payable consist of:

	<u>2009</u>	<u>2008</u>
Trade payables and accruals	\$ 6,460,982	3,545,727
Payroll liabilities	274,429	191,183
Contract deposits	562,969	528,536
Contract holdbacks	1,879,597	779,023
Accrued interest	<u>82,484</u>	<u>97,627</u>
	<u>\$ 9,260,461</u>	<u>5,142,096</u>

6. Long-term debt consists of:

	<u>2009</u>	<u>2008</u>
Canadian Imperial Bank of Commerce		
(a) 4.48% term loan, repayable in blended monthly installments of 40,998, maturing in 2012	\$ 1,013,863	1,449,762

..... Cont'd

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

6. Long-term debt (Cont'd):	<u>2009</u>	<u>2008</u>
Brought forward	\$ 1,013,863	1,449,762
(b) 3.18% term loan, repayable in blended monthly installments of \$45,302, maturing in 2014	2,267,492	--
(c) 4.64% term loan, repayable in blended monthly installments of \$11,094, maturing in 2013	701,854	882,342
Bank of Montreal		
(a) 3.78% term loan, repayable in blended monthly installments of \$9,159, maturing in 2009	--	107,687
(b) 4.42% term loan, repayable in blended monthly installments of \$17,676, maturing in 2010	191,695	389,880
(c) 4.81% term loan, repayable in blended monthly installments of \$10,650, maturing in 2011	154,752	272,039
(d) 4.42% term loan, repayable in blended monthly installments of \$14,066, maturing in 2011	311,189	462,650
Royal Bank of Canada		
(a) 4.68% term loan, repayable in blended semi-annual installments of \$49,070, maturing in 2021	865,163	920,851
(b) 4.62% term loan, repayable in blended semi-annual installments of \$113,178, maturing in 2021	2,067,341	2,193,789
(c) Temporary bank loans, to be refinanced with long-term borrowings	--	42,063
Canada Mortgage and Housing Corporation		
(a) Term loan under the Municipal Infrastructure Lending Program, repayable over a fifteen year period	<u>19,524,466</u>	--
	27,097,815	6,721,063
	 Cont'd

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

6. Long-term debt (Cont'd):

	<u>2009</u>	<u>2008</u>
Brought forward	\$27,097,815	6,721,063
Newfoundland Municipal Financing Corporation		
Loans with interest rates ranging from 7.375% to 14.5%, repayable in semi-annual installments with maturity dates between 2010 and 2020	<u>3,084,075</u>	<u>3,908,008</u>
	<u>\$30,181,890</u>	<u>10,629,071</u>

Principal payments, including both the City's and Province's share, required for the next five years on long-term debt are as follows:

2010	\$ 2,850,112
2011	3,284,504
2012	2,693,433
2013	2,624,570
2014	2,677,061

The Newfoundland Municipal Financing Corporation loans and the Royal Bank term loan represent the provincial government's share of specific cost shared capital projects. The provincial government provides contributions to pay the required installments on these loans.

7. The City's remuneration package entitles employees to severance pay and a portion of unused sick leave pay at the termination of employment provided the employee meets the specific provisions of the plan. The City has also committed an amount to provide benefits to early retirees. The amount earned by employees to December 31 consists of:

	<u>2009</u>	<u>2008</u>
Severance pay	\$1,299,631	1,257,617
Sick leave benefits	335,192	448,180
Early retirees - bridging	137,317	125,228
Early retirees - group benefits	<u>169,076</u>	<u>241,334</u>
	<u>\$1,941,216</u>	<u>2,072,359</u>

8. Prepaid expenses consist of:

	<u>2009</u>	<u>2008</u>
Inventory of land, at cost	\$ 204,527	204,527
Inventory of supplies, at cost	<u>797,347</u>	<u>987,910</u>
	<u>\$ 1,001,874</u>	<u>1,192,437</u>

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

9. Reserves consist of:

	Balance December <u>31, 2008</u>	Allocation <u>2009</u>	Utilized <u>2009</u>	Balance December <u>31, 2009</u>
Snow clearing	\$ 115,460	--	115,460	--
Operating - other	40,000	--	--	40,000
Environment	50,000	--	--	50,000
Wild Cove Landfill Site	400,252	92,012	--	492,264
NLHC paving	368,191	--	164,536	203,655
Reserve - water and sewer	2,710,228	978,965	--	3,689,193
Land acquisitions	1,917,447	--	1,313,560	603,887
Equipment replacement	233,200	191,800	--	425,000
Gas tax funding	153,306	708,645	861,951	--
Public Transit funding	<u>2,356,254</u>	<u>362,458</u>	<u>1,518,712</u>	<u>1,200,000</u>
	<u>\$8,344,338</u>	<u>2,333,880</u>	<u>3,974,219</u>	<u>6,703,999</u>

10. Contingencies:

A number of claims have been filed against the City for various reasons; the City is denying liability and defending any actions accordingly. No provisions have been made in the financial statements for any losses that may result from the claims; losses, if any, to the City will be accounted for in the year liability is established. The City will seek to recover any losses from its insurance carrier.

The City has recorded a variety of expenditures as recoverable as identified in Note 2. Any of these costs which are not recovered will be charged to operations in the year determined.

During 2001 the City acquired property from Newfoundland Labrador Housing Corporation in exchange for a mortgage issued in the amount of \$1,048,085. The mortgage is repayable as the City disposes of the land in accordance with an agreement with Newfoundland Labrador Housing Corporation. The mortgage balance at December 31, 2009 was \$726,328.

11. Change in accounting policy

The City has restated its financial statements to comply with adoption of generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB). Accordingly the opening balance for accumulated surplus has been restated as follows:

	<u>2009</u>	<u>2008</u>
Surplus (deficit), beginning of year		
As previously reported	\$(2,744,277)	(2,748,056)
Adjustment: Accounting for tangible capital assets	<u>38,545,655</u>	<u>34,116,783</u>
As restated	<u>\$35,801,378</u>	<u>31,368,727</u>

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

12. Financial instruments:

The City, as part of its operations, carries a number of financial instruments. It is management's opinion the City 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 approximates their carrying values.

CITY OF CORNER BROOK
SCHEDULE OF TANGIBLE CAPITAL ASSETS
December 31, 2009

	Cost			Accumulated Amortization			Net Book Value
	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2009	December 31, 2009	
Land	\$ 1,432,167	23,000	--	1,455,167	--	--	1,455,167
Buildings	21,932,454	2,841	--	21,955,295	7,149,527	7,672,947	14,262,348
Computers	248,863	--	--	248,863	152,338	44,584	51,941
Machinery and equipment	5,239,528	351,893	(533,609)	5,057,812	3,322,459	(533,609)	1,731,300
Recreation infrastructure	7,100,404	64,822	--	7,165,226	1,182,962	673,754	5,308,510
Transportation infrastructure	44,675,275	2,773,039	--	47,448,314	26,103,819	1,842,317	19,502,178
Water sewer infrastructure	20,924,084	35,082	--	20,959,166	8,243,393	651,973	12,063,800
Other	111,098	--	--	111,098	90,312	1,723	19,063
Assets under construction	4,981,117	19,867,918	--	24,849,035	--	--	24,849,035
	\$106,644,990	23,118,595	(533,609)	129,229,976	46,244,810	4,275,433	79,243,342

	Cost			Accumulated Amortization			Net Book Value
	December 31, 2007	December 31, 2008	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2008	December 31, 2008
Land	\$ 1,349,867	82,300	--	1,432,167	--	--	1,432,167
Buildings	21,793,500	138,954	--	21,932,454	6,626,107	7,149,527	14,782,927
Computers	185,509	63,354	--	248,863	99,589	52,749	96,525
Machinery and equipment	5,231,586	299,362	(291,420)	5,239,528	3,105,382	(291,420)	1,917,069
Recreation infrastructure	1,016,454	6,083,950	--	7,100,404	510,1433	672,819	5,917,442
Transportation infrastructure	40,853,347	3,821,928	--	44,675,275	24,139,654	1,964,165	18,571,456
Water sewer infrastructure	20,098,721	825,363	--	20,924,084	7,575,479	667,914	12,680,691
Other	93,864	17,234	--	111,098	88,589	1,723	20,786
Assets under construction	1,731,558	3,249,559	--	4,981,117	--	--	4,981,117
	\$ 92,354,406	14,582,004	(291,420)	106,644,990	42,144,943	4,391,287	60,400,180

CITY OF CORNER BROOK
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year ended December 31, 2009

Revenue per Municipal Budget	\$22,814,100
Revisions:	
Capital funding	10,711,089
Capital reserves	<u>3,842,764</u>
	<u>\$37,367,953</u>
Expenditures per Municipal Budget	\$22,814,100
Revisions:	
Amortization of tangible capital assets	4,275,433
Capital expenditures	(1,562,000)
Debt charges - principal	<u>(2,790,380)</u>
Expenditures per PSAB Budget	<u>\$22,737,153</u>