

CITY OF CORNER BROOK

**Consolidated Financial Statements
For the Year Ended December 31, 2023**

CITY OF CORNER BROOK

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Statement of Responsibility	1
Independent Auditor's Report	2 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 17
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	18
Schedule 2 - Consolidated Schedule of Revenues	19
Schedule 3 - Consolidated Schedule of Expenses	20 - 21
Schedule 4 - Consolidated Statement of Operations by Program	22 - 25
Schedule 5 - Reconciliation of the Financial Plan to the Consolidated PSAS Budget	26
Schedule 6 - Unaudited Schedule of Change in Reserve Fund Balances	27 - 29

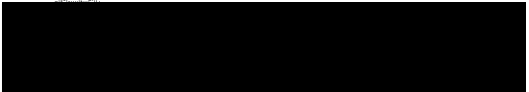
STATEMENT OF RESPONSIBILITY

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 Canadian Public Sector Accounting Standards.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

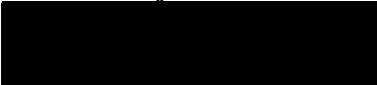
The Council of the City met with management to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.

BDO Canada LLP as the City's appointed external auditors, have audited the consolidated financial statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the City in accordance with Canadian Public Sector Accounting Standards.


Jim Parsons
Mayor

July 22, 2024

Date


Sieven Maistry
Director of Finance and Administration

2024-07-16

Date



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Independent Auditor's Report

To the Mayor and Council of City of Corner Brook

Opinion

We have audited the consolidated financial statements of City of Corner Brook (the "City"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2023, and the results of its consolidated operations, change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

St. John's, Newfoundland and Labrador
June 26, 2024

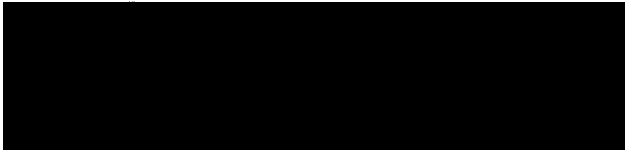
**CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2023**

	<u>2023</u>	<u>2022</u> <i>As restated - Note 3</i>
FINANCIAL ASSETS		
Cash	\$ 16,753,033	\$ 11,480,514
Accounts receivable (Note 4)	<u>8,873,546</u>	<u>10,084,244</u>
	<u>25,626,579</u>	<u>21,564,758</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	9,891,322	6,696,519
Asset retirement obligations (Note 7)	3,294,205	3,188,661
Employee benefits liability (Note 8)	813,094	1,041,510
Long-term debt (Note 9)	<u>2,591,730</u>	<u>5,071,305</u>
	<u>16,590,351</u>	<u>15,997,995</u>
NET FINANCIAL ASSETS	<u>9,036,228</u>	<u>5,566,763</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	182,028,823	169,891,556
Inventories (Note 10)	1,530,535	1,583,834
Prepaid expenses	<u>254,989</u>	<u>257,698</u>
	<u>183,814,347</u>	<u>171,733,088</u>
ACCUMULATED SURPLUS	<u>\$ 192,850,575</u>	<u>\$ 177,299,851</u>

Approved on behalf of Council:



Mayor



City Manager

The accompanying notes are an integral part of this financial statement

CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year Ended December 31, 2023

	2023 Budget (Schedule 5)	2023 Actual	2022 Actual <i>As restated - Note 3</i>
REVENUE			
Taxation	\$ 32,854,635	\$ 32,779,429	\$ 31,762,597
Government transfers	1,221,800	17,494,888	11,438,163
Sales of goods and services	2,789,100	3,018,384	2,698,322
Interest income	490,000	1,443,047	839,244
Other revenue	59,300	86,297	69,545
Total revenue (Schedules 2, 4 and 5)	<u>37,414,835</u>	<u>54,822,045</u>	<u>46,807,871</u>
EXPENSES			
General government	3,647,920	3,847,556	3,532,773
Community engineering, planning and development	2,608,650	1,862,156	1,917,678
Protective services	5,386,400	5,590,736	5,224,262
Public works	9,095,800	9,889,873	9,780,574
Water and waste water	4,158,300	4,052,791	3,668,493
Parks and recreation	1,172,250	1,102,004	971,207
Corner Brook Transit	517,080	506,924	455,374
Corner Brook Civic Centre	2,463,400	2,658,407	2,313,404
Fiscal services	9,703,781	9,760,874	9,836,547
Total expenses (Schedules 3, 4 and 5)	<u>38,753,581</u>	<u>39,271,321</u>	<u>37,700,312</u>
ANNUAL SURPLUS (DEFICIT)	(1,338,746)	15,550,724	9,107,559
ACCUMULATED SURPLUS, BEGINNING OF YEAR	177,299,851	177,299,851	171,136,542
Prior Period Adjustment, Asset Retirement Obligation (Note 3)	<u>-</u>	<u>-</u>	<u>(2,944,250)</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 175,961,105</u>	<u>\$ 192,850,575</u>	<u>\$ 177,299,851</u>

The accompanying notes are an integral part of this financial statement

CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
Year Ended December 31, 2023

	2023 Budget	2023 Actual	2022 Actual <i>As restated - Note 3</i>
ANNUAL SURPLUS	\$ (1,338,746)	\$ 15,550,724	\$ 9,107,559
Acquisition of tangible capital assets	(4,529,500)	(21,294,173)	(19,812,320)
Amortization of tangible capital assets	9,121,870	9,121,870	9,050,049
Gain on sale of tangible capital assets	-	35,044	-
Use (additions) of inventories	-	53,299	(299,119)
Acquisition of prepaid expenses	-	2,701	(21,527)
	<u>4,592,370</u>	<u>(12,081,259)</u>	<u>(11,082,917)</u>
CHANGE IN NET FINANCIAL ASSETS	3,253,624	3,469,465	(1,975,358)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	5,566,763	5,566,763	10,628,619
Prior Period Adjustment, Asset Retirement Obligation (Note 3)	-	-	(3,086,498)
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 8,820,387</u>	<u>\$ 9,036,228</u>	<u>\$ 5,566,763</u>

The accompanying notes are an integral part of this financial statement

CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u> <i>As restated - Note 3</i>
OPERATING TRANSACTIONS		
Annual surplus	\$ 15,550,724	\$ 9,107,559
Items not affecting cash:		
Amortization of tangible capital assets	9,121,871	9,050,049
Accretion of asset retirement obligation	105,544	102,163
Gain on sale of tangible capital assets	35,043	-
	<u>9,262,458</u>	<u>9,152,212</u>
Changes in non-cash items:		
Accounts receivable	1,210,698	(5,795,176)
Inventories held for use	53,299	(299,119)
Prepaid expenses	2,701	(21,527)
Accounts payable and accrued liabilities	3,194,803	2,703,968
Employee benefits liability	(228,416)	(16,463)
	<u>29,046,267</u>	<u>14,831,454</u>
Cash provided by operating transactions		
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(21,294,173)</u>	<u>(19,812,320)</u>
Cash applied to capital transactions	<u>(21,294,173)</u>	<u>(19,812,320)</u>
FINANCING TRANSACTIONS		
Debt repayment	<u>(2,479,575)</u>	<u>(2,956,976)</u>
Cash applied to financing transactions	<u>(2,479,575)</u>	<u>(2,956,976)</u>
Increase (decrease) in cash	5,272,519	(7,937,842)
Cash, beginning of the year	<u>11,480,514</u>	<u>19,418,356</u>
Cash, end of the year	<u>\$ 16,753,033</u>	<u>\$ 11,480,514</u>

The accompanying notes are an integral part of this financial statement

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2023

1. Status of the City of Corner Brook

The incorporated City of Corner Brook (the "City") is a municipal government that was incorporated in 1956 pursuant to the City of Corner Brook Act, 1990. The Municipality provides or funds municipal services such as fire, public works, parks and recreation, water and waste water, transit and other general government operations.

2. Significant Accounting Policies

a) Basis of Consolidation

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of the City of Corner Brook and the Corner Brook Civic Centre.

b) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks (net of overdrafts) and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

d) Financial Instruments

Accounts receivable, bank indebtedness, accounts payable and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

For financial instruments measured using amortized cost, transaction costs are added to the carrying value and the effective interest rate method is used to determine interest revenue and expense.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

e) Severance Benefits, Compensated Absences, and Retirement Benefits

The City provides defined severance benefits, compensated absences, and retirement benefits to certain employee groups. These benefits include pension, health and dental, and non-vesting sick leave. The City has adopted the following policies with respect to accounting for these employee benefits:

i) The cost of severance and other termination benefits are determined using employees' current salaries and total years of service. Severance and other termination benefits are accrued in full when owed.

ii) The cost of non-vesting sick leave benefits are determined using employees' current salaries and days of accumulated sick leave. Non-vesting sick leave benefits are accrued in full when owed.

iii) The costs of a defined contribution pension plan consisting of Registered Pension Plan (RPP) matching program available for all full-time employees are charged to operations as contributions are due. Contributions are a defined amount based upon a set percentage of salary.

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2023

2. Significant Accounting Policies (continued)

f) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development, or betterment of the asset. Assets under construction are not amortized until the asset is put into use. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land Improvements	10 - 50 years
Buildings	25 - 40 years
Machinery and Equipment	
Equipment	5 - 10 years
Computer Hardware	4 years
Vehicles	5 years
Recreation Infrastructure	10 - 20 years
Transportation Infrastructure	5 - 50 years
Water and Waste Water Infrastructure	10 - 60 years
Asset Retirement Obligation	75 years

h) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement value. Cost is determined using the first-in, first-out method. Land inventory held for sale is recorded at lower of cost and net realizable value.

i) Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

When the municipality is the transferor, the government transfers are recognized as an expense in the statement of operations when they are authorized and all eligibility criteria have been met by the recipient.

City of Corner Brook
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2023

2. Significant Accounting Policies (continued)

j) Revenue Recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals, and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

Sales of goods and services consists mostly of Civic Centre and facility rental and own source revenues which are recognized when significant risks and rewards of ownership have been transferred and there are no significant obligations remaining, sales price is fixed and determinable, persuasive evidence of an arrangement exists, and collection is reasonably assured. This usually coincides with the provision of the goods and services.

k) Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and are reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates. Estimates include the allowance for doubtful accounts relating to the collection of tax revenues, the useful lives of tangible capital assets, impairment of assets, and the assumptions used in determining the obligation for retirement benefits and employee benefits.

l) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2023

3. Adoption of Section PS 3280, Asset Retirement Obligations

On January 1, 2023, the City adopted Section PS 3280, Asset Retirement Obligations using the modified retroactive method, with restated comparatives. As a result of applying the new accounting policy, an asset retirement obligation of \$3,086,498 was recognized in the consolidated statement of financial position as at January 1, 2022, representing the estimated asbestos removal costs for sewer pipes (Note 7). This adoption was applied to the opening balances as disclosed below:

Consolidated Statement of Financial Position	As previously reported	Adjustments	As restated
Tangible capital assets	\$ 169,756,082	\$ 135,474	\$ 169,891,556
Asset retirement obligations	\$ -	\$ 3,188,661	\$ 3,188,661
Accumulated surplus, beginning of the year	\$ 171,136,542	\$ (2,944,250)	\$ 168,192,292
Accumulated surplus, end of the year	\$ 180,353,038	\$ (3,053,187)	\$ 177,299,851
Consolidated Statement of Operations			
Amortization expense	\$ 9,043,275	\$ 6,774	\$ 9,050,049
Accretion expense	\$ -	\$ 102,163	\$ 102,163

4. Accounts Receivable

	2023	2022
Taxes		
Municipal	\$ 3,002,398	\$ 2,897,800
Utility taxes	1,183,188	1,009,820
Other	724,716	470,197
	<u>4,910,302</u>	<u>4,377,817</u>
Less: Allowances for doubtful amounts	(677,684)	(558,756)
	<u>4,232,618</u>	<u>3,819,061</u>
HST rebate	1,148,440	2,304,614
Province of Newfoundland and Labrador	<u>3,492,488</u>	<u>3,960,569</u>
	<u>\$ 8,873,546</u>	<u>\$ 10,084,244</u>

5. Bank Indebtedness

The City has borrowing facilities with two financial institutions:

i) CIBC – demand operating credit not exceeding \$4,000,000 at any time, bearing interest at prime minus 0.27% per annum on the net cash position held with the bank at any point in time. At December 31, 2023, the City is in a positive net cash position (2022 - positive) and, consequently, the credit facility is unused.

ii) RBC – revolving lease line with an authorized limit of \$1,000,000, bearing interest at rates determinable upon the inception of an approved loan or lease. Disbursed leases are presented within capital lease liabilities accordingly. At December 31, 2023, the lease line was unused (2022 - nil).

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2023

8. Employee Benefits Liability

Severance benefits: The City allocates to certain employee groups a specific amount of severance pay at the termination of employment, provided the employee meets the specific provisions of the plan.

Compensated absences: The City allocates to certain employee groups a specific number of days each year for use as paid absences. These days do not vest and are available immediately. Employees are permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their collective agreements.

Retirement benefits: The City extends post-employment life insurance, health and dental benefits to certain employee groups after retirement until the members reach 65 years of age.

These benefit liabilities have not been actuarially calculated.

	<u>2023</u>	<u>2022</u>
Severance benefits	\$ 678,918	\$ 823,066
Compensated absences	100,103	97,201
Retirement benefits	<u>34,073</u>	<u>121,243</u>
	<u>\$ 813,094</u>	<u>\$ 1,041,510</u>

Included in Personnel services expense in the Consolidated Statement of Operations by Program (Schedule 4) is a recovery of \$129,148 (2022 - expense of \$28,734) of employee benefits.

The City has a defined contribution retirement plan for participating employees. During the year, employees contributed \$715,310 (2022 - \$691,143) to the plan. The City contributed \$715,310 (2022 - \$691,143) and this expense has been included in Personnel services expense in the Consolidated Statement of Operations by Program (Schedule 4).

9. Long-Term Debt

	<u>2023</u>	<u>2022</u>
CMHC loan with interest of 3.98% under the Municipal Infrastructure Lending Program, repayable in blended annual installments of \$1,753,597, maturing in 2024.	\$ 1,686,475	\$ 3,308,398
TD Bank fixed rate term loan with interest at 2.44%, repayable in blended monthly installments of \$70,886, maturing in 2024.	485,227	1,312,879
Newfoundland and Labrador Housing Corporation ("NLHC") mortgage, interest free, with payments due on disposition of specified land held for sale. Repayment terms are subject to periodic review by NLHC.	180,028	180,028
Federation of Canadian Municipalities loan with interest of 1.47% under the Green Municipal Fund, repayable in semi-annual installments of \$15,000 plus interest, maturing in 2031.	240,000	270,000
	<u>\$ 2,591,730</u>	<u>\$ 5,071,305</u>

**CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2023**

9. Long-Term Debt (continued)

Principal payments required in each of the next five years are as follows:

2024	\$	2,201,702
2025	\$	30,000
2026	\$	30,000
2027	\$	30,000
2028	\$	30,000

10. Inventories

	<u>2023</u>	<u>2022</u>
Land held for sale	\$ 205,247	\$ 234,113
Public works	358,484	359,201
Salt	818,950	847,537
Sand	134,503	115,124
Fuel	13,351	27,859
	<u>\$ 1,530,535</u>	<u>\$ 1,583,834</u>

11. Commitments

The City has entered into multiple-year contracts for several operating leases on equipment. The required annual lease payments for the next four years are as follows:

2024	\$	608,929
2025	\$	480,796
2026	\$	301,514
2027	\$	23,993

12. Contingencies

In the normal course of business, the City is subject to several legal claims in which it intends to defend and negotiate. As of December 31, 2023, there is a potential liability of \$585,000 for such claims that will follow the normal legal process. This liability only includes those claims in which there is an expectation of loss, and the settlement amount can be reasonably estimated, however the exact amount of the claim will not be known until it is settled.

The City has received notices of multiple other claims. The nature of the additional claims are related to property entitlement, property damage, and withheld payments, arising in the ordinary course of operations. No provision has been made for these claims either because the City is not expected to incur any significant liability, or because an estimate of loss, if any, is not determinable at this time.

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2023

13. Financial Instruments

The City is exposed to credit risk and interest rate risk from its financial instruments. This note describes the City's objectives, policies, and processes for managing those risks and the methods used to measure them.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The City is exposed to credit risk through its accounts receivable. The City manages its credit risk in accounts receivable by holding collateral on municipal tax receivable. The City's receivables from government sources are not exposed to material credit risk. The City has a significant number of customers in other receivables which minimizes concentration of credit risk.

The City measures its exposure to credit risk based on how long amounts have been outstanding. At year end, the amounts outstanding for the City's financial assets exposed to credit risk are as follows:

	<u>2023</u>	<u>2022</u>
Under 90 days	\$ 1,595,573	\$ 1,027,230
Over 90 days	1,749,027	1,642,095
Over 1 year	1,565,702	1,708,492
Allowance for doubtful accounts	(677,684)	(558,756)
Total	<u>\$ 4,232,618</u>	<u>\$ 3,819,061</u>

At year end, the City's management has determined, through specific identification, using known historical and other information on the counterparties, that accounts receivable are impaired and accordingly, recorded an allowance for doubtful accounts.

There have not been any changes from the prior year in the City's exposure to credit risk or other policies, procedures and methods it uses to manage and measure the risk.

b) Liquidity risk

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with financial liabilities. The City is exposed to liquidity risk through its accounts payable and accrued liabilities. The City manages this risk through continuous monitoring of cash flows. There have not been any changes from the prior year in the City's exposure to liquidity risk or the policies, procedures, and methods it uses to manage and measure the risk.

c) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City is exposed to interest rate risk through its long-term debt. The City holds long-term debt with fixed interest rates which are subject to a fair value risk. Interest rate risk has decreased from the prior year due to a decrease in long-term debt.

**CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2023**

14. Budget

In accordance with the *City of Corner Brook Act, 1990* every council must adopt a financial plan for each fiscal period in a form approved of by the minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations of PSAS. For comparative purposes, the City has modified its financial plan to present a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by Council.

The reconciliation between the City's cash-based financial plan and the PSAS accrual-based budget figures used in these statements is disclosed in Schedule 5.

15. Comparative Figures

Government transfer figures from the prior period have been reclassified to conform with the current year's financial statement presentation

16. Segmented Information

General Government

This segment includes all revenues and expenses related to administrative departments and activities as well as the general operations of the City itself.

Community Engineering Planning and Development

This segment includes all expenses relating to planning, engineering, community development and business development.

Protective Services

This segment includes all revenues and expenses related to the municipal enforcement, fire and emergency services provided by the City.

Public Works

This segment includes all revenues and expenses for road maintenance and administration which includes sidewalks, traffic signals and systems, building maintenance, snow clearing, drainage, waste management and street lighting.

Water and Waste Water

This segment includes all revenues and expenses relating to the maintenance and operation of the water and sewer facilities, while ensuring that these systems meet all provincial standards.

Parks and Recreation

This segment includes all revenues and expenses relating to recreational facilities, parks and maintenance and related administration revenues and expenses.

Corner Brook Transit

This segment includes all revenues and expenses related to the City's transit system.

Corner Brook Civic Centre

This segment includes all revenues and expenses related to the operations of the Corner Brook Civic Centre.

Fiscal Services

This segment includes all revenues and expenses relating to municipal capital grants, municipal grants and contributions, uncollectible amounts, long-term debt interest, and amortization of tangible capital assets.

**CITY OF CORNER BROOK
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2023**

SCHEDULE 1

	General Capital Assets			Infrastructure				Totals	
	Land and Land Improvements	Buildings	Machinery and Equipment	Recreation Infrastructure	Transportation Infrastructure	Water and Waste Water	Assets Under Construction	2023	2022
Cost									
Opening costs	\$ 2,041,462	\$ 103,664,160	\$ 13,754,462	\$ 12,766,266	\$ 98,887,206	\$ 68,021,106	\$ 15,035,950	\$ 314,170,612	\$ 294,870,358
Additions during the year	-	47,116	320,150	1,607,643	1,098,872	480,731	17,739,661	21,294,173	19,954,566
Disposals and write downs	-	-	(175,187)	-	(179,017)	-	-	(354,204)	(654,315)
Transfers	-	-	-	-	1,432,813	-	(1,432,813)	-	-
Closing costs	2,041,462	103,711,277	13,899,425	14,373,909	101,239,874	68,501,838	31,342,795	335,110,581	314,170,609
Accumulated Amortization									
Opening accum'd amortization	-	33,955,794	11,672,676	9,414,286	63,682,896	25,553,401	-	144,279,053	135,883,319
Amortization	-	2,561,372	742,861	391,422	3,510,395	1,915,821	-	9,121,871	9,050,049
Disposals and write downs	-	-	(140,149)	-	(179,017)	-	-	(319,166)	(654,315)
Closing accum'd amortization	-	36,517,165	12,275,389	9,805,708	67,014,274	27,469,223	-	153,081,758	144,279,053
Net Book Value of Tangible Capital Assets	\$ 2,041,462	\$ 67,194,112	\$ 1,624,036	\$ 4,568,201	\$ 34,225,600	\$ 41,032,615	\$ 31,342,795	\$ 182,028,823	\$ 169,891,556

CITY OF CORNER BROOK
CONSOLIDATED SCHEDULE OF REVENUES
Year Ended December 31, 2023

SCHEDULE 2

	2023 Actual	2022 Actual
Taxation		
Municipal tax	\$ 24,016,733	\$ 23,153,406
Business tax	5,449,533	5,291,509
Grants in lieu of taxes	1,421,301	1,407,609
Utility tax	1,284,939	1,222,895
Water supply agreements	606,923	687,178
	<u>32,779,429</u>	<u>31,762,597</u>
Government Transfers		
Government of Newfoundland and Labrador		
Multi Year Capital Works grants	4,903,187	2,372,402
Other capital works grants	1,630,293	2,470,502
Provincial Gas Tax	166,053	249,079
Government of Canada		
Canada Community Revitalization	9,737,023	5,793,146
Federal Gas Tax	943,497	438,746
Grants in lieu of taxes	114,835	114,288
	<u>17,494,888</u>	<u>11,438,163</u>
Sales of Goods and Services		
Licences and permits	234,806	250,480
Recreation and community services	59,592	59,238
Facility rentals	1,145,251	1,104,307
Corner Brook Civic Centre revenue	1,537,357	1,110,966
Land Transactions	20,769	146,996
Fines	20,609	26,335
	<u>3,018,384</u>	<u>2,698,322</u>
Interest Income		
Interest	1,443,047	839,244
Other Revenue		
Miscellaneous	86,297	69,545
Total Revenue	<u>\$ 54,822,045</u>	<u>\$ 46,807,871</u>

**CITY OF CORNER BROOK
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2023**

SCHEDULE 3

	2023 Actual	2022 Actual
General Government		
Executive and legislative	\$ 299,315	\$ 324,779
City Manager's office	990,079	766,962
Finance and Administration	2,558,162	2,441,032
	<u>3,847,556</u>	<u>3,532,773</u>
Community Engineering, Planning and Development		
Administration	394,285	349,780
Business Resource Centre	120,704	126,655
Development and planning	110,810	197,398
Building inspection	410,124	367,578
Engineering	771,790	659,989
Geographical information systems	105,801	108,007
Sustainable development	(51,358)	108,271
	<u>1,862,156</u>	<u>1,917,678</u>
Protective Services		
Fire Protection	4,273,888	4,008,083
911 Centre	950,075	884,331
Municipal enforcement	366,773	331,848
	<u>5,590,736</u>	<u>5,224,262</u>
Public Works		
Supervision and administration	1,615,099	1,645,224
Other operations payroll	732,932	724,920
Building maintenance	770,580	718,143
Street lighting	604,355	622,738
Snow clearing	2,455,485	2,404,582
Traffic control	401,371	379,122
Drainage	145,945	163,803
Street and storm sewer cleaning	349,227	370,703
Street maintenance	1,368,874	1,352,378
Sanitation and waste removal	1,446,005	1,398,961
	<u>9,889,873</u>	<u>9,780,574</u>
Water and Waste Water		
Water treatment plant	1,910,791	1,615,880
Purification and treatment	118,522	124,695
Water mains and hydrants	1,214,735	1,116,389
Sanitary systems	465,106	531,546
Regulators and meters	169,019	108,665
Reservoirs and intakes	89,308	90,808
Pump house	85,310	80,510
	<u>4,052,791</u>	<u>3,668,493</u>

**CITY OF CORNER BROOK
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2023**

SCHEDULE 3 Cont...

Parks and Recreation		
Parks	655,273	561,495
Recreation and leisure	446,731	409,712
	<u>1,102,004</u>	<u>971,207</u>
Corner Brook Transit		
Transit contract subsidy	<u>506,924</u>	<u>455,374</u>
Corner Brook Civic Centre		
Administrative expenses	651,939	536,639
Operating expenses	2,006,468	1,776,765
	<u>2,658,407</u>	<u>2,313,404</u>
Fiscal Services		
Grants	215,784	247,531
Long-term debt interest	197,676	316,804
Provision for uncollectible taxes, fees and charges	120,000	120,000
Accretion of asset retirement obligation	105,544	102,163
Amortization of tangible capital assets	9,121,870	9,050,049
	<u>9,760,874</u>	<u>9,836,547</u>
Total Expenses	<u><u>\$ 39,271,321</u></u>	<u><u>\$ 37,700,312</u></u>

CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2023

SCHEDULE 4

	General Government*		Community Engineering, Planning and Development		Protective Services	
	2023	2022	2023	2022	2023	2022
REVENUE						
Taxation	\$ 32,779,429	\$ 31,762,597	\$ -	\$ -	\$ -	\$ -
Government transfers	1,224,385	802,113	-	-	-	-
Sales of goods and services	1,421,435	1,528,118	-	-	-	-
Investment income	-	-	-	-	-	-
Other revenue	86,297	69,545	-	-	-	-
Total revenue	<u>35,511,546</u>	<u>34,162,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES						
Personnel services	2,633,749	2,477,136	1,756,273	1,676,101	4,917,140	4,561,787
Amortization	-	-	-	-	-	-
Maintenance materials and supplies	99,906	82,573	86,526	66,896	272,843	290,474
Contract services	739,805	665,477	52,089	52,243	38,005	66,893
Utilities	71,184	59,856	5,952	6,523	73,880	74,276
Other	299,579	243,581	(38,684)	115,915	250,701	192,665
Interest on long-term debt	-	-	-	-	38,167	38,167
Grants and contributions	3,332	4,150	-	-	-	-
Total expenses	<u>3,847,555</u>	<u>3,532,773</u>	<u>1,862,156</u>	<u>1,917,678</u>	<u>5,590,736</u>	<u>5,224,262</u>
Annual Surplus (Deficit)	<u>\$ 31,663,991</u>	<u>\$ 30,629,600</u>	<u>\$ (1,862,156)</u>	<u>\$ (1,917,678)</u>	<u>\$ (5,590,736)</u>	<u>\$ (5,224,262)</u>

* The general government category includes revenues and expenses that cannot be attributed to a particular sector.

CITY OF CORNER BROOK

SCHEDULE 4 Cont...

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2023

	Public Works		Water and Waste Water		Parks and Recreation	
	2023	2022	2023	2022	2023	2022
REVENUE						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government transfers	-	-	-	-	-	-
Sales of goods and services	-	-	-	-	59,592	59,238
Investment income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,592</u>	<u>59,238</u>
EXPENSES						
Personnel services	3,681,686	3,845,348	1,469,461	1,339,316	589,487	544,140
Amortization	-	-	-	-	-	-
Maintenance materials and supplies	2,326,703	2,160,791	2,039,811	1,809,140	147,113	102,809
Contract services	2,413,238	2,291,895	226,531	213,177	119,479	147,530
Utilities	960,720	960,699	312,891	304,910	22,583	22,988
Other	30,307	43,341	4,097	1,950	223,342	153,740
Interest on long-term debt	477,220	477,220	-	-	-	-
Grants and contributions	-	1,280	-	-	-	-
Total expenses	<u>9,889,874</u>	<u>9,780,574</u>	<u>4,052,791</u>	<u>3,668,493</u>	<u>1,102,004</u>	<u>971,207</u>
Annual Surplus (Deficit)	<u>\$ (9,889,874)</u>	<u>\$ (9,780,574)</u>	<u>\$ (4,052,791)</u>	<u>\$ (3,668,493)</u>	<u>\$ (1,042,412)</u>	<u>\$ (911,969)</u>

CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2023

SCHEDULE 4 Cont...

	Corner Brook Transit		Corner Brook Civic Centre		Fiscal Services	
	2023	2022	2023	2022	2023	2022
REVENUE						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government transfers	-	-	-	-	16,270,503	10,636,050
Sales of goods and services	-	-	1,537,357	1,110,966	-	-
Investment income	-	-	-	-	1,443,047	839,244
Other revenue	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>1,537,357</u>	<u>1,110,966</u>	<u>17,713,550</u>	<u>11,475,294</u>
EXPENSES						
Personnel services	-	-	1,363,921	1,218,027	-	-
Amortization	-	-	-	-	9,121,870	9,050,049
Maintenance materials and supplies	-	58	239,809	229,495	-	-
Contract services	505,838	454,350	332,950	306,665	-	-
Utilities	1,086	966	494,335	514,558	-	-
Other	-	-	199,839	22,538	225,544	222,163
Interest on long-term debt	-	-	27,553	22,121	197,676	316,804
Grants and contributions	-	-	-	-	215,784	247,531
Total expenses	<u>506,924</u>	<u>455,374</u>	<u>2,658,407</u>	<u>2,313,404</u>	<u>9,760,874</u>	<u>9,836,547</u>
Annual Surplus (Deficit)	<u>\$ (506,924)</u>	<u>\$ (455,374)</u>	<u>\$ (1,121,050)</u>	<u>\$ (1,202,438)</u>	<u>\$ 7,952,676</u>	<u>\$ 1,638,747</u>

CITY OF CORNER BROOK

SCHEDULE 4 Cont...

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2023

	<u>Total</u>	
	<u>2023</u>	<u>2022</u>
REVENUE		
Taxation	\$ 32,779,429	\$ 31,762,597
Government transfers	17,494,888	11,438,163
Sales of goods and services	3,018,384	2,698,322
Investment income	1,443,047	839,244
Other revenue	86,297	69,545
Total revenue	<u>54,822,045</u>	<u>46,807,871</u>
EXPENSES		
Personnel services	16,411,717	15,661,855
Amortization	9,121,870	9,050,049
Maintenance materials and supplies	5,212,711	4,742,236
Contract services	4,427,935	4,198,230
Utilities	1,942,631	1,944,776
Other	1,194,725	995,893
Interest on long-term debt	740,616	854,312
Grants and contributions	219,116	252,961
Total expenses	<u>39,271,321</u>	<u>37,700,312</u>
Annual Surplus	<u>\$ 15,550,724</u>	<u>\$ 9,107,559</u>

CITY OF CORNER BROOK

SCHEDULE 5

RECONCILIATION OF THE FINANCIAL PLAN TO THE CONSOLIDATED PSAS BUDGET

Year Ended December 31, 2023

	Financial Plan	Tangible Capital Assets	Interest Expense	Debt Repayments	PSAS Budget
REVENUE					
Taxation	\$ 32,854,635	\$ -	\$ -	\$ -	\$ 32,854,635
Government transfers	1,221,800	-	-	-	1,221,800
Sales of goods and services	2,789,100	-	-	-	2,789,100
Interest income	490,000	-	-	-	490,000
Other revenue	59,300	-	-	-	59,300
Total revenue	37,414,835	-	-	-	37,414,835
EXPENSES					
General government	3,647,920	-	-	-	3,647,920
Community engineering, planning and development	2,608,650	-	-	-	2,608,650
Protective services	5,386,400	-	-	-	5,386,400
Public works	9,095,800	-	-	-	9,095,800
Water and waste water	4,158,300	-	-	-	4,158,300
Parks and recreation	1,172,250	-	-	-	1,172,250
Corner Brook Transit	517,080	-	-	-	517,080
Corner Brook Civic Centre	2,463,400	-	-	-	2,463,400
Fiscal services					
Provision for uncollectible amounts	120,000	-	-	-	120,000
Grants and sponsorship	264,235	-	-	-	264,235
Capital expenditures	4,529,500	(4,529,500)	-	-	-
Debt charges	3,451,300	-	197,676	(3,451,300)	197,676
Amortization	-	9,121,870	-	-	9,121,870
Total expenses	37,414,835	4,592,370	197,676	(3,451,300)	38,753,581
Annual Surplus (Deficit)	\$ -	\$ (4,592,370)	\$ (197,676)	\$ 3,451,300	\$ (1,338,746)

CITY OF CORNER BROOK
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 Year Ended December 31, 2023

SCHEDULE 6
 (Unaudited)

	<u>Waste Water Reserve</u>	<u>Land Acquisitions</u>	<u>Equipment Replacement</u>	<u>Gas Tax</u>	<u>Public Trust</u>	<u>Operating and Environment</u>
REVENUE						
Other income	\$ 1,030,000	\$ -	\$ 299,250	\$ 1,056,997	\$ -	\$ -
EXPENSES						
Other expenses	-	11,231	78,000	769,281	-	-
NET REVENUES	1,030,000	(11,231)	221,250	287,716	-	-
TRANSFERS						
Transfers from operating fund	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	1,030,000	(11,231)	221,250	287,716	-	-
FUND SURPLUS, BEGINNING OF YEAR	13,197,488	437,527	1,125,725	817,294	-	241,502
FUND SURPLUS (DEFICIT), END OF YEAR	<u>\$ 14,227,488</u>	<u>\$ 426,296</u>	<u>\$ 1,346,975</u>	<u>\$ 1,105,010</u>	<u>\$ -</u>	<u>\$ 241,502</u>

CITY OF CORNER BROOK
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 Year Ended December 31, 2023

SCHEDULE 6 cont...
 (Unaudited)

	<u>NLHC Paving</u>	<u>Fire Department Hazard</u>	<u>Summer Fesitival</u>	<u>Safe Restart</u>	<u>Fire Truck</u>	<u>Environment</u>
REVENUE						
Other income	\$ 83,944	\$ -	\$ -	\$ -	\$ 1,545,717	\$ 10,000
EXPENSES						
Other expenses	-	-	-	57,500	-	-
NET REVENUES	83,944	-	-	(57,500)	1,545,717	10,000
TRANSFERS						
Transfers from operating fund	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	-	-	-	-
CHANGE IN RESERVE FUND BALANCES	83,944	-	-	(57,500)	1,545,717	10,000
FUND SURPLUS, BEGINNING OF YEAR	292,158	(1,778)	5,000	1,241,384	-	-
FUND SURPLUS (DEFICIT), END OF YEAR	<u>\$ 376,102</u>	<u>\$ (1,778)</u>	<u>\$ 5,000</u>	<u>\$ 1,183,884</u>	<u>1,545,717</u>	<u>\$ 10,000</u>

CITY OF CORNER BROOK
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
 Year Ended December 31, 2023

SCHEDULE 6 cont...
 (Unaudited)

	<u>2023</u> Total	<u>2022</u> Total
REVENUE		
Other income	<u>\$ 4,025,909</u>	<u>\$ 1,288,415</u>
EXPENSES		
Other expenses	<u>916,012</u>	<u>1,955,605</u>
NET REVENUES	3,109,896	(667,190)
TRANSFERS		
Transfers from operating fund	-	1,171,685
Acquisition of tangible capital assets	-	<u>(144,413)</u>
CHANGE IN RESERVE FUND BALANCES	3,109,896	360,082
FUND SURPLUS, BEGINNING OF YEAR	<u>17,356,300</u>	<u>16,996,221</u>
FUND SURPLUS (DEFICIT), END OF YEAR	<u>20,466,196</u>	<u>\$ 17,356,303</u>