

CITY OF CORNER BROOK
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014

CITY OF CORNER BROOK
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014
TABLE OF CONTENTS

	<u>Page</u>
STATEMENT OF RESPONSIBILITY	1
INDEPENDENT AUDITOR'S REPORT	2
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF SURPLUS	4
CONSOLIDATED STATEMENT OF OPERATIONS	5
CONSOLIDATED STATEMENT OF REVENUE	6
CONSOLIDATED STATEMENT OF EXPENDITURES	7
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS	9
CONSOLIDATED STATEMENT OF CASH FLOW	10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	11
SCHEDULE I - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS	16
SCHEDULE II - CONSOLIDATED RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET	17

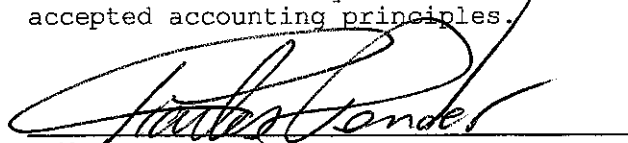
STATEMENT OF RESPONSIBILITY


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 Professional Accountants of Canada.

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 consolidated financial statements to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Brian N. Hillier, CPA, CA, as the City's appointed external auditor, has audited the consolidated 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 Finance and Administration

Brian N. Hillier

Chartered Professional Accountant

Telephone: (709) 634-6431

Facsimile: (709) 634-2769

email: bnhillier.ca@gmail.com

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

INDEPENDENT AUDITOR'S REPORT

The Mayor and Councillors
City of Corner Brook
Corner Brook, Newfoundland Labrador

I have audited the financial statements of the City of Corner Brook, which comprise the statement of financial position as at December 31, 2014, the statements of surplus, operations and changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

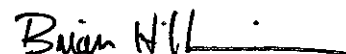
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I consider internal control relevant to the Municipality'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 City'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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the City of Corner Brook as at December 31, 2014, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

CORNER BROOK, NEWFOUNDLAND
NEWFOUNDLAND LABRADOR



31 July 2015

CHARTERED PROFESSIONAL ACCOUNTANT

CITY OF CORNER BROOK
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 December 31, 2014

	<u>2014</u>	<u>2013</u>
<u>FINANCIAL ASSETS</u>		
Cash (Note 3)	\$ 7,843,115	9,480,343
Accounts receivable (Note 4)	<u>4,024,451</u>	<u>2,510,260</u>
	<u>11,867,566</u>	<u>11,990,603</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities (Note 5)	8,283,407	8,764,086
Long-term debt (Note 6)	24,759,389	23,360,005
Employee termination (Note 7)	1,964,980	2,072,721
Reserves (Note 8)	<u>9,228,392</u>	<u>7,260,213</u>
	<u>44,236,168</u>	<u>41,457,025</u>
<u>NET FINANCIAL ASSETS (DEBT)</u>	<u>(32,368,602)</u>	<u>(29,466,422)</u>
<u>NON-FINANCIAL ASSETS</u>		
Tangible capital assets (Schedule I)	151,825,196	133,325,839
Prepaid expenses (Note 9)	<u>970,160</u>	<u>961,185</u>
	<u>152,795,356</u>	<u>134,287,024</u>
<u>NET EQUITY</u>	<u>\$120,426,754</u>	<u>104,820,602</u>
<u>CONTINGENCIES (Note 10)</u>		

ON BEHALF OF THE COUNCIL:


 _____ Mayor


 _____ City Clerk

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

CITY OF CORNER BROOK
 CONSOLIDATED STATEMENT OF SURPLUS
 Year ended December 31, 2014

	<u>Budget</u>	<u>2014</u>	<u>2013</u>
<u>REVENUE</u>	\$ 44,466,149	45,466,571	44,822,795
<u>EXPENDITURES</u>	<u>29,565,527</u>	<u>29,860,419</u>	<u>28,395,039</u>
<u>ANNUAL SURPLUS</u>	<u>\$ 14,900,622</u>	15,606,152	16,427,756
<u>EQUITY</u> , beginning of year		<u>104,820,602</u>	<u>88,392,846</u>
<u>EQUITY</u> , end of year		<u>\$120,426,754</u>	<u>104,820,602</u>

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

CITY OF CORNER BROOK
 CONSOLIDATED STATEMENT OF OPERATIONS
 Year ended December 31, 2014

	<u>Page</u>	<u>Budget</u> (Schedule II)	<u>2014</u>	<u>2013</u>
<u>REVENUE</u>				
Taxation	6	\$25,475,400	26,046,168	25,416,105
Contributions	6	15,145,724	15,145,684	14,298,627
Utility taxes	6	1,220,000	1,274,134	1,263,832
Grants in lieu of taxes	6	1,164,500	1,163,406	1,171,506
Other revenue	6	<u>1,460,525</u>	<u>1,837,179</u>	<u>2,672,725</u>
		<u>44,466,149</u>	<u>45,466,571</u>	<u>44,822,795</u>
<u>EXPENDITURES</u>				
General Government	7	4,084,129	3,722,905	4,094,043
Community services	7	1,488,900	1,306,170	1,503,980
Fire Department	7	3,757,085	3,619,574	3,514,413
Operational services	7	11,882,953	11,883,968	11,404,993
Water and sewerage	8	3,132,699	3,148,753	2,702,950
Corner Brook Transit	8	351,000	326,333	340,214
Parks and Recreation	8	1,076,334	1,084,948	1,251,913
Civic Centre	8	1,479,527	1,926,497	1,436,790
Grants	8	301,500	286,658	244,834
Debt charges	8	1,000,100	838,322	875,598
Allocation to reserves	8	861,300	1,566,291	875,311
Provision for doubtful accounts		<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
		<u>29,565,527</u>	<u>29,860,419</u>	<u>28,395,039</u>
<u>SURPLUS FOR THE YEAR</u>		<u>\$14,900,622</u>	<u>15,606,152</u>	<u>16,427,756</u>

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

CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF REVENUE
Year ended December 31, 2014

	Budget <u>2014</u>	<u>2014</u>	<u>2013</u>
<u>TAXATION</u>			
Water and sewer levy	\$ 1,909,500	1,924,423	1,911,411
Municipal tax	18,101,700	18,259,407	17,974,224
Business tax	4,772,700	4,982,905	4,707,093
Poll tax	275,000	416,400	379,960
Business surcharge	63,000	64,456	62,967
Meter supply levy	<u>353,500</u>	<u>398,577</u>	<u>380,450</u>
	<u>25,475,400</u>	<u>26,046,168</u>	<u>25,416,105</u>
<u>CONTRIBUTIONS</u>			
Province of Newfoundland and Labrador:			
Debt grants	406,000	405,960	447,852
Capital fund	<u>14,739,724</u>	<u>14,739,724</u>	<u>13,850,775</u>
	<u>15,145,724</u>	<u>15,145,684</u>	<u>14,298,627</u>
<u>UTILITY TAXES</u>			
Newfoundland Power Limited	770,000	838,333	807,141
Aliant	315,000	308,776	317,761
Rogers	135,000	122,770	133,342
Other	<u>--</u>	<u>4,255</u>	<u>5,588</u>
	<u>1,220,000</u>	<u>1,274,134</u>	<u>1,263,832</u>
<u>GRANTS IN LIEU OF TAXES</u>			
Canadian Broadcasting Corporation	3,500	3,666	3,666
Corner Brook Pulp and Paper Limited:			
Current grant	961,000	956,552	960,976
Water grant	90,000	90,000	90,000
Government of Canada	110,000	113,188	113,193
Newfoundland Liquor Corporation	<u>--</u>	<u>--</u>	<u>3,671</u>
	<u>1,164,500</u>	<u>1,163,406</u>	<u>1,171,506</u>
<u>OTHER REVENUE</u>			
Interest	275,000	425,589	387,460
Licences and permits	228,000	200,819	358,548
Recreation and community service	37,000	38,322	39,744
Civic Centre rental	120,000	80,000	120,000
Land transactions	32,000	26,225	31,822
Revenue from operating reserves	248,800	--	944,266
Revenue from capital reserves	285,625	285,625	530,668
City Hall rental	201,200	201,168	201,168
Fines	26,400	18,097	26,168
Civic Centre operations	<u>--</u>	<u>519,254</u>	<u>--</u>
Miscellaneous	<u>6,500</u>	<u>42,080</u>	<u>32,881</u>
	<u>1,460,525</u>	<u>1,837,179</u>	<u>2,672,725</u>

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

CITY OF CORNER BROOK
 CONSOLIDATED STATEMENT OF EXPENDITURES
 Year ended December 31, 2014

	Budget 2014	2014	2013
<u>GENERAL GOVERNMENT</u>			
Executive and legislative	\$ 301,700	278,997	291,573
Chief Administrative Office	435,500	292,826	452,756
Corporate Services Department	2,315,500	2,245,240	2,355,158
Business Resource Centre	260,900	135,313	229,988
Amortization	<u>770,529</u>	<u>770,529</u>	<u>764,568</u>
	<u>4,084,129</u>	<u>3,722,905</u>	<u>4,094,043</u>
<u>COMMUNITY SERVICES DEPARTMENT</u>			
Community Services Administration	370,900	252,312	352,608
Development and planning	143,300	141,046	146,121
Building inspection	341,600	335,679	327,790
Municipal enforcement	217,400	222,368	223,595
Animal control	110,400	94,520	98,640
Recreation and leisure	<u>305,300</u>	<u>260,245</u>	<u>355,226</u>
	<u>1,488,900</u>	<u>1,306,170</u>	<u>1,503,980</u>
<u>FIRE DEPARTMENT</u>			
Fire protection	3,687,500	3,549,989	3,444,828
Amortization	<u>69,585</u>	<u>69,585</u>	<u>69,585</u>
	<u>3,757,085</u>	<u>3,619,574</u>	<u>3,514,413</u>
<u>OPERATIONAL SERVICES DEPARTMENT</u>			
Supervision and administration	2,043,100	1,972,727	1,975,566
Other operations payroll	883,100	931,474	852,015
Building maintenance	672,500	582,564	618,933
Street lighting	648,500	624,584	630,006
Snow clearing	1,500,000	2,027,519	1,715,149
Traffic control	175,000	188,371	189,559
Drainage	145,000	184,014	214,337
Street and storm sewer cleaning	267,500	275,947	237,538
Street maintenance	968,000	947,580	1,020,455
Miscellaneous expenses	44,000	47,200	52,060
Sanitation and waste removal	979,300	648,845	844,792
Amortization	3,327,353	3,327,353	2,825,321
Sustainable development	204,600	123,871	219,145
Geographical information systems	<u>25,000</u>	<u>1,919</u>	<u>10,117</u>
	<u>11,882,953</u>	<u>11,883,968</u>	<u>11,404,993</u>
<u>WATER AND SEWERAGE</u>			
Water treatment plant	358,000	166,682	--
Purification and treatment	223,000	281,769	210,176
Water mains and hydrants	928,500	1,224,388	951,670
Sanitary systems	338,000	276,146	310,386
Regulators and meters	157,000	93,125	136,004
Reservoirs and intakes	101,000	69,201	85,210
Pumphouse	130,000	140,243	119,193
Amortization	<u>897,199</u>	<u>897,199</u>	<u>890,311</u>
	<u>3,132,699</u>	<u>3,148,753</u>	<u>2,702,950</u>

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

CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF EXPENDITURES
Year ended December 31, 2014

	Budget 2014	2014	2013
<u>CORNER BROOK TRANSIT</u>			
Transit contract subsidy	\$ 351,000	326,333	340,214
<u>PARKS AND RECREATION</u>			
Parks	402,000	410,614	467,400
Amortization	674,334	674,334	784,513
	<u>1,076,334</u>	<u>1,084,948</u>	<u>1,251,913</u>
<u>CIVIC CENTRE</u>			
Operating subsidy	850,000	565,363	850,000
Building operations	130,000	861,607	87,263
Amortization	499,527	499,527	499,527
	<u>1,479,527</u>	<u>1,926,497</u>	<u>1,436,790</u>
<u>GRANTS</u>			
Corner Brook Downtown Business Association	63,000	64,456	61,832
Corner Brook Stream Development Corporation	90,000	90,000	35,000
Community service grants	76,500	61,899	65,771
Corner Brook Museum and Archive Society	50,000	48,790	40,231
Summer Music Festival	--	--	20,000
Greater Corner Brook Board of Trade	22,000	21,513	22,000
	<u>301,500</u>	<u>286,658</u>	<u>244,834</u>
<u>DEBT CHARGES</u>			
Interest	1,000,100	838,322	875,598
<u>ALLOCATION TO RESERVES</u>			
Water and sewer	861,300	908,161	875,311
Civic Centre	--	274,509	--
Snow clearing	--	250,000	--
Capital equipment	--	73,621	--
60 th Anniversary	--	60,000	--
	<u>861,300</u>	<u>1,566,291</u>	<u>875,311</u>

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

CITY OF CORNER BROOK
 CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
 Year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
Annual surplus	\$15,606,152	16,427,756
Acquisition of tangible capital assets	(24,737,884)	(29,485,360)
Amortization of tangible capital assets	6,238,527	5,833,825
Net change in prepaid expenses	<u>(8,975)</u>	<u>143,010</u>
<u>CHANGE IN NET FINANCIAL ASSETS</u>	(2,902,180)	(7,080,769)
<u>NET FINANCIAL ASSETS (DEBT), beginning of year</u>	<u>(29,466,422)</u>	<u>(22,385,653)</u>
<u>NET FINANCIAL ASSETS (DEBT), end of year</u>	<u>\$(32,368,602)</u>	<u>(29,466,422)</u>

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

CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF CASH FLOW
Year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
<u>OPERATING TRANSACTIONS:</u>		
Annual surplus	\$15,606,152	16,427,756
Change in non-cash items:		
Accounts receivable	(1,514,191)	1,093,074
Accounts payable and accrued liabilities	(480,679)	3,766,675
Amortization	6,238,527	5,833,825
Employee termination	(107,741)	175,130
Prepaid expenses	(8,975)	143,010
	<u>19,733,093</u>	<u>27,439,470</u>
<u>CAPITAL TRANSACTIONS:</u>		
Acquisition of tangible capital assets	<u>(24,737,884)</u>	<u>(29,485,360)</u>
<u>FINANCING TRANSACTIONS:</u>		
Proceeds of long-term debt	5,000,000	2,600,000
Repayment of long-term debt	(3,600,616)	(3,238,900)
Net change in reserves	<u>1,968,179</u>	<u>762,520</u>
	<u>3,367,563</u>	<u>123,620</u>
<u>DECREASE IN CASH</u>	<u>(1,637,228)</u>	<u>(1,922,270)</u>
<u>CASH</u> , beginning of year	<u>9,480,343</u>	<u>11,402,613</u>
<u>CASH</u> , end of year	<u>\$ 7,843,115</u>	<u>9,480,343</u>

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

CITY OF CORNER BROOK
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2014

1. **BUSINESS OF THE CITY**

The City of Corner Brook is a municipal government incorporated pursuant to the Province of Newfoundland 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 consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Professional Accountants of Canada and reflect the following significant accounting policies:

(a) **Basis of Consolidation**

The consolidated 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 consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

..... Cont'd

CITY OF CORNER BROOK
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2014

2. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

(f) Income Taxes

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

(g) Sufficiency of Bonds

Sufficient fidelity bond coverage in the amount of \$500,000 is carried on employees of the City who are in a position of trust.

(i) The manner in which the accounts have been kept and the safeguards against fraud are considered satisfactory.

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**

	<u>2014</u>	<u>2013</u>
Taxes		
Municipal	\$ 673,392	562,184
Business	170,417	207,189
Poll tax	220,235	163,456
Utility	838,333	807,141
Tax rebate	372,005	449,576
Province of Newfoundland Labrador		
Gas tax funding	420,307	--
Project funding	1,256,813	--
Other	79,865	48,727
Tax agreement - Corner Brook Pulp and Paper Limited	195,608	384,930
Waste management fees	--	69,989
Other	<u>283,335</u>	<u>136,876</u>
	4,510,310	2,830,068
Less: Allowance for doubtful accounts	<u>485,859</u>	<u>319,808</u>
	<u>\$4,024,451</u>	<u>2,510,260</u>

5. **ACCOUNTS PAYABLE**

	<u>2014</u>	<u>2013</u>
Trade payables and accruals	\$3,728,656	4,819,177
Contract deposits	745,705	537,706
Contract holdbacks	3,794,839	3,387,018
Accrued interest	<u>14,207</u>	<u>20,185</u>
	<u>\$8,283,407</u>	<u>8,764,086</u>

CITY OF CORNER BROOK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014

6. LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
Canadian Imperial Bank of Commerce		
(a) 2.29% term loan, repayable in blended monthly installments of \$45,908, maturing in 2018	\$ 2,103,517	2,600,000
(b) 3.18% term loan, repayable in blended monthly installments of \$45,302, maturing in 2014	--	312,625
(c) 2.08% term loan, repayable in blended monthly installments of \$175,703, maturing in 2019	4,843,524	--
Royal Bank of Canada		
(a) 2.33% term loan, repayable in blended monthly installments of \$98,970, maturing in 2016	2,318,494	3,437,888
Canada Mortgage and Housing Corporation		
(a) 3.98% term loan under the Municipal Infrastructure Lending Program, repayable over a fifteen year period in annual blended installments of \$1,753,597	14,237,414	15,378,930
Newfoundland Municipal Financing Corporation		
Loans with interest rates ranging from 7.375% to 14.5%, repayable in semi-annual installments with maturity dates between 2014 and 2020	746,440	1,090,562
Federation 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>510,000</u>	<u>540,000</u>
	<u>\$24,759,389</u>	<u>23,360,005</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:

2015	\$ 4,404,468
2016	4,103,705
2017	4,165,779
2018	3,129,095
2019	3,015,201

..... Cont'd

CITY OF CORNER BROOK
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2014

6. **LONG-TERM DEBT** (Cont'd)

The Newfoundland Municipal Financing Corporation loans 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>2014</u>	<u>2013</u>
Severance pay	\$1,519,991	1,614,639
Sick leave benefits	317,115	289,896
Early retirees - bridging	30,700	67,500
Early retirees - group benefits	<u>97,174</u>	<u>100,686</u>
	<u>\$1,964,980</u>	<u>2,072,721</u>

8. **RESERVES**

	Balance December <u>31, 2013</u>	Allocation <u>2014</u>	Utilized <u>2014</u>	Balance December <u>31, 2014</u>
Wild Cove Landfill				
Site	\$168,072	--	--	168,072
NLHC paving	195,219	--	95,576	99,643
Reserve - water	251,528	--	--	251,528
Reserve - sewer	4,735,267	908,161	--	5,643,428
Land acquisitions	744,766	--	77,701	667,065
Equipment replacement	170,000	73,621	--	243,621
Gas tax funding	920,523	857,793	224,226	1,554,090
Public Transit/ Public Trust	74,838	2,997	61,399	16,436
Civic Centre	--	274,509	--	274,509
Snow clearing	--	250,000	--	250,000
60 th Anniversary	<u>--</u>	<u>60,000</u>	<u>--</u>	<u>60,000</u>
	<u>\$7,260,213</u>	<u>2,427,081</u>	<u>458,902</u>	<u>9,228,392</u>

CITY OF CORNER BROOK
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2014

9. **PREPAID EXPENSES**

	<u>2014</u>	<u>2013</u>
Inventory of supplies, at cost	\$ 734,717	716,576
Insurance premium	<u>235,443</u>	<u>244,609</u>
	<u>\$ 970,160</u>	<u>961,185</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 and 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, 2014 was \$338,226.

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 market value of these financial instruments approximates their carrying values.

CITY OF CORNER BROOK
SCHEDULE OF TANGIBLE CAPITAL ASSETS
December 31, 2014

	Cost		December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	Accumulated Amortization		December 31, 2014	Net Book Value December 31, 2014
	Additions (Disposals)	December 31, 2014					Additions (Disposals)	December 31, 2014		
Land	--	1,729,995	--	1,729,995	--	--	--	--	1,729,995	
Buildings	238,403	54,851,821	12,190,406	54,851,821	12,190,406	1,339,641	13,530,047	41,321,774		
Machinery and equipment	626,379 (284,246)	8,343,867	6,059,417	8,343,867	6,059,417	631,185 (284,246)	6,406,356	1,937,511		
Recreation infrastructure	138,104	8,796,209	4,793,592	8,796,209	4,793,592	672,024	5,465,616	3,330,593		
Transportation infra- structure	3,587,727	66,913,343	37,436,319	66,913,343	37,436,319	2,696,168	40,132,487	26,780,856		
Water and sewer infrastructure	1,659,046	32,682,888	12,232,583	32,682,888	12,232,583	897,199	13,129,782	19,553,106		
Other	--	111,098	101,274	111,098	101,274	2,310	103,584	7,514		
Assets under construction	18,488,225	57,163,847	--	57,163,847	--	--	--	57,163,847		
	<u>24,737,884</u> <u>(284,246)</u>	<u>230,593,068</u>	<u>72,813,591</u>	<u>230,593,068</u>	<u>72,813,591</u>	<u>6,238,527</u> <u>(284,246)</u>	<u>78,767,872</u>	<u>151,825,196</u>		

	Cost		December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	Accumulated Amortization		December 31, 2013	Net Book Value December 31, 2013
	Additions (Disposals)	December 31, 2013					Additions (Disposals)	December 31, 2013		
Land	--	1,729,995	--	1,729,995	--	--	--	--	1,729,995	
Buildings	571,102	54,613,418	10,856,726	54,613,418	10,856,726	1,333,680	12,190,406	42,423,012		
Machinery and equipment	1,123,669 (123,963)	8,001,734	5,458,822	8,001,734	5,458,822	724,558 (123,963)	6,059,417	1,942,317		
Recreation infrastructure	87,396	8,658,105	4,011,389	8,658,105	4,011,389	782,203	4,793,592	3,864,513		
Transportation infra- structure	3,258,863	63,325,616	35,335,556	63,325,616	35,335,556	2,100,763	37,436,319	25,889,297		
Water and sewer infrastructure	971,200	31,023,842	11,342,272	31,023,842	11,342,272	890,311	12,232,583	18,791,259		
Other	--	111,098	98,964	111,098	98,964	2,310	101,274	9,824		
Assets under construction	23,473,130	38,675,622	--	38,675,622	--	--	--	38,675,622		
	<u>29,485,360</u> <u>(123,963)</u>	<u>206,139,430</u>	<u>67,103,729</u>	<u>206,139,430</u>	<u>67,103,729</u>	<u>5,833,825</u> <u>(123,963)</u>	<u>72,813,591</u>	<u>133,325,839</u>		

CITY OF CORNER BROOK
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue per Municipal Budget	\$29,440,800	30,348,800
Revisions		
Capital funding	14,739,724	13,850,775
Capital reserves	<u>285,625</u>	<u>530,668</u>
Revenue per PSAB Budget	<u>\$44,466,149</u>	<u>44,730,243</u>
Expenditures per Municipal Budget	\$29,440,800	30,348,800
Revisions:		
Amortization of tangible capital assets	6,238,527	5,833,825
Capital expenditures	<u>(2,250,600)</u>	<u>(3,607,100)</u>
Debt charges - principal	<u>(3,863,200)</u>	<u>(3,931,600)</u>
Expenditures per PSAB Budget	<u>\$29,565,527</u>	<u>28,643,925</u>