

CITY OF CORNER BROOK
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011

CITY OF CORNER BROOK
FINANCIAL STATEMENTS
December 31, 2011
TABLE OF CONTENTS

	<u>Page</u>
STATEMENT OF RESPONSIBILITY	1
AUDITOR'S REPORT	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

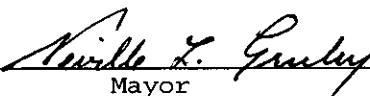
STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements are the responsibility of the management of the City of Corner Brook 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 Mayor and Councillors of the City and management have reviewed a draft of the financial statements to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.

Brian N. Hillier, C.A., as the City's appointed external auditor, has audited the financial statements. The Auditor's Report is addressed to the Mayor and members of Council and appears on the following page. His opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as he considers necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the City of Corner Brook in accordance with Canadian generally accepted accounting principles.



Mayor



Director of Corporate Services

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 consolidated financial statements of the City of Corner Brook as at December 31, 2011, 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 consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2011, 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.

CORNER BROOK,
NEWFOUNDLAND LABRADOR

20 June 2012



CHARTERED ACCOUNTANT

CITY OF CORNER BROOK
STATEMENT OF FINANCIAL POSITION
December 31, 2011

	<u>2011</u>	<u>2010</u>
<u>FINANCIAL ASSETS</u>		
Cash (Note 3)	\$ 13,039,951	7,647,056
Accounts receivable (Note 4)	<u>4,553,981</u>	<u>2,840,623</u>
	<u>17,593,932</u>	<u>11,187,258</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities (Note 5)	4,454,282	8,810,440
Long-term debt (Note 6)	29,248,109	26,898,840
Employee termination (Note 7)	1,937,005	1,839,131
Reserves (Note 8)	<u>8,067,981</u>	<u>7,309,023</u>
	<u>43,707,377</u>	<u>44,857,434</u>
<u>NET FINANCIAL ASSETS (DEBT)</u>	<u>(26,113,445)</u>	<u>(34,369,755)</u>
<u>NON-FINANCIAL ASSETS</u>		
Tangible capital assets (Schedule I)	105,307,305	95,734,629
Prepaid expenses (Note 9)	<u>1,167,912</u>	<u>1,430,337</u>
	<u>106,475,217</u>	<u>97,164,966</u>
<u>NET EQUITY</u>	<u>\$ 80,361,772</u>	<u>62,795,211</u>
<u>CONTINGENCIES (Note 10)</u>		

ON BEHALF OF THE COUNCIL:

_____ Mayor

_____ Director of Corporate Services

The accompanying notes are an integral part of this financial statement.

CITY OF CORNER BROOK
STATEMENT OF SURPLUS
Year ended December 31, 2011

	<u>Budget</u> (Schedule II)	<u>2011</u>	<u>2010</u>
<u>REVENUE</u>	\$43,756,679	45,067,030	44,241,221
<u>EXPENDITURES</u>	<u>27,907,502</u>	<u>27,500,469</u>	<u>26,113,113</u>
<u>ANNUAL SURPLUS</u>	<u>\$15,849,177</u>	17,566,561	18,128,108
<u>EQUITY</u> , beginning of year		<u>62,795,211</u>	<u>44,667,103</u>
<u>EQUITY</u> , end of year		<u>\$80,361,772</u>	<u>62,795,211</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CORNER BROOK
STATEMENT OF REVENUE AND EXPENDITURE
Year ended December 31, 2011

	<u>Page</u>	<u>Budget</u> (Schedule II)	<u>2011</u>	<u>2010</u>
<u>REVENUE</u>				
Taxation	6	\$22,277,500	22,735,505	21,634,440
Contributions	6	16,327,666	17,104,588	17,611,360
Utility taxes	6	1,110,000	1,127,376	1,076,502
Grants in lieu of taxes	6	1,235,700	1,247,301	1,271,279
Other revenue	6	<u>2,805,813</u>	<u>2,852,260</u>	<u>2,647,640</u>
		<u>43,756,679</u>	<u>45,067,030</u>	<u>44,241,221</u>
<u>EXPENDITURES</u>				
General Government	7	4,093,322	3,929,352	3,101,042
Community services	7	1,580,000	1,385,007	1,251,731
Fire Department	7	3,486,425	3,226,484	3,188,002
Operational services	7	10,493,984	11,259,135	10,290,116
Water and sewerage	7	2,450,513	2,308,063	2,533,432
Corner Brook Transit	7	434,900	471,045	410,561
Parks and Recreation	8	1,414,231	1,440,006	1,084,528
Pepsi Centre	8	1,249,527	1,353,676	1,183,442
Grants	8	225,000	194,940	302,941
Debt charges	8	1,567,600	1,076,376	1,249,478
Allocation to reserves	8	762,000	706,385	1,367,840
Provision for doubtful accounts		<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
		<u>27,907,502</u>	<u>27,500,469</u>	<u>26,113,113</u>
<u>SURPLUS FOR THE YEAR</u>		<u>\$15,849,177</u>	<u>17,566,561</u>	<u>18,128,108</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CORNER BROOK
STATEMENT OF REVENUE
Year ended December 31, 2011

	Budget 2011	Actual 2011	Actual 2010
<u>TAXATION</u>			
Water sewer levy	\$ 1,478,000	1,486,996	1,186,542
Municipal tax	16,215,500	16,608,044	15,810,750
Business tax	4,149,000	4,187,240	4,200,533
Poll tax	375,000	395,066	376,825
Corner Brook Downtown Business Association	<u>60,000</u>	<u>58,159</u>	<u>59,790</u>
	<u>22,277,500</u>	<u>22,735,505</u>	<u>21,634,440</u>
<u>CONTRIBUTIONS</u>			
Province of Newfoundland and Labrador:			
Municipal operating grants	666,600	733,300	666,636
Debt grants	1,015,000	1,725,222	1,127,232
Capital funding	<u>14,646,066</u>	<u>14,646,066</u>	<u>15,817,492</u>
	<u>16,327,666</u>	<u>17,104,588</u>	<u>17,611,360</u>
<u>UTILITY TAXES</u>			
Newfoundland Power Limited	700,000	712,531	662,156
Aliant Communications	300,000	303,609	309,126
Rogers Cable	110,000	105,857	96,200
Other	<u>--</u>	<u>5,379</u>	<u>9,020</u>
	<u>1,110,000</u>	<u>1,127,376</u>	<u>1,076,502</u>
<u>GRANTS IN LIEU OF TAXES</u>			
Canadian Broadcasting Corporation	3,500	9,310	6,714
Corner Brook Pulp and Paper Limited:			
Current grant	1,027,200	1,035,401	1,051,991
Water grant	90,000	90,000	90,000
Government of Canada	100,000	95,418	103,827
Newfoundland Liquor Corporation	<u>15,000</u>	<u>17,172</u>	<u>18,747</u>
	<u>1,235,700</u>	<u>1,247,301</u>	<u>1,271,279</u>
<u>OTHER REVENUE</u>			
Interest	255,000	350,651	308,148
Licences and permits	272,200	268,676	290,466
Recreation and community service	41,000	37,224	41,075
Pepsi Centre	120,000	120,000	120,000
Wild Cove Landfill Site	25,000	94,774	36,298
Land sales	165,000	166,905	156,295
Revenue from operating reserves	765,000	732,527	177,287
Revenue from capital reserves	958,213	958,213	1,278,953
Miscellaneous	<u>204,400</u>	<u>123,290</u>	<u>239,118</u>
	<u>2,805,813</u>	<u>2,852,260</u>	<u>2,647,640</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CORNER BROOK
STATEMENT OF EXPENDITURES
Year ended December 31, 2011

	Budget <u>2011</u>	Actual <u>2011</u>	Actual <u>2010</u>
<u>GENERAL GOVERNMENT</u>			
Executive and Legislative	\$ 340,700	295,406	312,907
Chief Administrative Office	524,600	493,891	445,226
Corporate Services Department	2,343,900	2,305,778	2,073,818
Business Resource Centre	256,900	207,055	222,783
Amortization	<u>627,222</u>	<u>627,222</u>	<u>46,308</u>
	<u>4,093,322</u>	<u>3,929,352</u>	<u>3,101,042</u>
<u>COMMUNITY SERVICES DEPARTMENT</u>			
Community Services Administration	423,300	368,889	387,596
Development and planning	210,900	199,654	162,033
Building inspection	292,000	237,999	265,502
Municipal enforcement	225,100	198,253	192,968
Animal control	104,400	94,929	101,046
Recreation and leisure	<u>324,300</u>	<u>285,283</u>	<u>142,586</u>
	<u>1,580,000</u>	<u>1,385,007</u>	<u>1,251,731</u>
<u>FIRE DEPARTMENT</u>			
Fire protection	3,414,700	3,154,759	3,116,277
Amortization	<u>71,725</u>	<u>71,725</u>	<u>71,725</u>
	<u>3,486,425</u>	<u>3,226,484</u>	<u>3,188,002</u>
<u>OPERATIONAL SERVICES DEPARTMENT</u>			
Supervision and administration	1,837,000	1,905,077	1,823,506
Other operations payroll	890,700	888,556	940,381
Building maintenance	407,000	517,558	394,299
Street lighting	570,000	600,733	571,993
Snow clearing	1,479,000	1,652,333	928,970
Traffic control	198,000	224,595	204,103
Drainage	105,000	296,751	102,157
Street and storm sewer cleaning	231,500	215,439	262,195
Street maintenance	839,000	962,470	1,051,386
Miscellaneous expenses	35,500	37,353	43,040
Sanitation and waste removal	475,000	500,708	485,949
Amortization	2,939,084	2,939,084	2,740,027
Unrecovered flood costs	--	--	416,339
Landfill costs	165,000	227,301	177,287
Sustainable development	173,500	183,260	148,484
Geographical information systems	<u>148,700</u>	<u>107,917</u>	<u>--</u>
	<u>10,493,984</u>	<u>11,259,135</u>	<u>10,290,116</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CORNER BROOK
STATEMENT OF EXPENDITURES
Year ended December 31, 2011

	Budget <u>2011</u>	Actual <u>2011</u>	Actual <u>2010</u>
<u>WATER AND SEWERAGE</u>			
Purification and treatment	220,000	149,546	174,357
Water mains and hydrants	880,000	780,878	899,008
Sanitary systems	256,000	266,904	367,758
Regulators and meters	90,000	75,185	86,397
Reservoirs and intakes	87,500	141,734	84,088
Pumphouse	112,000	88,803	98,610
Amortization	<u>805,013</u>	<u>805,013</u>	<u>823,214</u>
	<u>2,450,513</u>	<u>2,308,063</u>	<u>2,533,432</u>
 <u>CORNER BROOK TRANSIT</u>			
Transit contract subsidy	<u>434,900</u>	<u>471,045</u>	<u>410,561</u>
 <u>PARKS AND RECREATION</u>			
Parks	418,000	443,775	404,292
Amortization	<u>996,231</u>	<u>996,231</u>	<u>680,236</u>
	<u>1,414,231</u>	<u>1,440,006</u>	<u>1,084,528</u>
 <u>PEPSI CENTRE</u>			
Operating subsidy	700,000	812,500	668,617
Building maintenance	50,000	41,649	15,268
Amortization	<u>499,527</u>	<u>499,527</u>	<u>499,557</u>
	<u>1,249,527</u>	<u>1,353,676</u>	<u>1,183,442</u>
 <u>GRANTS</u>			
Corner Brook Downtown Business Association	60,000	58,159	59,790
Corner Brook Stream Project	20,000	20,000	20,000
Community service grants	58,000	53,537	41,081
Corner Brook Museum and Archive Society	37,000	36,189	37,792
Summer concert series	--	--	7,697
WDMO/BOT	--	--	34,257
East Meets West	20,000	4,528	102,324
Tourism Bureau	<u>30,000</u>	<u>22,527</u>	<u>--</u>
	<u>225,000</u>	<u>194,940</u>	<u>302,941</u>
 <u>DEBT CHARGES</u>			
Interest	<u>1,567,600</u>	<u>1,076,376</u>	<u>1,249,478</u>
 <u>ALLOCATION TO RESERVES</u>			
Capital equipment	--	--	145,000
Wild Cove Landfill Site	25,000	--	36,298
Water and sewer	687,000	692,043	1,186,542
Land costs	<u>50,000</u>	<u>14,342</u>	<u>--</u>
	<u>762,000</u>	<u>706,385</u>	<u>1,367,840</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CORNER BROOK
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
 Year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
Annual surplus	\$ 17,554,561	18,128,108
Acquisition of tangible capital assets	(15,511,478)	(26,911,060)
Amortization of tangible capital assets	5,938,802	4,861,067
Net change in prepaid expenses	<u>262,425</u>	<u>(428,463)</u>
<u>CHANGE IN NET FINANCIAL ASSETS</u>	8,244,310	(4,350,348)
<u>NET FINANCIAL ASSETS (DEBT),</u> beginning of year	<u>(34,369,755)</u>	<u>(30,019,407)</u>
<u>NET FINANCIAL ASSETS (DEBT),</u> end of year	<u>\$ (26,125,445)</u>	<u>(34,369,755)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CORNER BROOK
STATEMENT OF CASH FLOW
Year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
<u>OPERATING TRANSACTIONS</u>		
Annual surplus	\$ 17,566,561	18,128,108
Change in non-cash items:		
Accounts receivable	(1,713,358)	587,542
Accounts payable and accrued liabilities	(4,356,158)	(450,021)
Amortization	5,938,802	4,861,067
Employee termination	97,874	(102,085)
Prepaid expenses	<u>262,425</u>	<u>(428,463)</u>
	<u>17,796,146</u>	<u>22,596,148</u>
<u>CAPITAL TRANSACTIONS</u>		
Acquisition of tangible capital assets	<u>(15,511,478)</u>	<u>(26,911,060)</u>
<u>FINANCING TRANSACTIONS</u>		
Proceeds of long-term debt	6,200,000	--
Repayment of long-term debt	(3,850,731)	(3,283,050)
Net change in reserves	<u>758,958</u>	<u>605,024</u>
	<u>3,108,227</u>	<u>(2,678,026)</u>
<u>INCREASE (DECREASE) IN CASH</u>	5,392,895	(6,992,938)
<u>CASH</u> , beginning of year	<u>7,647,056</u>	<u>14,639,994</u>
<u>CASH</u> , end of year	<u>\$ 13,039,951</u>	<u>7,647,056</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CORNER BROOK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2011

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.

(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, 2011

2. Significant Accounting Policies (Cont'd):

(f) Income Taxes

The City is a non-profit entity exempt from income taxes.

(g) Sufficiency of Bonds

Fidelity bond coverage is carried on employees of the City who are in a position of trust.

3. Cash balance consists of cash and bank balances, short-term investments and account overdrafts. It includes operating, capital, reserve funds and overdrafts.

4. Accounts receivable consist of:

	<u>2011</u>	<u>2010</u>
Taxes		
Municipal	\$ 628,036	611,080
Business	117,971	169,208
Service fees	354,271	274,469
Utility	712,531	663,656
Tax rebate	726,641	1,004,693
Province of Newfoundland Labrador		
Gas tax funding	840,615	--
Department of Works, Services and Transportation	775,464	--
Other	72,571	96,681
Town of Massey Drive	122,598	--
Tax agreement grant	207,080	--
Advance - YMCA	9,054	13,000
Property transactions	67,056	124,513
Other	<u>168,890</u>	<u>83,899</u>
	4,802,778	3,041,199
Less: Allowance for doubtful accounts	<u>248,797</u>	<u>200,576</u>
	<u>\$4,553,981</u>	<u>2,840,623</u>

5. Accounts payable consist of:

	<u>2011</u>	<u>2010</u>
Trade payables and accruals	\$2,451,160	4,378,611
Payroll liabilities	148,312	350,486
Contract deposits	605,364	768,217
Contract holdbacks	1,094,221	3,244,172
Accrued interest	<u>155,225</u>	<u>68,954</u>
	<u>\$4,454,282</u>	<u>8,810,440</u>

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

6. Long-term debt consists of:	<u>2011</u>	<u>2010</u>
Canadian Imperial Bank of Commerce		
(a) 4.48% term loan, repayable in blended monthly installments of 40,998, maturing in 2012	\$ 121,891	596,798
(b) 3.18% term loan, repayable in blended monthly installments of \$45,302, maturing in 2014	1,341,213	1,831,520
(c) 4.64% term loan, repayable in blended monthly installments of \$11,094, maturing in 2013	331,659	528,901
Bank of Montreal		
(a) 4.81% term loan, repayable in blended monthly installments of \$10,650, maturing in 2011	--	32,393
(b) 4.42% term loan, repayable in blended monthly installments of \$14,066, maturing in 2011	--	152,895
Royal Bank of Canada		
(a) 4.68% term loan, repayable in blended semi-annual installments of \$49,070	--	806,838
(b) 4.62% term loan, repayable in blended semi-annual installments of \$113,178, maturing in 2021	1,796,442	1,934,984
(c) 2.33% term loan, repayable in blended monthly installments of \$98,970, maturing in 2016	5,600,000	--
Canada Mortgage and Housing Corporation		
(a) Term loan under the Municipal Infrastructure Lending Program, repayable over a fifteen year period	<u>17,532,554</u>	<u>18,547,943</u>
	26,723,759	24,432,272

..... Cont'd

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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

	<u>2011</u>	<u>2010</u>
Brought forward	\$26,723,759	24,432,272
Newfoundland Municipal Financing Corporation		
Loans with interest rates ranging from 7.375% to 14.5%, repayable in semi-annual installments with maturity dates between 2011 and 2020	1,924,350	2,466,568
Federal of Canadian Municipalities		
1.47% term loan under the Green Municipal Fund, repayable in semi-annual installments of \$15,000 plus interest, maturing in 2031	<u>600,000</u>	<u>--</u>
	<u>\$29,248,109</u>	<u>26,898,840</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:

2012	\$3,611,319
2013	3,561,654
2014	3,431,700
2015	3,000,221
2016	3,060,225

The Newfoundland Municipal Financing Corporation loans and the First 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>2011</u>	<u>2010</u>
Severance pay	\$1,405,857	1,321,046
Sick leave benefits	286,164	299,402
Early retirees - bridging	144,550	87,150
Early retirees - group benefits	<u>100,434</u>	<u>131,533</u>
	<u>\$1,937,005</u>	<u>1,839,131</u>

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

8. Reserves consist of:

	Balance December <u>31, 2010</u>	Allocation <u>2011</u>	Utilized <u>2011</u>	Balance December <u>31, 2011</u>
Wild Cove Landfill				
Site	\$ 452,392	--	132,527	319,865
NLHC paving	122,518	41,865	--	164,383
Reserve - water	2,448,253	--	600,000	1,848,253
Reserve - sewer	2,427,482	692,043	--	3,119,525
Land acquisitions	789,098	12,596	291,027	510,667
Equipment replacement	570,000	--	100,000	470,000
Gas tax funding	17,585	1,709,912	372,000	1,355,497
Public Transit/ Public Trust	<u>481,695</u>	<u>9,482</u>	<u>211,386</u>	<u>279,791</u>
	<u>\$7,309,023</u>	<u>2,465,898</u>	<u>1,706,940</u>	<u>8,067,981</u>

The beginning balances for reserves has been reallocated.

9. Prepaid expenses consist of:

	<u>2011</u>	<u>2010</u>
Inventory of land, at cost	\$ --	204,527
Inventory of supplies, at cost	877,875	967,738
Insurance premium	<u>290,037</u>	<u>258,072</u>
	<u>\$1,167,912</u>	<u>1,430,337</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.

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, 2011 was \$583,110.

CITY OF CORNER BROOK
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year ended December 31, 2011

	2011	2010
Revenue per Municipal Budget	\$28,152,400	26,550,400
Revisions:		
Capital funding	14,646,066	15,817,492
Capital reserves	<u>958,213</u>	<u>1,278,953</u>
	<u>\$43,756,679</u>	<u>43,646,845</u>
Expenditures per Municipal Budget	\$28,152,400	26,550,400
Revisions:		
Amortization of tangible capital assets	5,938,802	4,861,067
Capital expenditures	(2,034,400)	(2,071,900)
Debt charges - principal	<u>(4,149,300)</u>	<u>(3,847,800)</u>
Expenditures per PSAB Budget	<u>\$27,907,502</u>	<u>25,491,767</u>