

CITY OF CORNER BROOK

FINANCIAL STATEMENTS

December 31, 2000

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FINANCIAL STATEMENTS
December 31, 2000
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AUDITOR'S REPORT

To the Mayor and Councillors
City of Corner Brook
Corner Brook, Newfoundland

I have audited the combined balance sheet of the City of Corner Brook as at December 31, 2000, and the statements of revenue, expenditures and surplus (deficit) and changes in capital financial position 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.

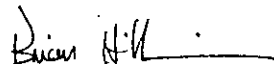
I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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, 2000, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

In compliance with the requirements of Section 115 of the City of Corner Brook Act, my report on the examination of the accounts of the City for the year ended December 31, 2000 is included herewith.

CORNER BROOK, NEWFOUNDLAND

30 May 2001



CHARTERED ACCOUNTANT

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AUDITOR'S REPORT

To the Mayor and Councillors
City of Corner Brook
Corner Brook, Newfoundland

In compliance with the requirements of Section 115 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, 2000.

EXPENDITURES

Actual expenditures of \$19,018,851 (including allocation to reserves) exceeded the limits of the approved budget by \$362,851.

REVENUE

Actual revenues of \$19,020,285 (including appropriations from reserves) exceeded the amounts in the budget by \$364,285.

ARREARS OF REVENUE

Taxes and rates receivable totalled \$3,031,026 at December 31, 2000. Of this amount \$1,266,546 has been outstanding for one year or longer. The allowance for doubtful accounts amounted to \$240,794 at December 31, 2000.

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

30 May 2001



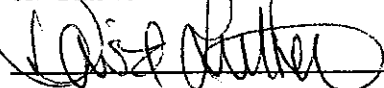
CHARTERED ACCOUNTANT

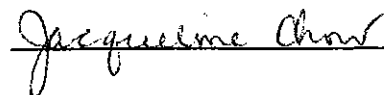
CITY OF CORNER BROOK
COMBINED BALANCE SHEET
December 31, 2000

	<u>Revenue</u>	<u>2000 Capital</u>	<u>Total</u>	<u>1999 Total</u>
<u>ASSETS</u>				
Cash	\$ 205,858	740,680	946,538	3,008,063
Accounts receivable (Note 2)	3,888,300	--	3,888,300	3,358,026
Prepaid expenses (Note 3)	806,979	--	806,979	706,052
Interfund account	2,273,418	--	2,273,418	2,680,409
Capital assets (Note 4)	--	<u>121,216,523</u>	<u>121,216,523</u>	<u>118,890,439</u>
	<u>\$ 7,174,555</u>	<u>121,957,203</u>	<u>129,131,758</u>	<u>128,642,989</u>
 <u>LIABILITIES AND EQUITY</u>				
Due to bank (Note 5)	\$ 2,842,244	1,553,380	4,395,624	5,514,157
Payables and accruals	1,973,141	--	1,973,141	1,674,135
Interfund account	--	2,273,418	2,273,418	2,680,409
Long-term debt (Note 6)	--	16,216,705	16,216,705	19,251,204
Employee termination (Note 7)	3,497,751	--	3,497,751	3,851,166
Reserves (Note 8)	1,646,000	6,698	1,652,698	806,698
Investments in capital assets (Note 9)	--	101,907,002	101,907,002	97,651,235
Surplus (deficit)	<u>(2,784,581)</u>	<u>--</u>	<u>(2,784,581)</u>	<u>(2,786,015)</u>
	<u>\$ 7,174,555</u>	<u>121,957,203</u>	<u>129,131,758</u>	<u>128,642,989</u>

CONTINGENCIES (Note 10)

ON BEHALF OF THE CITY:

 Mayor

 Director of Corporate Services

CITY OF CORNER BROOK
STATEMENT OF SURPLUS (DEFICIT)
Year ended December 31, 2000

	<u>2000</u>	<u>1999</u>
<u>SURPLUS (DEFICIT)</u> , beginning of year	\$(2,786,015)	(2,789,326)
<u>SURPLUS (DEFICIT) FOR THE YEAR</u>	<u>1,434</u>	<u>1,095</u>
<u>SURPLUS (DEFICIT)</u> , end of year	<u>\$(2,784,581)</u>	<u>(2,788,015)</u>
 <u>SURPLUS (DEFICIT) consists of:</u>		
Operating surplus	\$ 2,359,170	1,865,151
Employee termination benefits	(3,497,751)	(3,851,166)
Reserves	<u>(1,646,000)</u>	<u>(800,000)</u>
	<u>\$(2,784,581)</u>	<u>(2,786,015)</u>

CITY OF CORNER BROOK
STATEMENT OF REVENUE AND EXPENDITURE
Year ended December 31, 2000

	<u>Page</u>	<u>Budget</u>	<u>2000</u>	<u>1999</u>
<u>REVENUE</u>				
Taxation	6	\$12,523,000	12,648,316	12,570,412
Contributions	6	2,532,240	2,951,562	2,773,223
Utility taxes	6	842,000	827,397	838,759
Grants in lieu of taxes	6	1,056,000	1,081,471	1,018,721
Other revenue	6	<u>1,702,760</u>	<u>1,511,539</u>	<u>2,319,987</u>
		<u>18,656,000</u>	<u>19,020,285</u>	<u>19,521,102</u>
<u>EXPENDITURES</u>				
General Government	7	1,970,300	2,240,259	1,860,875
Community services	7	3,499,700	3,332,025	3,376,515
Operational services	7	4,659,000	4,702,645	4,618,767
Water and sewerage	7	996,800	998,106	993,605
Corner Brook Transit	7	197,000	194,858	207,789
Parks and Recreation	8	428,250	468,390	521,258
Canada Games Centre	8	1,045,000	605,491	1,450,008
Grants	8	153,150	205,348	121,021
Debt charges	8	4,806,800	4,982,108	5,113,279
Capital out of revenue	8	300,000	73,621	372,674
Allocation to reserves	8	350,000	846,000	612,000
Economic Development		200,000	200,000	200,000
Provision for doubtful accounts		<u>50,000</u>	<u>170,000</u>	<u>70,000</u>
		<u>18,656,000</u>	<u>19,018,851</u>	<u>19,517,791</u>
<u>SURPLUS (DEFICIT) FOR THE YEAR</u>		<u>\$ --</u>	<u>1,434</u>	<u>3,311</u>

CITY OF CORNER BROOK
STATEMENT OF REVENUE
Year ended December 31, 2000

	Budget <u>2000</u>	Actual <u>2000</u>	Actual <u>1999</u>
<u>TAXATION</u>			
Municipal tax	\$ 9,958,000	10,022,552	9,947,439
Business tax	2,385,000	2,437,604	2,434,777
Poll tax	130,000	134,842	139,990
Downtown Business Improvement	<u>50,000</u>	<u>53,318</u>	<u>48,206</u>
	<u>\$12,523,000</u>	<u>12,648,316</u>	<u>12,570,412</u>
<u>CONTRIBUTIONS</u>			
Province of Newfoundland:			
Municipal operating grants	\$ 1,004,000	1,054,809	1,004,580
Debt grants	<u>1,528,240</u>	<u>1,896,753</u>	<u>1,768,643</u>
	<u>\$ 2,532,240</u>	<u>2,951,562</u>	<u>2,773,223</u>
<u>UTILITY TAXES</u>			
Newfoundland Power Limited	\$ 466,600	462,927	464,522
NewTel Communications	300,000	293,518	300,725
Newtel Mobility	16,000	25,858	17,488
Cable Atlantic	39,000	35,280	41,331
AT & T	18,000	9,814	12,530
Other	<u>2,400</u>	<u>--</u>	<u>2,163</u>
	<u>\$ 842,000</u>	<u>827,397</u>	<u>838,759</u>
<u>GRANTS IN LIEU OF TAXES</u>			
Canadian Broadcasting Corporation	\$ 7,000	20,883	2,976
Corner Brook Pulp and Paper Limited:			
Current grant	830,000	825,224	788,280
Water grant	90,000	90,000	90,000
Government of Canada	65,000	83,099	75,367
Newfoundland Liquor Corporation	9,000	9,265	9,098
Western Memorial Regional Hospital	53,000	53,000	53,000
Canadian National Railway	<u>2,000</u>	<u>--</u>	<u>--</u>
	<u>\$ 1,056,000</u>	<u>1,081,471</u>	<u>1,018,721</u>
<u>OTHER REVENUE</u>			
Interest	\$ 385,000	565,564	452,646
Licences and permits	255,400	222,726	280,254
Recreation and community service	79,000	103,910	111,703
Canada Games Centre	480,000	68,578	901,967
Contribution from Capital Fund	491,360	489,480	489,587
Wild Cove Dump Site Recovery	--	36,000	--
Miscellaneous	<u>12,000</u>	<u>25,281</u>	<u>83,830</u>
	<u>\$ 1,702,760</u>	<u>1,511,539</u>	<u>2,319,987</u>
<u>TOTAL</u>	<u>\$18,656,000</u>	<u>19,020,285</u>	<u>19,521,102</u>

CITY OF CORNER BROOK
STATEMENT OF EXPENDITURES
Year ended December 31, 2000

	Budget <u>2000</u>	Actual <u>2000</u>	Actual <u>1999</u>
<u>GENERAL GOVERNMENT</u>			
Executive and Legislative	\$ 191,000	182,437	279,502
Chief Administrative Office	298,700	308,856	272,690
Corporate Services Department	<u>1,480,600</u>	<u>1,748,966</u>	<u>1,308,683</u>
	<u>\$ 1,970,300</u>	<u>2,240,259</u>	<u>1,860,875</u>
<u>COMMUNITY SERVICES DEPARTMENT</u>			
Community Services Administration	\$ 151,900	130,720	143,011
Development and planning	244,100	203,475	237,147
Fire protection	2,758,000	2,710,400	2,662,486
Building inspection	136,600	115,645	134,519
Municipal enforcement	144,600	115,846	135,618
Animal control	<u>64,500</u>	<u>55,939</u>	<u>63,734</u>
	<u>\$ 3,499,700</u>	<u>3,332,025</u>	<u>3,376,515</u>
<u>OPERATIONAL SERVICES DEPARTMENT</u>			
Supervision and administration	\$ 1,002,400	1,186,975	1,293,396
Other operations payroll	700,500	652,439	449,947
Building maintenance	267,100	192,634	303,092
Street lighting	510,000	502,105	496,710
Snow clearing	1,100,000	1,237,314	968,356
Traffic control	130,500	114,220	140,999
Drainage	55,000	41,247	51,785
Street and storm sewer cleaning	221,500	186,140	214,574
Street maintenance	375,500	294,669	352,952
Miscellaneous expenses	33,500	35,379	38,616
Sanitation and waste removal	<u>263,000</u>	<u>259,523</u>	<u>308,340</u>
	<u>\$ 4,659,000</u>	<u>4,702,645</u>	<u>4,618,767</u>
<u>WATER AND SEWERAGE</u>			
Purification and treatment	\$ 133,000	127,690	132,982
Water mains and hydrants	490,000	515,435	472,125
Sanitary systems	230,000	204,591	232,542
Regulators and meters	39,000	43,540	36,158
Reservoirs and intakes	51,300	48,042	65,098
Pumphouse	<u>53,500</u>	<u>58,808</u>	<u>54,700</u>
	<u>\$ 996,800</u>	<u>998,106</u>	<u>993,605</u>
<u>CORNER BROOK TRANSIT</u>			
Transit contract subsidy	<u>\$ 197,000</u>	<u>194,858</u>	<u>207,789</u>

CITY OF CORNER BROOK
STATEMENT OF EXPENDITURES
Year ended December 31, 2000

	Budget <u>2000</u>	Actual <u>2000</u>	Actual <u>1999</u>
<u>PARKS AND RECREATION</u>			
Administration	\$ 51,600	52,112	51,281
Recreation	132,000	160,814	154,717
Parks	239,650	242,535	267,522
Stadium	5,000	12,929	47,738
	<u>\$ 428,500</u>	<u>468,390</u>	<u>521,258</u>
<u>CANADA GAMES CENTRE</u>			
Administration	\$ 242,900	69,775	179,296
Operating subsidy	--	317,001	--
Marketing and promotions	--	3,288	9,868
Operations	802,100	215,427	1,260,844
	<u>\$ 1,045,000</u>	<u>605,491</u>	<u>1,450,008</u>
<u>GRANTS</u>			
Business Improvement Association	\$ 50,000	53,318	48,206
Corner Brook Stream project	--	--	5,000
Special events grants	5,000	19,665	4,860
Community service grants	37,150	43,851	19,420
Museum Society	16,000	23,514	7,684
Pouch Cove Foundation	--	20,000	--
Blomidon Cross Country	20,000	20,000	--
Triathlon	25,000	25,000	35,851
	<u>\$ 153,150</u>	<u>205,348</u>	<u>121,021</u>
<u>DEBT CHARGES</u>			
Principal	\$ 3,583,731	3,587,593	3,585,736
Interest	1,223,069	1,394,515	1,527,543
	<u>\$ 4,806,800</u>	<u>4,982,108</u>	<u>5,113,279</u>
<u>CAPITAL OUT OF REVENUE</u>			
Equipment	\$ 300,000	24,019	219,939
Recreation facilities	--	--	79,488
Street repairs	--	49,602	--
Land	--	--	73,247
	<u>\$ 300,000</u>	<u>73,621</u>	<u>372,674</u>
<u>ALLOCATION TO RESERVES</u>			
Capital works	\$ 350,000	475,000	480,000
Snow clearing	--	--	132,000
Capital out of revenue	--	225,000	--
Land	--	60,000	--
Environment	--	50,000	--
Wild Cove Dump Site	--	36,000	--
	<u>\$ 350,000</u>	<u>846,000</u>	<u>612,000</u>

CITY OF CORNER BROOK
STATEMENT OF CHANGES IN CAPITAL FINANCIAL POSITION
Year ended December 31, 2000

	<u>2000</u>	<u>1999</u>
<u>FUNDS PROVIDED</u>		
Appropriations from revenue fund for retirement of long-term debt	\$ 3,587,293	3,585,736
Grants and contributions:		
Province of Newfoundland and Labrador	12,922	132,841
Government of Canada	760,000	2,132,069
Bay of Islands Civic Centre	--	100,000
Canada Games Host Society	450,000	3,131,511
Other	--	5,400
Increase in interfund account	--	439,916
Proceeds from temporary bank loans	1,394,601	2,458,312
Proceeds from long-term debt	1,965,926	2,407,262
Capital contribution from revenue	73,621	372,674
Sale of equipment	6,834	11,544
Sale of land	5,000	13,815
Decrease in accounts receivable	--	2,000
	<u>8,256,197</u>	<u>14,793,080</u>
<u>FUNDS APPLIED</u>		
Expenditures on capital assets:		
General	2,067,861	4,537,099
Water and sewerage utility	<u>408,646</u>	<u>887,119</u>
	2,476,507	5,424,218
Repayment of temporary bank loans	1,965,926	2,462,336
Repayment of long-term debt	5,087,293	4,246,939
Contribution - revenue fund	489,480	489,587
Decrease in interfund account	<u>406,991</u>	<u>--</u>
	<u>10,426,197</u>	<u>12,623,080</u>
<u>INCREASE (DECREASE) IN CASH</u>	(2,170,000)	2,170,000
<u>CASH, beginning of year</u>	<u>2,910,680</u>	<u>740,680</u>
<u>CASH, end of year</u>	<u>\$ 740,680</u>	<u>2,910,680</u>

CITY OF CORNER BROOK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2000

1. Significant accounting policies followed by the City include:
- (a) No provision for depreciation of capital assets is recorded in the financial statements of the City.
 - (b) Capital assets disposed of are deleted from the accounts at their original cost.
 - (c) Capital assets purchased out of general revenue are fully charged against revenue in the year of acquisition.
 - (d) The annual installments of principal and interest on long-term borrowings, obtained to finance the purchase of capital assets, is recorded in the accounts as current expenditures.
 - (e) The equity of the City in the capital assets is represented by a credit account "Investment in Capital Assets".

2. Accounts receivable consist of:

	<u>2000</u>	<u>1999</u>
Taxes		
Municipal	\$1,864,460	1,634,208
Business	677,926	686,528
Service fees	144,247	116,869
Utility	462,927	464,522
Tax rebate	111,703	148,633
Province of Newfoundland and Labrador	78,505	77,863
Other	<u>789,326</u>	<u>470,180</u>
	4,129,094	3,598,803
Less: Allowance for doubtful accounts	<u>240,794</u>	<u>240,777</u>
	<u>\$3,888,300</u>	<u>3,358,026</u>

3. Prepaid expenses consist of:

	<u>2000</u>	<u>1999</u>
Inventory of supplies, at cost	\$ 545,558	556,538
Prepaid insurance	149,561	149,514
Prepaid equipment lease	11,959	--
Prepaid bank loans	<u>99,901</u>	<u>--</u>
	<u>\$ 806,979</u>	<u>706,052</u>

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2000

4. Capital assets consist of:

	<u>2000</u>	<u>1999</u>
<u>General</u>		
Land	\$ 1,983,791	1,970,010
Buildings	30,506,029	30,324,753
Equipment	6,042,444	6,163,848
Streets and improvements	60,601,991	58,921,425
Parks and playgrounds	3,460,327	3,297,108
Cemetery	<u>10,503</u>	<u>10,503</u>
	<u>102,605,085</u>	<u>100,687,647</u>
 <u>Water and Sewerage Utility</u>		
Land	3,191	3,191
Buildings and improvements	188,604	188,604
Equipment	44,538	44,538
Transmission and distribution system	<u>18,375,105</u>	<u>17,966,459</u>
	<u>18,611,438</u>	<u>18,202,792</u>
	<u>\$121,216,523</u>	<u>118,890,439</u>

5. Due to bank consists of:

	<u>2000</u>	<u>1999</u>
Current account overdraft	\$2,842,244	3,302,584
Temporary bank loans	<u>1,553,380</u>	<u>2,211,573</u>
	<u>\$4,395,624</u>	<u>5,514,157</u>

The current account overdraft bears interest at the rate of prime less 0.8%.

The temporary bank loans represent advances to date on various cost sharing agreements for capital works.

6. Long-term debt consists of:

	<u>2000</u>	<u>1999</u>
Bank of Nova Scotia		
Term loans bearing interest at a rate of 5.12 to 7.17%, repayable in blended monthly installments totalling \$102,068 with maturity dates between 2001 and 2006	\$ 4,150,883	5,387,044
Canadian Imperial Bank of Commerce		
(a) Bank loans bearing interest at the rate of prime less .125%, repayable in annual installments, maturing in 2000	<u>--</u>	<u>69,856</u>
	4,150,883	5,456,900

..... Cont'd

CITY OF CORNER BROOK
NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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

	<u>2000</u>	<u>1999</u>
Brought forward	\$ 4,150,883	5,456,900
(b) 6.45% term loan, repayable in blended monthly installments of \$2,993, maturing in 2002	43,028	75,045
(c) 6.11% term loan, repayable in blended monthly installments of \$22,315, maturing in 2007	1,388,224	1,564,966
(d) 5.84% term loan, repayable in blended monthly installments of \$40,947, maturing in 2004	1,585,222	1,971,672
(e) 5.32% demand loan with no set terms of repayment	--	1,500,000
(f) 5.46% term loan, repayable in blended monthly installments of \$16,366, maturing in 2005	870,028	1,014,602
(g) 5.48% term loan, repayable in blended monthly installments of \$12,441, maturing in 2006	770,847	874,787
(h) 5.39% term loan, repayable in blended monthly installments of \$4,839, maturing in 2003	164,610	212,397
(i) 5.79% term loan, repayable in blended monthly installments of \$23,012, maturing in 2006	1,196,216	--
Newfoundland Municipal Financing Corporation		
Loans with interest rates ranging from 7.375% to 14.5%, repayable in semi-annual installments with maturity dates between 2001 and 2010	5,976,792	6,471,583
Canada Mortgage and Housing Corporation		
8.625% loans, repayable in annual installments with maturity dates between 2001 and 2004	<u>70,855</u>	<u>109,252</u>
	<u>\$16,216,705</u>	<u>19,251,204</u>

..... Cont'd

CITY OF CORNER BROOK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2000

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

Principal payments required for the next five years on long-term debt are as follows:

2001	\$3,018,746
2002	2,978,937
2003	2,916,899
2004	2,393,361
2005	1,323,465

The Newfoundland Municipal Financing Corporation and Canada Mortgage and Housing Corporation loans represent the provincial government's share of specific cost shared capital projects. The provincial government provides contributions to pay the required installments on these loans.

7. The City's remuneration package entitles employees to severance pay and a portion of unused sick leave pay at the termination of employment provided the employee meets the specific provisions of the plan. The City has also committed an amount to provide benefits to early retirees. The amount earned by employees to December 31 consists of:

	<u>2000</u>	<u>1999</u>
Severance pay	\$1,699,973	1,639,060
Sick leave benefits	1,342,934	2,008,852
Early retirement bridging	<u>454,844</u>	<u>203,254</u>
	<u>\$3,497,751</u>	<u>3,851,166</u>

8. Reserves consist of:

	<u>2000</u>	<u>1999</u>
Capital equipment replacement	\$ 76,698	76,698
Snow clearing	250,000	250,000
Capital works	955,000	480,000
Wild Cove Dump Site	36,000	--
Capital out of revenue	225,000	--
Land	60,000	--
Environment	<u>50,000</u>	<u>--</u>
	<u>\$1,652,698</u>	<u>806,698</u>

CITY OF CORNER BROOK
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December 31, 2000

9. Investments in capital assets:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$ 97,651,235	88,680,591
Add:		
Appropriations from revenue fund for		
Retirement of long-term debt	3,587,293	3,585,736
Capital contributions		
Province of Newfoundland and Labrador	12,922	132,841
Government of Canada	760,000	2,132,069
Bay of Islands Civic Centre	--	100,000
Canada Games Host Society	450,000	3,131,511
Other	--	5,400
Capital expenditure out of revenue	<u>73,621</u>	<u>372,674</u>
	<u>102,535,071</u>	<u>98,140,822</u>
Deduct:		
Contribution - Revenue fund re		
Canada Games loan	489,480	489,587
Capital assets disposed	<u>138,589</u>	<u>--</u>
	<u>628,069</u>	<u>489,587</u>
	<u>\$101,907,002</u>	<u>97,651,235</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.