

CITY OF CORNER BROOK

**Consolidated Financial Statements
For the Year Ended December 31, 2019**


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

Date

July 30/2020


Rodney Cumby
City Manager

Date

July 30/2020

CITY OF CORNER BROOK

Consolidated Financial Statements For the Year Ended December 31, 2019

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 Debt	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 15
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	16
Schedule 2 - Consolidated Schedule of Revenues	17
Schedule 3 - Consolidated Schedule of Expenses	18 - 19
Schedule 4 - Consolidated Statement of Operations by Program	20 - 23
Schedule 5 - Reconciliation of the Financial Plan to the Consolidated PSAS Budget	24
Schedule 6 - Unaudited Schedule of Change in Reserve Fund Balances	25 - 26



Tel: 709-579-2161
Fax: 709-579-2120
www.bdo.ca

BDO Canada LLP
300 Kenmount Road, Suite 100
St. John's, NL A1B 3R2

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, 2019, the consolidated statements of operations and accumulated surplus, changes in net debt 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, 2019, and the results of its consolidated operations, change in net debt 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 Group 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

Corner Brook, Newfoundland and Labrador
July 20, 2020

**CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019**

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash	\$ 13,784,256	\$ 8,527,894
Accounts receivable (Note 3)	<u>4,908,852</u>	<u>7,211,321</u>
	<u>18,693,108</u>	<u>15,739,215</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	5,941,484	6,420,745
Employee benefits liability (Note 6)	1,128,690	1,131,574
Long-term debt (Note 7)	<u>15,274,661</u>	<u>15,892,710</u>
	<u>22,344,835</u>	<u>23,445,029</u>
NET DEBT	<u>(3,651,727)</u>	<u>(7,705,814)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	166,774,549	166,058,751
Inventories (Note 8)	1,177,833	1,198,784
Prepaid expenses	<u>578,404</u>	<u>127,616</u>
	<u>168,530,786</u>	<u>167,385,151</u>
ACCUMULATED SURPLUS	<u>\$ 164,879,059</u>	<u>\$ 159,679,337</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, 2019

	2019 Budget (Schedule 5)	2019 Actual	2018 Actual
REVENUE			
Taxation	\$ 31,059,700	\$ 31,516,226	\$ 30,444,277
Government transfers	1,250,900	6,845,671	6,385,220
Sales of goods and services	2,942,000	2,704,697	3,047,922
Investment income	475,000	741,473	671,032
Other revenue	20,300	18,966	5,410
Total revenue (Schedules 2, 4 and 5)	<u>35,747,900</u>	<u>41,827,033</u>	<u>40,553,861</u>
EXPENSES			
General government	3,581,000	3,355,030	3,105,654
Community engineering, planning and development	2,176,500	2,241,221	2,102,066
Protective services	5,005,000	5,141,420	5,027,493
Public works	8,506,100	9,371,438	8,918,483
Water and waste water	3,296,600	3,427,835	3,288,584
Parks and recreation	953,400	612,700	530,253
Corner Brook Transit	333,200	316,605	335,716
Corner Brook Civic Centre	2,411,700	2,487,595	2,516,565
Fiscal services	9,691,267	9,673,467	9,399,265
Total expenses (Schedules 3, 4 and 5)	<u>35,954,767</u>	<u>36,627,311</u>	<u>35,224,079</u>
ANNUAL SURPLUS	(206,867)	5,199,722	5,329,782
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>159,679,337</u>	<u>159,679,337</u>	<u>154,349,555</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 159,472,470</u>	<u>\$ 164,879,059</u>	<u>\$ 159,679,337</u>

The accompanying notes are an integral part of this financial statement

CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
Year Ended December 31, 2019

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
ANNUAL SURPLUS	\$ (206,867)	\$ 5,199,722	\$ 5,329,782
Acquisition of tangible capital assets	(3,946,400)	(9,391,115)	(11,893,604)
Amortization of tangible capital assets	-	8,675,317	8,298,813
Use of inventories	-	20,951	90,625
Acquisition of prepaid expenses	-	(450,788)	(77,105)
	<u>(3,946,400)</u>	<u>(1,145,635)</u>	<u>(3,581,271)</u>
CHANGE IN NET DEBT	(4,153,267)	4,054,087	1,748,511
NET DEBT, BEGINNING OF YEAR	<u>(7,705,814)</u>	<u>(7,705,814)</u>	<u>(9,454,325)</u>
NET DEBT, END OF YEAR	<u>\$ (11,859,081)</u>	<u>\$ (3,651,727)</u>	<u>\$ (7,705,814)</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, 2019**

	<u>2019</u>	<u>2018</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 5,199,722	\$ 5,329,782
Items not affecting cash:		
Amortization of tangible capital assets	8,675,317	8,298,813
Changes in non-cash items:		
Accounts receivable	2,302,469	(256,912)
Inventories held for use	20,951	90,625
Prepaid expenses	(450,788)	(253,209)
Accounts payable and accrued liabilities	(479,261)	1,886,155
Employee benefits liability	(2,884)	(77,150)
Cash provided by operating transactions	<u>15,265,526</u>	<u>15,018,104</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(9,391,115)</u>	<u>(11,893,604)</u>
Cash applied to capital transactions	<u>(9,391,115)</u>	<u>(11,893,604)</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	4,000,000	-
Debt repayment	<u>(4,618,049)</u>	<u>(5,141,668)</u>
Cash applied to financing transactions	<u>(618,049)</u>	<u>(5,141,668)</u>
Increase (decrease) in cash	5,256,362	(2,017,168)
Cash, beginning of the year	<u>8,527,894</u>	<u>10,545,062</u>
Cash, end of the year	<u>\$ 13,784,256</u>	<u>\$ 8,527,894</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, 2019**

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) 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.

d) 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 debt for the year.

e) 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 and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

2. Significant Accounting Policies (continued)

e) Tangible Capital Assets (continued)

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

f) 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.

g) 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.

h) 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.

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

2. Significant Accounting Policies (continued)

i) Use of Estimates

The preparation of 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 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, and the assumptions used in determining the obligation for retirement benefits and employee benefits.

3. Accounts Receivable

	<u>2019</u>	<u>2018</u>
Taxes		
Municipal	\$ 2,632,788	\$ 2,773,659
Poll tax	256,097	93,961
Utility taxes	854,947	1,013,145
Tax rebate	660,180	1,380,645
Province of Newfoundland and Labrador	135,473	1,589,295
Grants in Lieu of Taxes - Corner Brook Pulp & Paper	-	186,049
Other	<u>1,018,507</u>	<u>679,151</u>
	5,557,992	7,715,905
Less: Allowances for doubtful amounts	<u>(649,140)</u>	<u>(504,584)</u>
	<u>\$ 4,908,852</u>	<u>\$ 7,211,321</u>

4. 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, 2019, the City is in a positive net cash position (2018 - 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, 2019, the lease line was unused (2018 - nil).

5. Accounts Payable and Accrued Liabilities

	<u>2019</u>	<u>2018</u>
Trade payables and accruals	\$ 3,259,118	\$ 2,188,948
Contract deposits	1,181,671	1,271,210
Capital payables	629,128	1,604,331
Contract holdbacks	739,160	1,324,108
Accrued interest	<u>132,408</u>	<u>32,148</u>
	<u>\$ 5,941,485</u>	<u>\$ 6,420,745</u>

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

6. 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>2019</u>	<u>2018</u>
Severance benefits	\$ 939,388	\$ 890,420
Compensated absences	140,476	178,463
Retirement benefits	<u>48,826</u>	<u>62,691</u>
	<u>\$ 1,128,690</u>	<u>\$ 1,131,574</u>

Included in Personnel services expense in the Consolidated Statement of Operations by Program (Schedule 4) is \$5,422 (2018 - \$37,630) of employee benefits.

The City has a defined contribution retirement plan for participating employees. During the year, employees contributed \$678,818 to the plan (2018 - \$644,311). The City contributed \$678,818 (2018 - \$644,311) and this expense has been included in Personnel services expense in the Consolidated Statement of Operations by Program (Schedule 4).

7. Long-Term Debt

	<u>2019</u>	<u>2018</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.	\$ 7,811,091	\$ 9,320,618
RBC swap transaction loan with interest at a floating rate recalculated monthly at the swap rate, ranging from 1.85% to prime rate, repayable in blended monthly installments of \$69,849 plus any unfavorable floating rate adjustments, maturing in 2022.	2,048,000	2,840,000
CIBC swap transaction loan with interest at a floating rate recalculated monthly at the swap rate, repayable in blended monthly installments of \$80,160 plus any unfavorable floating rate adjustments, maturing in 2020.	946,358	1,963,250
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.	400,577	416,839

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

7. Long-Term Debt (continued)

Federation of Canada 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.

360,000 390,000

Newfoundland Municipal Financing Corporation loans with interest ranging from 7.375% to 14.5%, repayable in semi-annual installments, maturing in 2020

23,431 91,636

TD Bank fixed rate term loan with interest at 2.44%, repayable in blended monthly installments of \$70,886, maturing in 2024

3,685,204 -

CIBC swap transaction loan, repaid during the year

- 870,367

\$ 15,274,661 **\$ 15,892,710**

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

2020	\$ 4,019,558
2021	\$ 3,141,408
2022	\$ 2,814,563
2023	\$ 2,479,575
2024	\$ 2,208,979

8. Inventories held for use

	<u>2019</u>	<u>2018</u>
Land held for sale	\$ 382,316	\$ 393,566
Public works	360,192	386,207
Salt	375,569	346,702
Sand	51,501	58,005
Fuel	8,255	14,304
	<u>\$ 1,177,833</u>	<u>\$ 1,198,784</u>

9. Commitments

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

2020	\$ 102,754
2021	\$ 96,888
2022	\$ 91,022
2023	\$ 91,022
2024	\$ 50,205

**CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019**

10. Contingencies

A statement of claim has been filed against the City for failure to pay and breach of contract. The claim relates to a construction project for which the City is withholding payment on the basis of unsatisfactory work performed. The City has maintained an accrual of \$151,117 in accounts payable and accrued liabilities for the expected liability to the contractor. Discoveries related to the claim were scheduled to occur subsequent to year end. However, due to the COVID-19 pandemic, these have been delayed. Consequently, as of the report date, the outcome of the claim is not determinable.

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.

11. 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.

13. 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.

CITY OF CORNER BROOK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2019

13. Segmented Information (continued)

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.

14. Subsequent event - COVID-19

Subsequent to year end, the World Health Organization announced a global health emergency, and later a pandemic, due to the COVID-19 outbreak. At that time, the global response to curb the spread of the COVID-19 outbreak began to evolve. In Newfoundland and Labrador, the response of the Provincial government has included isolation orders and restrictions on non-essential services from continuing to operate, halting certain business activities. The response continues to evolve as of the report date.

As most of the services provided by the City are deemed essential, the City has been able to continue operating in a modified format to provide its core services. The City was however required to close the Civic Centre and other public facilities. The closure of these facilities has negatively impacted sales of goods and services revenue of the City in 2020. There remains uncertainty surrounding the City's ability to reopen these facilities to normal operations. To mitigate against these lower revenues, the City has implemented a number of measures to reduce operating expenses in 2020.

The City has attempted to mitigate the economic impacts on residents and businesses resulting from the response to COVID-19 by providing interest relief with respect to taxes outstanding. Given the scale of the economic impact on residents and businesses, even with the measures in place to assist residents and businesses, there remains increased uncertainty surrounding the collectability of accounts receivable. Consequently, management expects a decrease interest revenue and a potential increase in the provision for uncollectible taxes in fiscal 2020.

Given the dynamic nature of these circumstances, the duration of this interruption and the full financial impact on the City cannot be reasonably estimated at this time. Management continues to actively monitor the local situation and will respond accordingly to any changes.

15. Comparatives figures

Certain comparative figures have been restated where necessary to conform with current period financial statement presentation.

SCHEDULE 1

**CITY OF CORNER BROOK
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2019**

	General Capital Assets					Infrastructure			Totals	
	Land and Land Improvements	Buildings	Machinery and Equipment	Recreation Infrastructure	Transportation Infrastructure	Water and Waste Water	Assets Under Construction	2019	2018	
Cost										
Opening costs	\$ 2,041,462	\$ 100,143,863	\$ 12,675,893	\$ 11,365,628	\$ 86,439,621	\$ 60,935,757	\$ 3,968,134	\$ 277,570,358	\$ 265,676,754	
Additions during the year	-	1,240,314	457,955	1,305,413	2,737,596	1,297,342	2,352,495	9,391,115	11,893,604	
Disposals and write downs	-	-	-	-	-	-	-	-	-	
Transfers	-	-	-	51,402	-	2,914,359	(2,965,761)	-	-	
Closing costs	2,041,462	101,384,177	12,874,393	12,722,443	89,177,217	65,147,458	3,354,868	286,961,473	277,570,358	
Accumulated Amortization										
Opening accum'd amortization	-	23,842,753	9,290,913	8,173,050	52,087,147	18,117,744	-	111,511,607	103,212,794	
Amortization	-	2,506,830	922,888	306,610	3,175,983	1,763,006	-	8,675,317	8,298,813	
Disposals and write downs	-	-	-	-	-	-	-	-	-	
Closing accum'd amortization	-	26,349,583	9,954,346	8,479,660	55,263,130	19,880,750	-	120,186,924	111,511,607	
Net Book Value of Tangible Capital Assets	\$ 2,041,462	\$ 75,034,594	\$ 2,920,047	\$ 4,242,783	\$ 33,914,087	\$ 45,266,708	\$ 3,354,868	\$ 166,774,549	\$ 166,058,751	

**CITY OF CORNER BROOK
CONSOLIDATED SCHEDULE OF REVENUES
Year Ended December 31, 2019**

SCHEDULE 2

	<u>2019 Actual</u>	<u>2018 Actual</u>
Taxation		
Municipal tax	\$ 22,622,125	\$ 21,714,302
Business tax	5,391,206	5,125,647
Grants in lieu of taxes	1,353,294	1,303,668
Utility tax	1,204,177	1,174,422
Poll tax	209,968	396,837
Business surcharge	850	74,406
Water supply agreements	734,606	654,995
	<u>31,516,226</u>	<u>30,444,277</u>
Government Transfers		
Government of Newfoundland and Labrador		
Municipal capital grants	4,852,680	5,304,399
Gas tax revenue	1,806,065	867,834
Debt retirement grant	72,588	101,888
Grants in Lieu of Taxes		
Government of Canada	114,338	111,099
	<u>6,845,671</u>	<u>6,385,220</u>
Sales of Goods and Services		
Licences and permits	220,932	264,441
Recreation and community services	53,960	45,799
Facility rentals	1,017,361	928,240
Corner Brook Civic Centre revenue	1,306,077	1,528,181
Land Transactions	29,717	257,511
Fines	76,650	23,750
	<u>2,704,697</u>	<u>3,047,922</u>
Investment Income		
Interest	741,473	671,032
Other Revenue		
Miscellaneous	18,966	5,410
Total Revenue	<u>\$ 41,827,033</u>	<u>\$ 40,553,861</u>

**CITY OF CORNER BROOK
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2019**

SCHEDULE 3

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
General Government		
Executive and legislative	\$ 322,451	\$ 285,035
City Manager's office	626,914	540,720
Finance and Administration	<u>2,405,665</u>	<u>2,279,899</u>
	<u>3,355,030</u>	<u>3,105,654</u>
Community Engineering, Planning and Development		
Administration	407,815	372,176
Business Resource Centre	216,726	114,623
Development and planning	76,822	120,381
Building inspection	381,574	356,335
Engineering	686,596	622,715
Geographical information systems	70,971	80,947
Recreation and leisure	341,904	349,596
Sustainable development	58,813	85,293
	<u>2,241,221</u>	<u>2,102,066</u>
Protective Services		
Fire Protection	4,033,170	3,923,108
911 Centre	762,847	740,790
Municipal enforcement	<u>345,403</u>	<u>363,595</u>
	<u>5,141,420</u>	<u>5,027,493</u>
Public Works		
Supervision and administration	1,472,150	1,498,194
Other operations payroll	643,905	630,887
Building maintenance	739,640	741,740
Street lighting	639,500	617,223
Snow clearing	2,292,774	2,257,914
Traffic control	307,296	460,305
Drainage	146,232	160,287
Street and storm sewer cleaning	417,982	405,762
Street maintenance	1,310,338	1,026,630
Sanitation and waste removal	<u>1,401,622</u>	<u>1,119,542</u>
	<u>9,371,438</u>	<u>8,918,483</u>
Water and Waste Water		
Water treatment plant	1,340,702	1,244,255
Purification and treatment	107,959	103,335
Water mains and hydrants	1,196,987	1,214,047
Sanitary systems	461,655	401,494
Regulators and meters	158,352	184,468
Reservoirs and intakes	82,697	60,705
Pump house	79,483	80,280
	<u>3,427,835</u>	<u>3,288,584</u>

**CITY OF CORNER BROOK
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2019**

SCHEDULE 3 Cont...

Parks and Recreation		
Parks	<u>612,700</u>	<u>530,253</u>
Corner Brook Transit		
Transit contract subsidy	<u>316,605</u>	<u>335,716</u>
Corner Brook Civic Centre		
Administrative expenses	618,278	495,686
Operating expenses	<u>1,869,317</u>	<u>2,020,879</u>
	<u>2,487,595</u>	<u>2,516,565</u>
Fiscal Services		
Grants	242,700	243,800
Long-term debt interest	635,450	736,652
Provision for uncollectible taxes, fees and charges	120,000	120,000
Amortization of tangible capital assets	<u>8,675,317</u>	<u>8,298,813</u>
	<u>9,673,467</u>	<u>9,399,265</u>
Total Expenses	<u><u>\$ 36,627,311</u></u>	<u><u>\$ 35,224,079</u></u>

SCHEDULE 4

**CITY OF CORNER BROOK
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2019**

	General Government*		Community Engineering, Planning and Development		Protective Services	
	2019	2018	2019	2018	2019	2018
REVENUE						
Taxation	\$ 31,516,226	\$ 30,444,277	\$ -	\$ -	\$ -	\$ -
Government transfers	1,992,991	1,080,821	-	-	-	-
Sales of goods and services	1,344,660	1,473,942	-	-	-	-
Investment income	-	-	-	-	-	-
Other revenue	18,966	5,410	-	-	-	-
Total revenue	<u>34,872,843</u>	<u>33,004,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES						
Personnel services	2,397,389	2,052,971	1,849,774	1,754,740	4,511,430	4,448,322
Amortization	-	-	-	-	-	-
Maintenance materials and supplies	82,213	182,771	99,519	85,796	334,735	342,341
Contract services	548,443	526,312	37,816	36,891	24,057	42,710
Utilities	75,112	69,598	19,252	24,058	167,095	77,916
Other	247,389	197,915	234,860	200,581	65,936	71,696
Interest on long-term debt	-	-	-	-	38,167	44,508
Grants and contributions	4,484	76,087	-	-	-	-
Total expenses	<u>3,355,030</u>	<u>3,105,654</u>	<u>2,241,221</u>	<u>2,102,066</u>	<u>5,141,420</u>	<u>5,027,493</u>
Surplus (Deficit)	<u>\$ 31,517,813</u>	<u>\$ 29,898,796</u>	<u>\$ (2,241,221)</u>	<u>\$ (2,102,066)</u>	<u>\$ (5,141,420)</u>	<u>\$ (5,027,493)</u>

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

CITY OF CORNER BROOK

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

Year Ended December 31, 2019

SCHEDULE 4 Cont...

	Public Works		Water and Waste Water		Parks and Recreation	
	2019	2018	2019	2018	2019	2018
REVENUE						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government transfers	-	-	-	-	-	-
Sales of goods and services	-	-	-	-	53,960	45,799
Investment income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	-	-	-	-	53,960	45,799
EXPENSES						
Personnel services	3,534,274	3,705,912	1,365,641	1,298,815	325,996	279,261
Amortization	-	-	-	-	-	-
Maintenance materials and supplies	2,570,190	2,319,230	1,501,516	1,398,729	116,071	103,905
Contract services	1,882,781	1,547,128	209,867	212,244	130,214	123,655
Utilities	965,247	952,984	310,579	321,443	19,296	23,127
Other	53,295	75,856	40,232	57,353	4,851	305
Interest on long-term debt	376,394	314,746	-	-	-	-
Grants and contributions	5,529	2,628	-	-	-	-
Total expenses	9,387,710	8,918,483	3,427,835	3,288,584	596,428	530,253
Surplus (Deficit)	\$ (9,387,710)	\$ (8,918,483)	\$ (3,427,835)	\$ (3,288,584)	\$ (542,468)	\$ (484,454)

CITY OF CORNER BROOK

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2019

SCHEDULE 4 Cont...

	Corner Brook Transit		Corner Brook Civic Centre		Fiscal Services	
	2019	2018	2019	2018	2019	2018
REVENUE						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government transfers	-	-	-	-	4,852,680	5,304,399
Sales of goods and services	-	-	1,306,077	1,528,181	-	-
Investment income	-	-	-	-	741,473	671,032
Other revenue	-	-	-	-	-	-
Total revenue	-	-	1,306,077	1,528,181	5,594,153	5,975,431
EXPENSES						
Personnel services	-	-	1,114,148	1,149,605	-	-
Amortization	-	-	-	-	8,675,317	8,298,813
Maintenance materials and supplies	1,804	-	211,857	230,067	-	-
Contract services	313,596	334,571	579,671	549,374	-	-
Utilities	1,205	1,145	514,334	538,912	-	-
Other	-	-	53,667	30,460	119,786	120,000
Interest on long-term debt	-	-	13,918	18,147	635,450	736,652
Grants and contributions	-	-	-	-	242,914	243,800
Total expenses	316,605	335,716	2,487,595	2,516,565	9,673,467	9,399,265
Surplus (Deficit)	\$ (316,605)	\$ (335,716)	\$ (1,181,518)	\$ (988,384)	\$ (4,079,314)	\$ (3,423,834)

CITY OF CORNER BROOK
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
 Year Ended December 31, 2019

	Total	
	2019	2018
REVENUE		
Taxation	\$ 31,516,226	\$ 30,444,277
Government transfers	6,845,671	6,385,220
Sales of goods and services	2,704,697	3,047,922
Investment income	741,473	671,032
Other revenue	18,966	5,410
Total revenue	41,827,033	40,553,861
EXPENSES		
Personnel services	15,098,652	14,689,626
Amortization	8,675,317	8,298,813
Maintenance materials and supplies	4,917,905	4,662,839
Contract services	3,726,445	3,372,885
Utilities	2,072,120	2,009,183
Other	820,017	754,166
Interest on long-term debt	1,063,929	1,114,053
Grants and contributions	252,927	322,515
Total expenses	36,627,311	35,224,079
Annual Surplus	\$ 5,199,722	\$ 5,329,782

SCHEDULE 5

**CITY OF CORNER BROOK
RECONCILIATION OF THE FINANCIAL PLAN TO THE CONSOLIDATED PSAS BUDGET
Year Ended December 31, 2019**

	Financial Plan	Tangible Capital Assets	Interest Expense	Reclassifications	Debt Repayments	PSAS Budget
REVENUE						
Taxation	\$ 28,599,800	\$ -	\$ -	\$ 2,459,900	\$ -	\$ 31,059,700
Government transfers	2,545,400	-	-	(1,294,500)	-	1,250,900
Sales of goods and services	2,779,800	-	-	162,200	-	2,942,000
Investment income	475,000	-	-	-	-	475,000
Other revenue	1,347,900	-	-	(1,327,600)	-	20,300
Total revenue	35,747,900	-	-	-	-	35,747,900
EXPENSES						
General government	3,581,000	-	-	-	-	3,581,000
Community engineering, planning and development	2,176,500	-	-	-	-	2,176,500
Protective services	5,005,000	-	-	-	-	5,005,000
Public works	8,506,100	-	-	-	-	8,506,100
Water and waste water	3,296,600	-	-	-	-	3,296,600
Parks and recreation	953,400	-	-	-	-	953,400
Corner Brook Transit	333,200	-	-	-	-	333,200
Corner Brook Civic Centre	2,411,700	-	-	-	-	2,411,700
Fiscal services						
Provision for uncollectible amounts	120,000	-	-	-	-	120,000
Grants and sponsorship	260,500	-	-	-	-	260,500
Capital expenditures	3,946,400	(3,946,400)	-	-	-	-
Debt charges	5,157,500	-	635,450	-	(5,157,500)	635,450
Amortization	-	8,675,317	-	-	-	8,675,317
Total expenses	35,747,900	4,728,917	635,450	-	(5,157,500)	35,954,767
Surplus (Deficit)	\$ -	\$ (4,728,917)	\$ (635,450)	\$ -	\$ 5,157,500	\$ (206,867)

SCHEDULE 6
(Unaudited)

CITY OF CORNER BROOK
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2019

	Waste Water Reserve	Land Acquisitions	Equipment Replacement	Gas Tax	Public Trust	Operating and Environment
REVENUE						
Other income	\$ -	\$ -	\$ -	\$ 1,848,375	\$ 364	\$ -
EXPENSES						
Other expenses	-	-	501,083	2,524,521	-	-
NET REVENUES	-	-	(501,083)	(676,146)	364	-
TRANSFERS						
Transfers from operating fund	1,023,600	-	-	-	-	-
Acquisition of tangible capital assets	-	(166,540)	(120,000)	-	-	-
CHANGE IN RESERVE FUND BALANCES	1,023,600	(166,540)	(621,083)	(676,146)	364	-
FUND SURPLUS, BEGINNING OF YEAR	9,090,288	776,448	1,065,653	1,763,808	20,850	281,000
FUND SURPLUS, END OF YEAR	\$ 10,113,888	\$ 609,908	\$ 444,570	\$ 1,087,662	\$ 21,214	\$ 281,000

SCHEDULE 6 cont...
(Unaudited)

CITY OF CORNER BROOK
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2019

	NLHC Paving	Fire Department Hazard	Summer Fesitival	2019 Total	2018 Total
REVENUE					
Other income	\$ -	\$ 13,500	\$ -	\$ 1,862,239	\$ 867,834
EXPENSES					
Other expenses	-	27,801	-	3,053,405	1,327,303
NET REVENUES	-	(14,301)	-	(1,191,166)	(459,469)
TRANSFERS					
Transfers from operating fund	32,500	4,450	5,000	1,065,550	803,117
Acquisition of tangible capital assets	(16,263)	-	-	(302,803)	(54,825)
CHANGE IN RESERVE FUND BALANCES	16,237	(9,851)	5,000	(428,419)	288,823
FUND SURPLUS, BEGINNING OF YEAR	55,374	4,943	-	13,058,364	11,901,707
FUND SURPLUS, END OF YEAR	\$ 71,611	\$ (4,908)	\$ 5,000	\$ 12,629,945	\$ 12,190,530