

CITY OF CORNER BROOK

FINANCIAL STATEMENTS

December 31, 2010

CITY OF CORNER BROOK  
FINANCIAL STATEMENTS  
December 31, 2010  
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, 2010, 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.

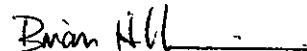
I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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, 2010, 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, 2010 is included herewith.

CORNER BROOK,  
NEWFOUNDLAND LABRADOR

10 June 2011



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, 2010.

EXPENDITURES

Actual expenditures of \$26,113,113 (including allocation to reserves) exceeded the limits of the revised budget of \$25,491,767 by \$621,346.

REVENUE

Actual revenues of \$44,241,221 (including contributions from reserves) exceeded the amounts in the budget of \$43,616,845 by \$594,376.

ARREARS OF REVENUE

Taxes and rates receivable totalled \$1,718,413 at December 31, 2010. Of this amount \$570,848 has been outstanding for one year or longer. The allowance for doubtful accounts amounted to \$200,576 at December 31, 2010.

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

10 June 2011



CHARTERED ACCOUNTANT

CITY OF CORNER BROOK  
STATEMENT OF FINANCIAL POSITION  
December 31, 2010

	<u>2010</u>	<u>2009</u>
<u>FINANCIAL ASSETS</u>		
Cash	\$ 13,462,644	20,380,216
Accounts receivable (Note 3)	<u>2,840,623</u>	<u>3,428,165</u>
	<u>16,303,267</u>	<u>23,808,381</u>
<u>LIABILITIES</u>		
Due to bank (Note 4)	5,815,588	5,740,222
Accounts payable and accrued liabilities (Note 5)	8,810,440	9,260,461
Long-term debt (Note 6)	26,898,840	30,181,890
Employee termination (Note 7)	<u>1,839,131</u>	<u>1,941,216</u>
	<u>43,363,999</u>	<u>47,123,789</u>
<u>NET FINANCIAL ASSETS (DEBT)</u>	<u>(27,060,732)</u>	<u>(23,315,408)</u>
<u>NON-FINANCIAL ASSETS</u>		
Tangible capital assets (Schedule I)	96,311,380	74,261,387
Prepaid expenses (Note 8)	<u>1,430,337</u>	<u>1,001,874</u>
	<u>97,741,717</u>	<u>75,263,261</u>
<u>ACCUMULATED EQUITY</u>	70,680,985	51,947,853
<u>RESERVED</u> (Note 9)	<u>7,309,023</u>	<u>6,703,999</u>
<u>NET EQUITY</u>	<u>\$ 63,371,962</u>	<u>45,243,854</u>

CONTINGENCIES (Note 10)

ON BEHALF OF THE COUNCIL:

Walter L. Guley Mayor

David P. ... Director of Corporate Services

CITY OF CORNER BROOK  
STATEMENT OF SURPLUS  
Year ended December 31, 2010

	<u>Budget</u> (Schedule II)	<u>2010</u>	<u>2009</u>
<u>REVENUE</u>	\$43,646,845	44,241,221	38,849,192
<u>EXPENDITURES</u>	<u>25,491,767</u>	<u>26,113,113</u>	<u>24,424,761</u>
<u>ANNUAL SURPLUS</u>	<u>\$18,155,078</u>	18,128,108	14,424,431
<u>EQUITY</u> , beginning of year (Note 11)		<u>45,243,854</u>	<u>30,819,423</u>
<u>EQUITY</u> , end of year		<u>\$63,371,962</u>	<u>45,243,854</u>

CITY OF CORNER BROOK  
STATEMENT OF REVENUE AND EXPENDITURE  
Year ended December 31, 2010

	<u>Page</u>	<u>Budget</u> (Schedule II)	<u>2010</u>	<u>2009</u>
<u>REVENUE</u>				
Taxation	6	\$21,341,200	21,634,440	18,374,039
Contributions	6	17,611,292	17,611,360	12,862,884
Utility taxes	6	1,078,800	1,076,502	1,118,002
Grants in lieu of taxes	6	1,271,800	1,271,279	1,369,614
Other revenue	6	<u>2,343,753</u>	<u>2,647,640</u>	<u>5,124,653</u>
		<u>43,646,845</u>	<u>44,241,221</u>	<u>38,849,192</u>
<u>EXPENDITURES</u>				
General Government	7	3,375,108	3,101,042	3,187,323
Community services	7	1,346,700	1,251,731	1,152,740
Fire Department	7	3,400,825	3,188,002	3,131,964
Operational services	7	10,031,727	10,290,116	9,636,482
Water and sewerage	7	2,448,714	2,533,432	2,112,293
Corner Brook Transit	7	422,000	410,561	405,622
Parks and Recreation	8	1,035,236	1,084,528	1,292,797
Pepsi Centre	8	1,229,557	1,183,442	1,243,171
Grants	8	247,500	302,941	255,698
Debt charges	8	1,764,400	1,249,478	593,894
Allocation to reserves	8	40,000	1,367,840	1,262,777
Provision for doubtful accounts		<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
		<u>25,491,767</u>	<u>26,113,113</u>	<u>24,424,761</u>
<u>SURPLUS FOR THE YEAR</u>		<u>\$18,155,078</u>	<u>18,128,108</u>	<u>14,424,431</u>

CITY OF CORNER BROOK  
STATEMENT OF REVENUE  
Year ended December 31, 2010

	Budget <u>2010</u>	Actual <u>2010</u>	Actual <u>2009</u>
<u>TAXATION</u>			
Water sewer levy	\$ 1,185,200	1,186,542	978,965
Municipal tax	15,538,700	15,810,750	13,289,415
Business tax	4,157,300	4,200,533	3,593,482
Poll tax	400,000	376,825	455,755
Corner Brook Downtown Business Association	<u>60,000</u>	<u>59,790</u>	<u>56,422</u>
	<u>21,341,200</u>	<u>21,634,440</u>	<u>18,374,039</u>
<u>CONTRIBUTIONS</u>			
Province of Newfoundland and Labrador:			
Municipal operating grants	666,600	666,636	754,259
Debt grants	1,127,200	1,127,232	1,397,536
Capital funding	<u>15,817,492</u>	<u>15,817,492</u>	<u>10,711,089</u>
	<u>17,611,292</u>	<u>17,611,360</u>	<u>12,862,884</u>
<u>UTILITY TAXES</u>			
Newfoundland Power Limited	650,000	662,156	688,629
Aliant Communications	355,000	309,126	354,824
Rogers Cable	60,000	96,200	59,697
Other	<u>13,800</u>	<u>9,020</u>	<u>14,852</u>
	<u>1,078,800</u>	<u>1,076,502</u>	<u>1,118,002</u>
<u>GRANTS IN LIEU OF TAXES</u>			
Canadian Broadcasting Corporation	8,700	6,714	5,834
Corner Brook Pulp and Paper Limited:			
Current grant	1,061,500	1,051,991	1,171,715
Water grant	90,000	90,000	90,000
Government of Canada	97,600	103,827	87,697
Newfoundland Liquor Corporation	<u>14,000</u>	<u>18,747</u>	<u>14,368</u>
	<u>1,271,800</u>	<u>1,271,279</u>	<u>1,369,614</u>
<u>OTHER REVENUE</u>			
Interest	270,000	308,148	295,034
Licences and permits	267,300	290,466	289,524
Recreation and community service	29,000	41,075	62,206
Pepsi Centre	120,000	120,000	120,000
Wild Cove Landfill Site	40,000	36,298	92,012
Land sales	260,000	156,295	154,115
Revenue from operating reserves	--	177,287	115,460
Revenue from capital reserves	1,278,953	1,278,953	3,842,764
Miscellaneous	<u>78,500</u>	<u>239,118</u>	<u>153,538</u>
	<u>2,343,753</u>	<u>2,647,640</u>	<u>5,124,653</u>
<u>TOTAL</u>	<u>\$43,646,845</u>	<u>44,241,221</u>	<u>38,849,192</u>



CITY OF CORNER BROOK  
STATEMENT OF EXPENDITURES  
Year ended December 31, 2010

	Budget <u>2010</u>	Actual <u>2010</u>	Actual <u>2009</u>
<u>GENERAL GOVERNMENT</u>			
Executive and Legislative	\$ 326,000	312,907	290,269
Chief Administrative Office	477,900	445,226	414,496
Corporate Services Department	2,288,900	2,073,818	2,203,818
Business Resource Centre	236,000	222,783	232,432
Amortization	<u>46,308</u>	<u>46,308</u>	<u>46,308</u>
	<u>3,375,108</u>	<u>3,101,042</u>	<u>3,187,323</u>
<u>COMMUNITY SERVICES DEPARTMENT</u>			
Community Services Administration	401,400	387,596	336,262
Development and planning	199,700	162,033	265,893
Building inspection	295,300	265,502	276,658
Municipal enforcement	202,900	192,968	184,615
Animal control	107,700	101,046	89,312
Recreation and leisure	<u>139,700</u>	<u>142,586</u>	<u>--</u>
	<u>1,346,700</u>	<u>1,251,731</u>	<u>1,152,740</u>
<u>FIRE DEPARTMENT</u>			
Fire protection	3,329,100	3,116,277	3,014,401
Amortization	<u>71,725</u>	<u>71,725</u>	<u>117,563</u>
	<u>3,400,825</u>	<u>3,188,002</u>	<u>3,131,964</u>
<u>OPERATIONAL SERVICES DEPARTMENT</u>			
Supervision and administration	1,988,300	1,823,506	1,710,964
Other operations payroll	914,500	940,381	957,977
Building maintenance	331,000	394,299	345,053
Street lighting	567,500	571,993	576,241
Snow clearing	1,479,000	928,970	1,729,443
Traffic control	183,000	204,103	202,639
Drainage	105,000	102,157	128,751
Street and storm sewer cleaning	226,500	262,195	199,157
Street maintenance	834,000	1,051,386	880,370
Miscellaneous expenses	36,500	43,040	51,232
Sanitation and waste removal	469,000	485,949	540,930
Amortization	2,740,027	2,740,027	2,313,725
Unrecovered flood costs	--	416,339	--
Landfill costs	--	177,287	--
Sustainable development	<u>157,400</u>	<u>148,484</u>	<u>--</u>
	<u>10,031,727</u>	<u>10,290,116</u>	<u>9,636,482</u>
<u>WATER AND SEWERAGE</u>			
Purification and treatment	230,000	174,357	213,334
Water mains and hydrants	841,000	899,008	776,928
Sanitary systems	250,000	367,758	278,417
Regulators and meters	120,000	86,397	51,537
Reservoirs and intakes	87,500	84,088	85,368
Pumphouse	97,000	98,610	89,170
Amortization	<u>823,214</u>	<u>823,214</u>	<u>617,539</u>
	<u>2,448,714</u>	<u>2,533,432</u>	<u>2,112,293</u>

CITY OF CORNER BROOK  
STATEMENT OF EXPENDITURES  
Year ended December 31, 2010

	Budget <u>2010</u>	Actual <u>2010</u>	Actual <u>2009</u>
<u>CORNER BROOK TRANSIT</u>			
Transit contract subsidy	422,000	410,561	405,622
<u>PARKS AND RECREATION</u>			
Administration	--	--	71,681
Recreation	--	--	84,117
Parks	355,000	404,292	453,776
Amortization	680,236	680,236	683,223
	<u>1,035,236</u>	<u>1,084,528</u>	<u>1,292,797</u>
<u>PEPSI CENTRE</u>			
Operating subsidy	\$ 700,000	668,617	700,000
Building maintenance	30,000	15,268	46,096
Amortization	499,557	499,557	497,075
	<u>1,229,557</u>	<u>1,183,442</u>	<u>1,243,171</u>
<u>GRANTS</u>			
Corner Brook Downtown Business Association	60,000	59,790	56,422
Corner Brook Stream Project	20,000	20,000	12,500
Community service grants	44,500	41,081	40,129
Corner Brook Museum and Archive Society	42,000	37,792	33,418
Summer concert series	15,000	7,697	14,978
WDMO/BOT	46,000	34,257	45,702
East Meets West	20,000	102,324	52,549
	<u>247,500</u>	<u>302,941</u>	<u>255,698</u>
<u>DEBT CHARGES</u>			
Interest	1,764,400	1,249,478	593,894
<u>ALLOCATION TO RESERVES</u>			
Capital equipment	--	145,000	191,800
Wild Cove Landfill Site	40,000	36,298	92,012
Water and sewer	--	1,186,542	978,965
	<u>40,000</u>	<u>1,367,840</u>	<u>1,262,777</u>
<u>PROVISION FOR DOUBTFUL ACCOUNTS</u>			
	150,000	150,000	150,000
<u>TOTAL</u>	<u>\$25,491,767</u>	<u>26,113,113</u>	<u>24,424,761</u>

CITY OF CORNER BROOK  
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
 Year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
Annual surplus	\$ 18,128,108	14,424,431
Acquisition of tangible capital assets	(26,911,060)	(23,118,595)
Amortization of tangible capital assets	4,861,067	4,275,433
Net change in prepaid expenses	(428,463)	190,563
Net change in reserves	<u>605,024</u>	<u>(1,640,339)</u>
<u>CHANGE IN NET FINANCIAL ASSETS</u>	(3,745,324)	(5,868,507)
<u>NET FINANCIAL ASSETS (DEBT),</u> beginning of year	<u>(23,315,408)</u>	<u>(17,446,901)</u>
<u>NET FINANCIAL ASSETS (DEBT),</u> end of year	<u>\$ (27,060,732)</u>	<u>(23,315,408)</u>

CITY OF CORNER BROOK  
STATEMENT OF CASH FLOW  
Year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
<u>OPERATING TRANSACTIONS</u>		
Annual surplus	\$ 18,128,108	14,424,431
Change in non-cash items:		
Accounts receivable	587,542	(78,589)
Accounts payable and accrued liabilities	(450,021)	4,151,565
Amortization	4,861,067	4,275,433
Employee termination	(102,085)	(131,143)
Prepaid expenses	(428,463)	190,563
	<u>22,596,148</u>	<u>22,832,260</u>
<u>CAPITAL TRANSACTIONS</u>		
Acquisition of tangible capital assets	<u>(26,911,060)</u>	<u>(23,118,595)</u>
<u>FINANCING TRANSACTIONS</u>		
Proceeds of long-term debt	--	22,024,466
Repayment of long-term debt	(3,283,050)	(2,471,647)
Net change in reserves	<u>605,024</u>	<u>(1,640,339)</u>
	<u>(2,678,026)</u>	<u>17,912,480</u>
<u>INCREASE IN CASH</u>	(6,992,938)	17,626,145
<u>CASH (DEFICIENCY), beginning of year</u>	<u>14,639,994</u>	<u>(2,986,151)</u>
<u>CASH (DEFICIENCY), end of year</u>	<u>\$ 7,647,056</u>	<u>14,639,994</u>
<u>CASH (DEFICIENCY) consists of:</u>		
Cash	\$ 13,462,644	20,380,216
Due to bank (Note 4)	<u>(5,815,588)</u>	<u>(5,740,222)</u>
	<u>\$ 7,647,056</u>	<u>14,639,994</u>

CITY OF CORNER BROOK  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2010

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, 2010

## 3. Accounts receivable consist of:

	<u>2010</u>	<u>2009</u>
Taxes		
Municipal	\$ 611,080	833,004
Business	169,208	206,930
Service fees	274,469	236,036
Utility	663,656	714,005
Tax rebate	1,004,693	356,484
Recoverable works:		
Flood damages	--	415,555
Province of Newfoundland Labrador	96,681	107,859
Tax agreement grant	--	234,343
Advance - YMCA	13,000	13,000
Project East meets West	--	77,996
Property sales	124,513	130,000
Other	<u>83,899</u>	<u>286,809</u>
	3,041,199	3,612,021
Less: Allowance for doubtful accounts	<u>200,576</u>	<u>183,856</u>
	<u>\$2,840,623</u>	<u>3,428,165</u>

## 4. Due to bank consists of:

	<u>2010</u>	<u>2009</u>
Royal Bank of Canada:		
Current account overdraft	<u>\$5,815,588</u>	<u>5,740,222</u>

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

## 5. Accounts payable consist of:

	<u>2010</u>	<u>2009</u>
Trade payables and accruals	\$4,378,611	6,460,982
Payroll liabilities	350,486	274,429
Contract deposits	768,217	562,969
Contract holdbacks	3,244,172	1,879,597
Accrued interest	<u>68,954</u>	<u>82,484</u>
	<u>\$8,810,440</u>	<u>9,260,461</u>

## 6. Long-term debt consists of:

	<u>2010</u>	<u>2009</u>
Canadian Imperial Bank of Commerce		
(a) 4.48% term loan, repayable in blended monthly installments of 40,998, maturing in 2012	\$ 596,798	1,013,863

..... Cont'd

CITY OF CORNER BROOK  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

6. Long-term debt (Cont'd):	<u>2010</u>	<u>2009</u>
Brought forward	\$ 596,798	1,013,863
(b) 3.18% term loan, repayable in blended monthly installments of \$45,302, maturing in 2014	1,831,520	2,267,492
(c) 4.64% term loan, repayable in blended monthly installments of \$11,094, maturing in 2013	528,901	701,854
Bank of Montreal		
(a) 4.42% term loan, repayable in blended monthly installments of \$17,676, maturing in 2010	--	191,695
(b) 4.81% term loan, repayable in blended monthly installments of \$10,650, maturing in 2011	32,393	154,752
(c) 4.42% term loan, repayable in blended monthly installments of \$14,066, maturing in 2011	152,895	311,189
Royal Bank of Canada		
(a) 4.68% term loan, repayable in blended semi-annual installments of \$49,070, maturing in 2021	806,838	865,163
(b) 4.62% term loan, repayable in blended semi-annual installments of \$113,178, maturing in 2021	1,934,984	2,067,341
Canada Mortgage and Housing Corporation		
(a) Term loan under the Municipal Infrastructure Lending Program, repayable over a fifteen year period	18,547,943	19,524,466
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	<u>2,466,568</u>	<u>3,084,075</u>
	<u>\$26,898,840</u>	<u>30,181,890</u>

..... Cont'd

CITY OF CORNER BROOK  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

2011	\$2,957,903
2012	2,564,674
2013	2,496,839
2014	2,141,369
2015	1,712,418

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>2010</u>	<u>2009</u>
Severance pay	\$1,321,046	1,299,631
Sick leave benefits	299,402	335,192
Early retirees - bridging	87,150	137,317
Early retirees - group benefits	<u>131,533</u>	<u>169,076</u>
	<u>\$1,839,131</u>	<u>1,941,216</u>

8. Prepaid expenses consist of:

	<u>2010</u>	<u>2009</u>
Inventory of land, at cost	\$ 204,527	204,527
Inventory of supplies, at cost	967,738	797,347
Insurance premium	<u>258,072</u>	<u>--</u>
	<u>\$1,430,337</u>	<u>1,001,874</u>



CITY OF CORNER BROOK  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

## 9. Reserves consist of:

	Balance December <u>31, 2009</u>	Allocation <u>2010</u>	Utilized <u>2010</u>	Balance December <u>31, 2010</u>
Operating - other	\$ 40,000	--	--	40,000
Environment	50,000	--	--	50,000
Wild Cove Landfill Site	492,264	47,415	177,287	362,392
NLHC paving	203,655	121,863	203,000	122,518
Reserve - water and sewer	3,689,193	1,186,542	--	4,875,735
Land acquisitions	603,887	185,211	--	789,098
Equipment replacement	425,000	145,000	--	570,000
Gas tax funding	--	433,069	415,484	17,585
Public Transit/ Public Trust	<u>1,200,000</u>	<u>8,164</u>	<u>726,469</u>	<u>481,695</u>
	<u>\$6,703,999</u>	<u>2,127,264</u>	<u>1,522,240</u>	<u>7,309,023</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, 2010 was \$589,396.

## 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>2010</u>	<u>2009</u>
Surplus (deficit), beginning of year		
As previously reported	\$50,225,809	(2,744,277)
Adjustment: Accounting for tangible capital assets	<u>4,981,955</u>	<u>33,563,700</u>
As restated	<u>\$45,243,854</u>	<u>30,819,423</u>

CITY OF CORNER BROOK  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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, 2010

	Cost			Accumulated Amortization			Net Book
	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2010	December 31, 2010	Value December 31, 2010
Land	\$ 1,455,168	--	--	1,455,168	--	--	1,455,168
Buildings	22,862,143	--	7,694,871	22,862,143	523,420	8,218,291	14,643,852
Machinery and equipment	6,329,480	545,357	4,554,515	5,985,810	582,246	4,247,734	1,738,076
Recreation infrastructure	7,165,226	1,331,002	1,794,670	8,496,228	680,236	2,474,906	6,021,322
Transportation infra- structure	47,448,314	5,224,265	27,975,998	52,672,579	2,250,228	30,226,226	22,446,353
Water sewer infrastructure	20,959,166	4,563,712	8,841,918	25,522,878	823,214	9,665,132	15,857,746
Other	111,098	--	92,622	111,098	1,723	94,345	16,753
Assets under construction	18,885,386	15,246,724	--	34,132,110	--	--	34,132,110
	<u>\$125,215,981</u>	<u>26,911,060</u>	<u>50,954,594</u>	<u>151,238,014</u>	<u>4,861,067</u>	<u>(889,027)</u>	<u>96,311,380</u>

	Cost			Accumulated Amortization			Net Book
	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2009	December 31, 2009	Value December 31, 2009
Land	\$ 1,432,168	23,000	--	1,455,168	--	--	1,455,168
Buildings	22,859,302	2,841	7,171,451	22,862,143	523,420	7,694,871	15,167,272
Machinery and equipment	6,511,196	351,893	4,505,878	6,329,480	582,246	4,554,515	1,774,965
Recreation infrastructure	7,100,404	64,822	1,120,916	7,165,226	673,754	1,794,670	5,370,556
Transportation infra- structure	43,692,743	3,755,571	26,133,681	47,448,314	1,842,317	27,975,998	19,472,316
Water sewer infrastructure	20,924,084	35,082	8,189,945	20,959,166	651,973	8,841,918	12,117,248
Other	111,098	--	90,899	111,098	1,723	92,622	18,476
Assets under construction	--	18,885,386	--	18,885,386	--	--	18,885,386
	<u>\$102,630,995</u>	<u>23,118,595</u>	<u>47,212,770</u>	<u>125,215,981</u>	<u>4,275,433</u>	<u>(533,609)</u>	<u>74,261,387</u>

CITY OF CORNER BROOK  
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET  
Year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
Revenue per Municipal Budget	\$26,550,400	22,814,100
Revisions:		
Capital funding	15,817,492	10,711,089
Capital reserves	<u>1,278,953</u>	<u>3,842,764</u>
	<u>\$43,646,845</u>	<u>37,367,953</u>
Expenditures per Municipal Budget	\$26,550,400	22,814,100
Revisions:		
Amortization of tangible capital assets	4,861,067	4,275,433
Capital expenditures	(2,071,900)	(1,562,000)
Debt charges - principal	<u>(3,847,800)</u>	<u>(2,790,380)</u>
Expenditures per PSAB Budget	<u>\$25,491,767</u>	<u>22,737,153</u>