

*Consolidated Financial Statements of*

**CITY OF ST. JOHN'S**

*December 31, 2020*

**CITY OF ST. JOHN'S**  
December 31, 2020

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## Statement of Responsibility

The accompanying consolidated financial statements are the responsibility of the management of the City of St. John's (the "City") and have been prepared in compliance with legislation, and in accordance with public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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

The City's Audit Committee met with management and its external auditors 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 independent external auditors, has audited the consolidated financial statements. The auditor's report is addressed to the Mayor and Councillors 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, operations, changes in net debt and cash flows of the City in accordance with Canadian public sector accounting standards.

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Mayor

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Deputy City Manager, Finance & Administration



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

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## Independent Auditor's Report

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His Worship the Mayor and Councillors of the City of St. John's

### Opinion

We have audited the accompanying consolidated financial statements of the City of St. John's (the "City"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, 2020, and its results of consolidated operations, its consolidated changes in net debt, and its consolidated 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 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 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.

### Other Information

Management is responsible for the other information. The other information comprises a summary of key results of the City in a letter issued to the public from the Deputy City Manager - Finance & Administration, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

## **Auditors' 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 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 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 an, 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, the 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.

Chartered Professional Accountants

St. John's, Newfoundland and Labrador  
TBD

# CITY OF ST. JOHN'S

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2020

|   | Budget<br>2020     | Actual<br>2020     | Actual<br>2019     |
|---|--------------------|--------------------|--------------------|
|   | \$                 | \$                 | \$                 |
|   | (Schedule 8)       |                    |                    |
| <b>Revenues (Schedule 5)</b>                      |                    |                    |                    |
| Taxation  | 208,042,658        | 209,648,466        | 209,227,666        |
| Grants in lieu of taxes                           | 9,126,000          | 9,129,980          | 8,813,567          |
| Grants and transfers                              | 31,240,029         | 41,962,974         | 46,054,639         |
| Sales of goods and services                       | 51,274,554         | 44,476,488         | 53,424,056         |
| Other revenue from own sources                    | 28,573,554         | 21,537,668         | 25,933,106         |
|   | 328,256,795        | 326,755,576        | 343,453,034        |
| <b>Expenses (Schedule 6)</b>                      |                    |                    |                    |
| General government services                       | 52,513,689         | 55,929,926         | 55,583,376         |
| Fiscal services                                   | 24,937,725         | 24,355,861         | 22,780,280         |
| Transportation services                           | 65,244,761         | 72,856,447         | 65,809,907         |
| Protective services                               | 37,548,954         | 37,118,223         | 37,346,013         |
| Environmental health services                     | 46,284,927         | 42,607,613         | 45,124,374         |
| Recreation and cultural services                  | 33,925,881         | 25,961,085         | 33,810,209         |
| Environmental development services                | 7,185,397          | 6,809,575          | 7,530,746          |
| Amortization and allowances                       | 44,481,071         | 45,995,552         | 44,975,184         |
|   | 312,122,405        | 311,634,282        | 312,960,089        |
| Excess of revenues over expenses                  | 16,134,390         | 15,121,294         | 30,492,945         |
| Accumulated surplus, beginning of year            | 767,491,025        | 767,491,025        | 736,998,080        |
| <b>Accumulated surplus, end of year (Note 15)</b> | <b>783,625,415</b> | <b>782,612,319</b> | <b>767,491,025</b> |

See accompanying notes to the consolidated financial statements

**CITY OF ST. JOHN'S**  
**Consolidated Statement of Financial Position**  
As at December 31, 2020

|  | 2020                 | 2019                 |
|--|----------------------|----------------------|
|  | \$                   | \$                   |
| <b>Financial assets</b>                  |                      |                      |
| Cash and cash equivalents (Note 3)       | 155,020,240          | 49,419,010           |
| Investments (Note 4)                     | 26,105,768           | 6,630,218            |
| Accounts receivable - current (Note 5)   | 56,059,956           | 45,447,038           |
| Accounts receivable - long-term (Note 6) | 1,475,164            | 2,930,582            |
| Investment in rental housing projects    | -                    | 15,692               |
| Sinking fund investments (Schedule 2)    | 193,016,497          | 176,388,464          |
|  | <b>431,677,625</b>   | <b>280,831,004</b>   |
| <b>Financial liabilities</b>             |                      |                      |
| Payables and accruals (Note 7)           | 60,852,863           | 57,879,546           |
| Asset Retirement Obligation (Note 8)     | 31,962,446           | 26,773,810           |
| Employee benefits (Note 9)               | 221,939,060          | 214,274,584          |
| Debenture debt (Note 10 and Schedule 2)  | 575,500,000          | 444,500,000          |
| Long-term debt (Note 11)                 | 7,319,882            | 9,665,541            |
|  | <b>897,574,251</b>   | <b>753,093,481</b>   |
| <b>Net debt</b>                          | <b>(465,896,626)</b> | <b>(472,262,477)</b> |
| <b>Non-financial assets</b>              |                      |                      |
| Tangible capital assets (Schedule 1)     | 1,242,391,602        | 1,234,799,571        |
| Inventory of materials and supplies      | 3,694,898            | 3,422,112            |
| Prepaid expenditures                     | 2,422,445            | 1,531,819            |
|  | <b>1,248,508,945</b> | <b>1,239,753,502</b> |
| <b>Accumulated surplus (Note 15)</b>     | <b>782,612,319</b>   | <b>767,491,025</b>   |

Change in accounting estimate (Note 2)  
Contingencies and commitments (Note 18)  
Uncertainty due to COVID-19 (Note 21)

See accompanying notes to the consolidated financial statements

**On behalf of Council**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Deputy City Manager, Finance & Administration

# CITY OF ST. JOHN'S

## Consolidated Statement of Changes in Net Debt

Year ended December 31, 2020

|   | Budget<br>2020       | Actual<br>2020       | Actual<br>2019       |
|---|----------------------|----------------------|----------------------|
|   | \$                   | \$                   | \$                   |
| <b>Excess of revenues over expenses</b>   | <b>16,134,390</b>    | <b>15,121,294</b>    | <b>30,492,945</b>    |
| <b>Changes in tangible capital assets</b>   |                      |                      |                      |
| Acquisition of tangible capital assets<br>and contributed tangible capital assets | (63,807,606)         | (50,924,533)         | (63,807,606)         |
| Net book value of tangible capital assets<br>disposals/transfers                  | 1,193,663            | 317,268              | 1,193,663            |
| Amortization of tangible capital assets   | 43,015,234           | 43,015,234           | 42,028,845           |
| <b>Increase in net book value of tangible<br/>capital assets</b>                  | <b>(19,598,709)</b>  | <b>(7,592,031)</b>   | <b>(20,585,098)</b>  |
| <b>Changes in other non-financial assets</b>                                      |                      |                      |                      |
| Change in prepaid expenditures  | -                    | (890,626)            | 951,963              |
| Acquisition of inventory and supplies, net of usage                               | -                    | (272,786)            | (361,015)            |
| <b>(Increase) decrease in other non-financial assets</b>                          | <b>-</b>             | <b>(1,163,412)</b>   | <b>590,948</b>       |
| (Increase) decrease in net debt   | (3,464,319)          | 6,365,851            | 10,498,795           |
| Net debt, beginning of year   | (472,262,477)        | (472,262,477)        | (482,761,272)        |
| <b>Net debt, end of year</b>  | <b>(475,726,796)</b> | <b>(465,896,626)</b> | <b>(472,262,477)</b> |

See accompanying notes to the consolidated financial statements

**CITY OF ST. JOHN'S**  
**Consolidated Statement of Cash Flows**  
Year ended December 31, 2020

|   | 2020               | 2019              |
|---|--------------------|-------------------|
|   | \$                 | \$                |
| <b>Operating transactions</b>                     |                    |                   |
| Excess of revenues over expenses                  | 15,121,294         | 30,492,945        |
| Non-cash charges to operations:                   |                    |                   |
| Amortization of tangible capital assets           | 43,015,234         | 42,028,845        |
| Contributed tangible capital assets               | (4,890,474)        | (14,536,307)      |
| Employee benefits                                 | 7,664,476          | 6,824,789         |
| Loss on disposal of tangible capital assets       | 115,837            | 997,603           |
|   | 61,026,367         | 65,807,875        |
| Net change in other (Note 16)                     | (3,614,377)        | 2,751,373         |
|   | 57,411,990         | 68,559,248        |
| <b>Capital transactions</b>                       |                    |                   |
| Acquisition of tangible capital assets            | (46,034,059)       | (49,271,299)      |
| Proceeds from sale of tangible capital assets     | 201,431            | 196,060           |
|   | (45,832,628)       | (49,075,239)      |
| <b>Financing transactions</b>                     |                    |                   |
| Decrease in long-term accounts receivable         | 1,455,418          | 2,597,888         |
| Repayment of debenture debt                       | (7,000,000)        | -                 |
| Issuance of debenture debt                        | 138,000,000        | -                 |
| Repayment of long-term debt                       | (2,345,659)        | (2,969,245)       |
|   | 130,109,759        | (371,357)         |
| <b>Investing transactions</b>                     |                    |                   |
| Increase in sinking fund investments              | (16,628,033)       | (18,347,355)      |
| Increase in investments                           | (19,475,550)       | (6,630,218)       |
| Decrease in trust funds payable                   | -                  | (31,902)          |
| Decrease in investment in rental housing projects | 15,692             | 50,550            |
|   | (36,087,891)       | (24,958,925)      |
| Increase (decrease) in cash and cash equivalents  | 105,601,230        | (5,846,273)       |
| Cash and cash equivalents, beginning of year      | 49,419,010         | 55,265,283        |
| <b>Cash and cash equivalents, end of year</b>     | <b>155,020,240</b> | <b>49,419,010</b> |

Supplementary cash flow information (Note 16)

See accompanying notes to the consolidated financial statements

# **CITY OF ST. JOHN'S**

## **Notes to the Consolidated Financial Statements**

**December 31, 2020**

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The City of St. John's (the "City") accounts include revenues and expenses for the City's Urban Living Non-Profit Housing Fund, Regional Fire Department, Regional Waste Water System, Robin Hood Bay Regional Waste Management Facility, and Regional Water Supply System.

### **1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

#### ***Basis of consolidation***

The consolidated financial statements include all the accounts of the City, St. John's Transportation Commission (the "Commission") and St. John's Sports & Entertainment Ltd., which are wholly-owned and operated by the City. Any inter-company transactions have been eliminated on consolidation.

#### ***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 amounts.

Other revenue mainly consists of sales of goods and services 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.

Interest revenue is recognized as revenue when earned.

#### ***Government Transfers***

When the City is the recipient, 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. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

When the City is the transferor, 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 ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

***Inventories***

Inventories of material and supplies are carried at the lower of cost and net realizable value.

***Investments in rental housing projects***

Investments in rental housing projects are recorded at cost.

***Tangible capital assets***

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

|  | Years |
|--|-------|
| Buildings                                    | 25-60 |
| Parking spaces - garage                      | 50-75 |
| Vehicles                                     |       |
| Transit buses                                | 7-12  |
| Vehicles                                     | 7-20  |
| Computer hardware and software               | 5     |
| Other  |       |
| Machinery and equipment                      | 5-30  |
| Water and waste plants and networks          |       |
| Underground networks                         | 75    |
| Sewage treatment plants and lift stations    | 45    |
| Water pumping stations and reservoirs        | 45    |
| Flood stations and other infrastructure      | 45    |
| Waste management facility and infrastructure | 10-40 |
| Transportation                               |       |
| Roads  | 10-35 |
| Roadbeds                                     | 75    |
| Bridges and structures                       | 50    |

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Contribution of tangible capital assets***

Contributions of tangible capital assets are recorded at fair value at the date of receipt. The contribution is recorded as revenue.

***Assessments***

Assessments for water and sewer installations and street improvements are recorded when work is completed.

***Portfolio investments (sinking funds)***

Sinking funds established for the retirement of debentures are held and administered by a third party and accounted for in the City's records at cost.

***Reserve for snow and ice management***

The City has established a snow and ice management reserve, to a maximum of \$2,000,000, to accumulate funds available to be used in years of severe winter conditions.

***Reserve for Convention Centre financing***

The City has established a convention centre financing reserve to accumulate its share of revenue received from the accommodation tax. The accommodation tax, which was legislated effective January 1, 1999, represents a four percent room levy on all fixed roof accommodations in the City of St. John's. The funds in the reserve, which are included in accumulated surplus, are used to reduce the debt related to the construction of the St. John's Convention Centre and to pay for capital improvements for the facility.

***Asset Retirement Obligation***

A liability for an asset retirement obligation related to Robin Hood Bay Regional Landfill is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. This obligation is subsequently reviewed each fiscal year and adjusted for the passage of time along with any revisions to the timing or amount required to settle the obligation. Upon initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related long-lived asset. This cost is amortized on the same basis as the related asset.

***Severance and accrued sick leave benefits***

The cost and obligation of severance and accrued non-vesting sick leave benefits earned by employees are actuarially determined using the projected accrued benefit method prorated on service and management's best estimate of assumptions of future service, future benefit usage, salary changes, and retirement ages of those employees.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Severance and accrued sick leave benefits (continued)***

The discount rate used for determining the benefit obligation is the City's cost of borrowing.

Past service costs resulting from changes to these benefits are recognized at the date of amendment.

***Accrued pension benefits***

The cost and obligation of pension benefits, earned by employees and members of Council, are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions of future investment returns for funded plans, salary changes and retirement ages of employees. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

The discount rate used for determining the benefit obligation is the expected rate of return on plan assets or the City's cost of borrowing.

Past service costs resulting from plan amendments are recognized at the date of amendment.

The excess of the net actuarial gain (loss) is amortized over the average remaining service period of active employees which is 14 years for the employee plan and 1 years for the Mayor and Councillors' plan.

***Employee future benefits***

The City provides post-retirement benefits in the form of extended life and health coverage to employees. The cost and obligations of these benefits earned by employees are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions and future claim rates and costs. There is no requirement to fund these future obligations on a current basis.

***Use of estimates***

In preparing the City's financial statements in conformity with PSAS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Items subject to management estimate include allowance for doubtful accounts, useful life of tangible capital assets, impairment of assets, employee future benefits, and closure and post-closure costs related to the Robin Hood Bay Landfill. Actual results could differ from these estimates.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2020

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Liability for contaminated sites*

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

**2 CHANGE IN ACCOUNTING ESTIMATE**

In accordance with its policy, the City reviews the estimates used in its calculation of allowance for uncollectible accounts each year. During 2020 it was determined that the basis of allocating of interest to receivables by tax year based on the relative age of the receivable would more accurately measure the amount required than the current fixed percentage based allocation. The City also revised its policy on specific dollar value receivables in relation to the assessed value of a property. The effect of this change has been applied prospectively and has resulted in a decrease in allowance for uncollectable accounts expense of \$735,234 for 2020 in comparison to previously applied policy.

**3. CASH AND CASH EQUIVALENTS**

|   | <b>2020</b>        | <b>2019</b> |
|---|--------------------|-------------|
|   | <b>\$</b>          | <b>\$</b>   |
| Cash  | <b>100,505,347</b> | 17,955,668  |
| Restricted cash deposits:                   |                    |             |
| Robin Hood Bay post closure costs (Note 8)  | <b>14,613,038</b>  | 11,162,899  |
| Robin Hood Bay equipment replacement        | <b>8,775,347</b>   | 4,428,768   |
| Riverhead waste/water equipment replacement | <b>2,888,039</b>   | 2,071,070   |
| Advance payments from developers            | <b>42,459</b>      | 42,114      |
| Federal gas tax fund                        | <b>24,551,053</b>  | 11,251,460  |
| Urban living affordable housing:            |                    |             |
| Tenants' security deposits                  | <b>104,638</b>     | 106,378     |
| Replacement reserve fund                    | <b>3,540,319</b>   | 2,400,653   |
|   | <b>54,514,893</b>  | 31,463,342  |
|   | <b>155,020,240</b> | 49,419,010  |

The City has agreements with Canada Mortgage and Housing Corporation ("CMHC") and Newfoundland and Labrador Housing Corporation ("NLHC") which stipulate that cash be set aside for a replacement reserve fund. As at December 31, 2020 the City held cash of \$3,540,319 (2019 - \$2,400,653).

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

**4. INVESTMENTS**

|                                    | <b>2020</b>       | <b>2019</b>      |
|------------------------------------|-------------------|------------------|
|                                    | <b>\$</b>         | <b>\$</b>        |
| Government bonds                   | <b>26,105,768</b> | 5,218            |
| Guaranteed investment certificates | -                 | 6,625,000        |
|                                    | <b>26,105,768</b> | <b>6,630,218</b> |

Government bonds consist of the City of St. John's debentures at coupon rates varying from 2.916% to 4.622% with a face value of \$25,522,987. Maturity dates on the investments in the portfolio range from August 2031 to September 2040.

Guaranteed investment certificates (GICs) each with an annualized interest rate of 2.25% with a maturity date of January 30, 2020.

**5. ACCOUNTS RECEIVABLE - CURRENT**

|                                 | <b>2020</b>         | <b>2019</b>       |
|---------------------------------|---------------------|-------------------|
|                                 | <b>\$</b>           | <b>\$</b>         |
| Taxes                           | <b>35,652,330</b>   | 25,812,536        |
| Other governments               | <b>15,986,270</b>   | 18,076,913        |
| Other                           | <b>15,361,235</b>   | 11,438,898        |
| Allowance for doubtful accounts | <b>(10,939,879)</b> | (9,881,309)       |
|                                 | <b>56,059,956</b>   | <b>45,447,038</b> |

**6. ACCOUNTS RECEIVABLE - LONG TERM**

|  | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| Government of Newfoundland and Labrador<br>water and sewer projects (Schedule 2) | <b>937,421</b>   | 2,671,517        |
| Other<br>Civic assessments   | <b>537,743</b>   | 259,065          |
|  | <b>1,475,164</b> | <b>2,930,582</b> |

The Provincial government's share of cost shared loans is recorded in the accounts of the City as debt charges recoverable.

| <b>Year</b> | <b>Provincial</b> | <b>Total</b> |
|-------------|-------------------|--------------|
|             | <b>\$</b>         | <b>\$</b>    |
| 2021        | 937,421           | 937,421      |

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

**7. PAYABLES AND ACCRUALS**

|                            | <b>2020</b>       | <b>2019</b> |
|----------------------------|-------------------|-------------|
|                            | <b>\$</b>         | <b>\$</b>   |
| Trade                      | <b>30,093,173</b> | 29,836,798  |
| Wages and benefits payable | <b>11,077,218</b> | 9,240,365   |
| Deferred revenue           | <b>3,540,079</b>  | 3,933,469   |
| Deposits and prepayments   | <b>10,867,326</b> | 10,873,412  |
| Accrued interest           | <b>5,213,900</b>  | 3,920,227   |
| Other governments          | <b>61,167</b>     | 75,275      |
|                            | <b>60,852,863</b> | 57,879,546  |

**8. ASSET RETIREMENT OBLIGATION**

A liability is recognized for future retirement obligations associated with the City's landfill asset. The amount recognized is the net present value of estimated future expenditures required to fund the closure, decommissioning, and post-closure requirements of its landfill. The obligation is calculated using the current estimated costs to retire the asset inflated to the estimated retirement date and discounted to current present value. The retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the landfill. Future retirement expenditures will be charged against the accumulated liability as incurred.

Estimating asset retirement obligations require estimation of costs many years into the future, inherent in the calculation are numerous assumptions and estimates, including the expected future costs, inflation factors, discount rates and the timing of settlement of obligations. Future revisions to any of these estimates may result in material changes to the asset retirement obligation.

At December 31, 2020, the estimated total undiscounted inflation-adjusted amount required to settle the asset retirement obligation is \$139,296,732. The cash flows are discounted at the rate of 3.2% (2019 - 3.5%) based on the City's long term cost of borrowing. This is estimated by reference to the average of the past three years of the City's estimated net yield on its debenture debt at the end of the fiscal year. The discount rate will only be adjusted when the estimate using current information results in a difference of more than 25 basis points. The landfill is estimated to close in 2072 with the site continuing to be monitored for an additional 30 years post closure.

|                         | <b>2020</b>       | <b>2019</b> |
|-------------------------|-------------------|-------------|
|                         | <b>\$</b>         | <b>\$</b>   |
| Beginning of year       | <b>26,773,810</b> | 25,868,415  |
| Liabilities settled     | <b>(472,714)</b>  | -           |
| Change in discount rate | <b>3,280,269</b>  | -           |
| Change in estimates     | <b>1,443,998</b>  | -           |
| Accretion               | <b>937,083</b>    | 905,395     |
| End of year             | <b>31,962,446</b> | 26,773,810  |

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
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**8. ASSET RETIREMENT OBLIGATION (Continued)**

The tipping fees charged by the City to all users include a provision for closure and post-closure costs which is contributed to an interest-bearing account to accumulate the funds that will be required at each closure and post-closure phase. The balance in the account at December 31, 2020 was \$14,613,038 (2019 - \$11,162,899).

**9. EMPLOYEE BENEFITS**

|   | <b>2020</b>        | <b>2019</b> |
|---|--------------------|-------------|
|   | <b>\$</b>          | <b>\$</b>   |
| Accrued pension benefits (Note 12)          | <b>6,784,128</b>   | 4,209,528   |
| Employee future benefits (Note 13)          | <b>190,255,824</b> | 179,005,013 |
| Severance and sick leave benefits (Note 14) | <b>24,899,108</b>  | 31,060,043  |
|   | <b>221,939,060</b> | 214,274,584 |

**10. DEBENTURE DEBT**

|  | <b>2020</b>        | <b>2019</b> |
|--|--------------------|-------------|
|  | <b>\$</b>          | <b>\$</b>   |
| Debenture debt outstanding (Schedule 2)  | <b>575,500,000</b> | 444,500,000 |
| Less: debt charges recoverable from the Province of Newfoundland and Labrador (Schedule 2) | <b>937,421</b>     | 2,671,517   |
| Less: sinking fund investments available (Schedule 2)                                      | <b>193,016,497</b> | 176,388,464 |
|  | <b>381,546,082</b> | 265,440,019 |

The annual requirements over the next five years and thereafter relating to scheduled sinking funds less debt charges recoverable from the Province of Newfoundland and Labrador (the "Province") are as follows:

| Year       | Sinking fund requirements | Newfoundland and Labrador | Net Amount  |
|------------|---------------------------|---------------------------|-------------|
|            | <b>\$</b>                 | <b>\$</b>                 | <b>\$</b>   |
| 2021       | 14,200,000                | (937,421)                 | 13,262,579  |
| 2022       | 13,086,250                | -                         | 13,086,250  |
| 2023       | 13,600,000                | -                         | 13,600,000  |
| 2024       | 13,012,500                | -                         | 13,012,500  |
| 2025       | 12,475,000                | -                         | 12,475,000  |
| Thereafter | 110,387,500               | -                         | 110,387,500 |

Included in the City's sinking fund investments available are City of St. John's debentures at coupon rates varying between 2.92% to 7.38% (2019 - 4.22% to 7.38%) with a face value of \$170.2M (2019 - \$146.8M). Maturity dates on the investments in the portfolio range from August 2031 to September 2040.

**CITY OF ST. JOHN'S**  
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**11. LONG-TERM DEBT**

|  | <b>2020</b>      | <b>2019</b> |
|--|------------------|-------------|
|  | <b>\$</b>        | <b>\$</b>   |
| Long-term debt (Schedule 3)                              | <b>77,064</b>    | 118,158     |
| Mortgages - Urban living non-profit housing (Schedule 4) | <b>3,052,818</b> | 3,848,383   |
| St. John's Transportation Commission                     | <b>4,190,000</b> | 5,699,000   |
|  | <b>7,319,882</b> | 9,665,541   |

Annual principal repayments over the next five years and thereafter relating to retirement of long-term debt are as follows:

| <b>Year</b> | <b>Non-profit<br/>housing<br/>mortgages</b> | <b>Total</b> |
|-------------|---|--------------|
|             | <b>\$</b>                                   | <b>\$</b>    |
| 2021        | 725,221                                     | 725,221      |
| 2022        | 600,910                                     | 600,910      |
| 2023        | 455,943                                     | 455,943      |
| 2024        | 427,536                                     | 427,536      |
| 2025        | 409,377                                     | 409,377      |
| Thereafter  | 433,831                                     | 433,831      |

Mortgages of the Urban Living Non-Profit Housing Fund are secured by specific rental properties situated in St. John's and an assignment of rental income.

The Commission has access to a \$15,000,000 credit facility, guaranteed by the City, for capital expenditures. Under the terms of its lending arrangements, the Commission issues banker's acceptances. At December 31, 2020 the outstanding banker's acceptances bore interest at 1.46% and matured on January 28, 2021. The credit facility, which was renewed on February 26, 2021, bears interest at 1.46% and matures on March 29, 2021. At December 31, 2020, the Commission has drawn \$4,190,000 (2019 - \$5,699,000) on the credit facility which is included in long-term debt.

**12. ACCRUED PENSION BENEFITS**

|  | <b>2020</b>      | <b>2019</b> |
|--|------------------|-------------|
|  | <b>\$</b>        | <b>\$</b>   |
| City of St. John's - Employees             | <b>(333,000)</b> | (2,432,900) |
| City of St. John's - Mayor and Councillors | <b>5,717,600</b> | 5,247,600   |
| St. John's Transportation Commission       | <b>1,399,528</b> | 1,394,828   |
|  | <b>6,784,128</b> | 4,209,528   |

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

**12. ACCRUED PENSION BENEFITS (Continued)**

*City of St. John's - Employees*

The City maintains a defined benefit plan for employees hired before January 1, 2015 which provides pension benefits to its employees, members of council and the employees of St. John's Sports & Entertainment Ltd. The City also maintains a Supplementary Executive Retirement Plan (SERP) for non-union employees in respect to earnings in excess of those on which benefits can be provided under the defined benefit provisions. Both plans provide benefits based on length of service and average earnings. With the exception of the International Association of Firefighters Local 1075, employees hired after January 1, 2015 are enrolled in a defined contribution pension plan.

An actuarial valuation of the plans was completed as at December 31, 2018 for Council and as at December 31, 2019 for employees and the supplementary plan. All plans were extrapolated to December 31, 2020.

|                                   | <b>Employees</b> | <b>Supplementary Plan</b> | <b>2020</b>  | <b>2019</b>  |
|-----------------------------------|------------------|---------------------------|--------------|--------------|
|                                   | <b>\$</b>        | <b>\$</b>                 | <b>\$</b>    | <b>\$</b>    |
| <i>Accrued benefit obligation</i> |                  |                           |              |              |
| Balance, beginning of year        | 451,857,700      | 3,517,400                 | 455,375,100  | 413,440,200  |
| Current service cost              | 15,425,000       | 132,500                   | 15,557,500   | 14,965,000   |
| Interest cost                     | 24,829,800       | 112,100                   | 24,941,900   | 23,724,700   |
| Benefits paid                     | (16,238,700)     | (51,600)                  | (16,290,300) | (14,991,700) |
| Actuarial loss (gain)             | 20,526,600       | (860,000)                 | 19,666,600   | 18,236,900   |
| Balance, end of year              | 496,400,400      | 2,850,400                 | 499,250,800  | 455,375,100  |
| <i>Plan assets</i>                |                  |                           |              |              |
| Fair value, beginning of year     | 436,618,700      | -                         | 436,618,700  | 370,594,500  |
| Return on plan assets             | 42,516,200       | -                         | 42,516,200   | 55,567,500   |
| Benefits paid                     | (16,238,700)     | -                         | (16,238,700) | (14,940,800) |
| Employer contributions            | 12,363,800       | -                         | 12,363,800   | 18,447,400   |
| Employee contributions            | 6,740,000        | -                         | 6,740,000    | 6,950,100    |
| Fair value, end of year           | 482,000,000      | -                         | 482,000,000  | 436,618,700  |
| Funded status - deficit           | 14,400,400       | 2,850,400                 | 17,250,800   | 18,756,400   |
| Unamortized amounts               | (16,813,000)     | (770,800)                 | (17,583,800) | (21,189,300) |
| Accrued benefit liability (asset) | (2,412,600)      | 2,079,600                 | (333,000)    | (2,432,900)  |

*Significant assumptions used for 2020*

|  |          |          |
|--|----------|----------|
| Discount rate  | 5.00%    | 2.65%    |
| Expected long-term rate of return on plan assets     | 5.00%    | 0.00%    |
| Rate of compensation increase                        | 1.00%    | 1.00%    |
| Average remaining service period of active employees | 14 years | 12 years |

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

**12. ACCRUED PENSION BENEFITS (Continued)**

*Significant assumptions used for 2019*

|  |                 |                 |
|--|-----------------|-----------------|
| Discount rate  | <b>5.50%</b>    | <b>3.15%</b>    |
| Expected long-term rate of return on plan assets     | <b>5.50%</b>    | <b>0.00%</b>    |
| Rate of compensation increase                        | <b>3.50%</b>    | <b>3.50%</b>    |
| Average remaining service period of active employees | <b>14 years</b> | <b>13 years</b> |

|  | <b>Employees</b>    | <b>Supplementary Plan</b> | <b>2020</b>         | <b>2019</b>  |
|--|---------------------|---------------------------|---------------------|--------------|
| <i>Net benefit expense of the year</i> |                     |                           |                     |              |
| Current service cost                   | <b>15,425,000</b>   | <b>132,500</b>            | <b>15,557,500</b>   | 14,965,000   |
| Interest cost                          | <b>24,829,800</b>   | <b>112,100</b>            | <b>24,941,900</b>   | 23,724,700   |
| Amortization of losses                 | <b>4,412,600</b>    | <b>436,100</b>            | <b>4,848,700</b>    | 5,226,100    |
| Employee contributions                 | <b>(6,740,000)</b>  | -                         | <b>(6,740,000)</b>  | (6,950,100)  |
| Expected return on plan assets         | <b>(24,092,800)</b> | -                         | <b>(24,092,800)</b> | (21,609,800) |
| Net benefit expense                    | <b>13,834,600</b>   | <b>680,700</b>            | <b>14,515,300</b>   | 15,355,900   |

*City of St. John's - Mayor and Councillors*

|                                   | <b>2020</b>      | <b>2019</b> |
|-----------------------------------|------------------|-------------|
|                                   | <b>\$</b>        | <b>\$</b>   |
| <i>Accrued benefit obligation</i> |                  |             |
| Balance, beginning of year        | <b>6,096,200</b> | 4,786,600   |
| Current service cost              | <b>140,600</b>   | 76,400      |
| Past service amendment cost       | -                | 394,300     |
| Interest cost                     | <b>191,900</b>   | 191,800     |
| Benefits paid                     | <b>(286,800)</b> | (282,900)   |
| Actuarial loss                    | <b>339,600</b>   | 930,000     |
| Balance, end of year              | <b>6,481,500</b> | 6,096,200   |
| Unamortized amounts               | <b>(763,900)</b> | (848,600)   |
| Accrued benefit liability         | <b>5,717,600</b> | 5,247,600   |

*Significant assumptions used*

|                                  |                |         |
|----------------------------------|----------------|---------|
| Discount rate                    | <b>2.65%</b>   | 3.15%   |
| Rate of compensation increase    | <b>2.50%</b>   | 2.50%   |
| Average remaining service period | <b>1 years</b> | 2 years |

*Net benefit expense of the year*

|                             |                |         |
|-----------------------------|----------------|---------|
| Current service cost        | <b>140,600</b> | 76,400  |
| Past service amendment cost | -              | 394,300 |
| Interest cost               | <b>191,900</b> | 191,800 |
| Amortization of losses      | <b>424,300</b> | 140,600 |
| Net benefit expense         | <b>756,800</b> | 803,100 |

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

**12. ACCRUED PENSION BENEFITS (Continued)**

*St. John's Transportation Commission ("Commission")*

The Commission maintains a defined benefit plan which provide pension benefits to its union and non-union employees hired before May 1, 2016. The Commission also maintains a Supplementary Executive Retirement Plan (SERP) for non-union employees in respect to earnings in excess of those on which benefits can be provided under the defined benefit provisions. Both plans provide benefits based on length of service and average earnings. Employees hired after May 1, 2016 are enrolled in a defined contribution pension plan.

An actuarial valuation of the employee plans was completed as at December 31, 2019 and extrapolated to December 31, 2020. The supplementary plan estimate was prepared using the same actuarial assumptions used for the Non-Union plan with the exception of the discount rate.

|  | <b>Employees</b>   | <b>Supplementary</b> | <b>2020</b>        | <b>2019</b> |
|--|--------------------|----------------------|--------------------|-------------|
|  | <b>\$</b>          | <b>\$</b>            | <b>\$</b>          | <b>\$</b>   |
| <i>Accrued benefit obligation</i>                    |                    |                      |                    |             |
| Balance, beginning of year                           | <b>56,976,103</b>  | <b>187,679</b>       | <b>57,163,782</b>  | 55,032,577  |
| Current service cost                                 | <b>1,989,019</b>   | <b>7,095</b>         | <b>1,996,114</b>   | 1,981,059   |
| Interest cost  | <b>2,985,228</b>   | <b>6,062</b>         | <b>2,991,290</b>   | 2,964,630   |
| Benefits paid  | <b>(2,227,630)</b> | -                    | <b>(2,227,630)</b> | (2,213,600) |
| Actuarial (gain) loss                                | <b>2,410,175</b>   | <b>(4,550)</b>       | <b>2,405,625</b>   | (600,884)   |
| Balance, end of year                                 | <b>62,132,895</b>  | <b>196,286</b>       | <b>62,329,181</b>  | 57,163,782  |
| <i>Plan assets</i>                                   |                    |                      |                    |             |
| Fair value, beginning of year                        | <b>56,001,049</b>  | -                    | <b>56,001,049</b>  | 48,931,425  |
| Return on plan assets                                | <b>4,016,489</b>   | -                    | <b>4,016,489</b>   | 6,623,799   |
| Benefits paid  | <b>(2,227,630)</b> | -                    | <b>(2,227,630)</b> | (2,213,600) |
| Employer contributions                               | <b>1,539,902</b>   | -                    | <b>1,539,902</b>   | 1,794,416   |
| Employee contributions                               | <b>849,482</b>     | -                    | <b>849,482</b>     | 865,009     |
| Fair value, end of year                              | <b>60,179,292</b>  | -                    | <b>60,179,292</b>  | 56,001,049  |
| Funded status - deficit                              | <b>1,953,603</b>   | <b>196,286</b>       | <b>2,149,889</b>   | 1,162,733   |
| Unamortized amounts                                  | <b>(716,775)</b>   | <b>(33,586)</b>      | <b>(750,361)</b>   | 232,095     |
| Accrued benefit liability                            | <b>1,236,828</b>   | <b>162,700</b>       | <b>1,399,528</b>   | 1,394,828   |
| <i>Significant assumptions used</i>                  |                    |                      |                    |             |
| Discount rate  | <b>5.00%</b>       | <b>2.64%</b>         |                    | 5.35%       |
| Expected long-term rate of return on plan assets     | <b>5.35%</b>       | <b>5.10%</b>         |                    | 5.50%       |
| Rate of compensation increase                        | <b>2.00%</b>       | <b>2.00%</b>         |                    | 2.00%       |
| Average remaining service period of active employees | <b>14.2 years</b>  | <b>7 years</b>       |                    | 14.6 years  |

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
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**12. ACCRUED PENSION BENEFITS (Continued)**

|  | <b>Employees</b> | <b>Supplementary</b> | <b>2020</b> | <b>2019</b> |
|--|------------------|----------------------|-------------|-------------|
|  | <b>\$</b>        | <b>\$</b>            | <b>\$</b>   | <b>\$</b>   |
| <i>Net benefit expense of the year</i> |                  |                      |             |             |
| Current service cost                   | 1,989,019        | 7,095                | 1,996,114   | 1,981,059   |
| Interest cost                          | 2,985,228        | 6,062                | 2,991,290   | 2,964,630   |
| Amortization of losses                 | 349,731          | 5,448                | 355,179     | 614,179     |
| Employee contributions                 | (849,482)        | -                    | (849,482)   | (865,009)   |
| Expected return on plan assets         | (2,948,499)      | -                    | (2,948,499) | (2,659,025) |
| Net benefit expense                    | 1,525,997        | 18,605               | 1,544,602   | 2,035,834   |

**13. EMPLOYEE FUTURE BENEFITS**

The City and the Commission provide post-retirement health and life benefits to their retired employees.

An actuarial valuation of the plans was completed as at December 31, 2019 for the City and December 31, 2018 for the Commission with both plans extrapolated to December 31, 2020.

|                                   | <b>City</b>  | <b>Commission</b> | <b>2020</b>  | <b>2019</b>  |
|-----------------------------------|--------------|-------------------|--------------|--------------|
|                                   | <b>\$</b>    | <b>\$</b>         | <b>\$</b>    | <b>\$</b>    |
| <i>Accrued benefit obligation</i> |              |                   |              |              |
| Balance, beginning of year        | 182,371,000  | 16,885,117        | 199,256,117  | 170,418,148  |
| Current service cost              | 5,884,300    | 699,445           | 6,583,745    | 5,296,380    |
| Interest cost                     | 5,778,600    | 539,746           | 6,318,346    | 6,415,099    |
| Benefits paid                     | (3,736,500)  | (132,080)         | (3,868,580)  | (3,750,018)  |
| Actuarial loss                    | 2,068,800    | 1,375,734         | 3,444,534    | 20,876,508   |
| Balance, end of year              | 192,366,200  | 19,367,962        | 211,734,162  | 199,256,117  |
| Funded status - deficit           | 192,366,200  | 19,367,962        | 211,734,162  | 199,256,117  |
| Unamortized amounts               | (17,880,700) | (3,597,638)       | (21,478,338) | (20,251,104) |
| Accrued benefit liability         | 174,485,500  | 15,770,324        | 190,255,824  | 179,005,013  |

*Significant assumptions used for 2020*

|  |          |            |
|--|----------|------------|
| Discount rate  | 2.65%    | 2.64%      |
| Average remaining service period of active employees | 12 years | 13.8 years |

*Significant assumptions used for 2019*

|  |          |            |
|--|----------|------------|
| Discount rate  | 3.15%    | 3.17%      |
| Average remaining service period of active employees | 12 years | 13.8 years |

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
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**13. EMPLOYEE FUTURE BENEFITS (Continued)**

|  | City       | Commission | 2020       | 2019       |
|--|------------|------------|------------|------------|
|  | \$         | \$         | \$         | \$         |
| <i>Net benefit expense of the year</i> |            |            |            |            |
| Current service cost                   | 5,884,300  | 699,445    | 6,583,745  | 5,296,380  |
| Interest cost                          | 5,778,600  | 539,746    | 6,318,346  | 6,415,099  |
| Amortization of losses                 | 1,889,200  | 328,100    | 2,217,300  | 501,046    |
| Net benefit expense                    | 13,552,100 | 1,567,291  | 15,119,391 | 12,212,525 |

**14. SEVERANCE AND SICK LEAVE BENEFITS**

|                                      | 2020       | 2019       |
|--------------------------------------|------------|------------|
|                                      | \$         | \$         |
| City of St. John's                   | 23,125,800 | 28,879,100 |
| St. John's Transportation Commission | 1,406,321  | 1,597,136  |
| St. John's Sports and Entertainment  | 366,987    | 583,807    |
|                                      | 24,899,108 | 31,060,043 |

*City of St. John's*

The City provides severance for employees hired before December 31, 1979 as a payout of their accumulated sick leave upon retirement or termination. Severance for those hired after December 31, 1979 consists of one week's salary for each year worked and is only paid upon retirement. These employees are also allowed to accumulate sick leave which is non-vesting.

An actuarial valuation of the plan was completed as at December 31, 2019 and extrapolated to December 31, 2020.

|                                   | Severance   | Sick Leave  | 2020        | 2019        |
|-----------------------------------|-------------|-------------|-------------|-------------|
|                                   | \$          | \$          | \$          | \$          |
| <i>Accrued benefit obligation</i> |             |             |             |             |
| Balance, beginning of year        | 23,093,300  | 9,799,100   | 32,892,400  | 32,364,200  |
| Current service cost              | 1,704,300   | 983,800     | 2,688,100   | 2,426,700   |
| Interest cost                     | 561,900     | 309,200     | 871,100     | 1,212,300   |
| Benefits paid                     | (1,774,400) | (953,300)   | (2,727,700) | (2,498,900) |
| Settlement payments               | (6,961,900) | -           | (6,961,900) | (1,949,700) |
| Settlement gain                   | -           | -           | -           | (220,900)   |
| Actuarial (gain) loss             | (720,600)   | 1,192,600   | 472,000     | 1,558,700   |
| Balance, end of year              | 15,902,600  | 11,331,400  | 27,234,000  | 32,892,400  |
| Funded status - deficit           | 15,902,600  | 11,331,400  | 27,234,000  | 32,892,400  |
| Unamortized amounts               | (1,597,300) | (2,510,900) | (4,108,200) | (4,013,300) |
| Accrued benefit liability         | 14,305,300  | 8,820,500   | 23,125,800  | 28,879,100  |

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

**14. SEVERANCE AND SICK LEAVE BENEFITS (Continued)**

|  | <b>Severance</b> | <b>Sick Leave</b> | <b>2020</b>      | <b>2019</b> |
|--|------------------|-------------------|------------------|-------------|
|  | <b>\$</b>        | <b>\$</b>         | <b>\$</b>        | <b>\$</b>   |
| <i>Significant assumptions used</i>                  |                  |                   |                  |             |
| Discount rate  |                  |                   | <b>2.65%</b>     | 3.15%       |
| Average remaining service period of active employees |                  |                   | <b>13 years</b>  | 13 years    |
| <i>Net benefit expense of the year</i>               |                  |                   |                  |             |
| Current service cost                                 | <b>1,704,300</b> | <b>983,800</b>    | <b>2,688,100</b> | 2,426,700   |
| Interest cost  | <b>561,900</b>   | <b>309,200</b>    | <b>871,100</b>   | 1,212,300   |
| Amortization of losses                               | <b>239,700</b>   | <b>137,400</b>    | <b>377,100</b>   | 375,900     |
| Recognition of unamortized losses due to settlement  | -                | -                 | -                | 1,265,800   |
| Recognized gain due to settlement                    | -                | -                 | -                | (220,900)   |
| <b>Net benefit expense</b>                           | <b>2,505,900</b> | <b>1,430,400</b>  | <b>3,936,300</b> | 5,059,800   |

During 2019, members of CUPE Locals 569 and 1289 as well as management employees were given a one-time payout option of their severance accrued up to December 31, 2018 or a portion thereof. Severance benefits continue to accrue to retirement, regardless of whether an employee elects to receive a one-time payout or not. However, CUPE Local 569 members or management employees hired after September 30, 2019 and CUPE Local 1289 members hired after December 4, 2019 are no longer entitled to severance benefits.

*St. John's Transportation Commission*

As of June 1, 2015, retiring employees of the St. John's Transportation Commission who have completed at least 10 years of service will be paid a severance equal to 1 day for each year of service. The liability at December 31, 2020 is \$193,241 (2019 - \$419,721).

In 2020, employees were given a one-time payout option of their severance accrued up to November 26, 2020. Severance benefits continue to accrue to retirement, regardless of whether an employee elected to receive a one-time payout or not. However, employees hired after November 26, 2020 are no longer entitled to severance benefits.

Sick pay benefits accrue to employees of the St. John's Transportation Commission at the rate of 12 days per year. Employees can accumulate up to 30 days of sick pay benefits to be paid to them upon retirement, termination, or illness. Any excess is paid out to the employee annually. The liability at December 31, 2020 is \$1,213,080 (2019 - \$1,177,415).

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

**14. SEVERANCE AND SICK LEAVE BENEFITS (Continued)**

*St. John's Sports and Entertainment*

St. John's Sports and Entertainment provides severance for full time employees and part time box office employees consisting of one week's salary for each year of service and is only paid upon retirement.

Sick leave benefits accrue to employees at the rate of 12 hours per month up to a maximum of 2,080 hours.

An actuarial valuation of the plan was completed as at December 31, 2019 and extrapolated to December 31, 2020.

|  | Severance | Sick Leave | 2020      | 2019     |
|--|-----------|------------|-----------|----------|
|  | \$        | \$         | \$        | \$       |
| <i>Accrued benefit obligation</i>                    |           |            |           |          |
| Balance, beginning of year                           | 507,348   | 140,529    | 647,877   | 569,938  |
| Current service cost                                 | 43,637    | 23,325     | 66,962    | 60,988   |
| Interest cost  | 16,296    | 4,472      | 20,768    | 22,194   |
| Benefits paid  | (300,895) | (20,430)   | (321,325) | (58,328) |
| Actuarial loss (gain)                                | (23,731)  | 3,918      | (19,813)  | 53,085   |
| Balance, end of year                                 | 242,655   | 151,814    | 394,469   | 647,877  |
| Funded status - deficit                              | 242,655   | 151,814    | 394,469   | 647,877  |
| Unamortized amounts                                  | (14,705)  | (12,777)   | (27,482)  | (64,070) |
| Accrued benefit liability                            | 227,950   | 139,037    | 366,987   | 583,807  |
| <i>Significant assumptions used</i>                  |           |            |           |          |
| Discount rate  |           |            | 2.65%     | 3.15%    |
| Average remaining service period of active employees |           |            | 13 years  | 13 years |
| <i>Net benefit expense of the year</i>               |           |            |           |          |
| Current service cost                                 | 43,637    | 23,325     | 66,962    | 60,988   |
| Interest cost  | 16,296    | 4,472      | 20,768    | 22,194   |
| Recognition of unamortized losses due to settlement  | 61,476    |            | 61,476    |          |
| Recognized gain due to settlement                    | (50,621)  |            | (50,621)  |          |
| Amortization of losses                               | 5,793     | 127        | 5,920     | 3,418    |
| Net benefit expense                                  | 76,581    | 27,924     | 104,505   | 86,600   |

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

**15. ACCUMULATED SURPLUS**

|   | <b>2020</b>        | <b>2019</b> |
|---|--------------------|-------------|
|   | <b>\$</b>          | <b>\$</b>   |
| Accumulated surplus, beginning of year                  | <b>767,491,025</b> | 736,998,080 |
| Excess of revenue over expenditures                     | <b>15,121,294</b>  | 30,492,945  |
| Accumulated surplus, end of year                        | <b>782,612,319</b> | 767,491,025 |
| Appropriated surplus                                    |                    |             |
| Reserve for Shoal Bay treatment plant                   | <b>437,829</b>     | 393,009     |
| Reserve for landfill capital improvements               | -                  | 2,640,597   |
| Urban living non-profit housing - replacement reserve   | <b>3,540,319</b>   | 2,900,652   |
| Reserve for snow and ice management                     | <b>2,000,000</b>   | 2,000,000   |
| Reserve for salt savings                                | <b>62,940</b>      | 62,940      |
| Reserve for convention centre financing                 | <b>(1,255,880)</b> | 1,532,888   |
| Reserve for capital                                     | <b>19,919,668</b>  | 23,925,290  |
| Reserve for employee benefits stabilization fund        | <b>1,997,091</b>   | 1,997,091   |
| Reserve for Robin Hood Bay equipment replacement        | <b>8,775,347</b>   | 5,428,768   |
| Reserve for Riverhead waste/water equipment replacement | <b>2,578,600</b>   | 2,446,070   |
|   | <b>38,055,914</b>  | 43,327,305  |
| Unappropriated surplus                                  | <b>744,556,405</b> | 724,163,720 |
|   | <b>782,612,319</b> | 767,491,025 |

**16. SUPPLEMENTARY CASH FLOW INFORMATION**

|                                     | <b>2020</b>         | <b>2019</b> |
|-------------------------------------|---------------------|-------------|
|                                     | <b>\$</b>           | <b>\$</b>   |
| Changes in other balances:          |                     |             |
| Accounts receivable                 | <b>(10,612,918)</b> | 7,903,230   |
| Inventory of materials and supplies | <b>(272,786)</b>    | (361,015)   |
| Prepaid expenditures                | <b>(890,626)</b>    | 951,963     |
| Payables and accruals               | <b>8,161,953</b>    | (5,742,805) |
|                                     | <b>(3,614,377)</b>  | 2,751,373   |
| Interest paid                       | <b>23,919,253</b>   | 22,714,914  |

**17. CREDIT FACILITIES**

The City has a demand credit facility with the Royal Bank of Canada totaling \$14,500,000 to meet its short-term financing needs. Drawings bear a maximum interest at the Royal Bank prime rate minus 0.50%. Drawings on this facility at December 31, 2020 were nil.

In 2020, a second demand facility in the amount of \$ 35,500,000, bearing a maximum interest on advances at Royal Bank prime rate, was negotiated with the Royal Bank of Canada.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

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**18. CONTINGENCIES AND COMMITMENTS**

*Expropriation and other claims*

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, 2020, the City recorded an estimated liability of \$1,952,875 for such claims. This liability only includes those claims in which there is an expectation of loss and the settlement amounts can be reasonably estimated however the exact amounts of each claim will not be known until it is settled.

The Commission is contingently liable for claims below \$50,000 for all incidents prior to December 1, 2010 and claims below \$100,000 after that date which are not covered under its current insurance policy.

*Lease and service agreements*

Under the terms of long-term operating leases on equipment, the City is required to make annual lease payments for the next five years:

|            |           |
|------------|-----------|
| 2021       | 3,398,742 |
| 2022       | 3,441,002 |
| 2023       | 2,861,813 |
| 2024       | 2,374,914 |
| 2025       | 1,349,247 |
| Thereafter | 2,133,091 |

St. John's Sports and Entertainment entered into a 10-year food service management agreement with Servomation Inc, "Centerplate", to provide food services for the St. John's Convention Centre commencing June 1, 2018. Under this agreement, Centerplate would be paid a management fee of 5% of adjusted gross receipts collected on a monthly basis with an annual fee of not less than \$150,000. In addition, Centerplate would also be paid a share of net operating profits of 10% for the first year of the agreement and up to 10% in subsequent years.

*15 Covenant Square*

During 2016 the City accepted a donation of land and building which will be redeveloped as affordable housing for seniors. The donation stipulates that if at any time the property is not used for the aforementioned purpose \$1.2 million in compensation will be payable to the donor.

*Liability for Contaminated Sites*

The City has not recognized a liability for remediation of 245 Freshwater Road, the former location of Metrobus. The contamination results from two underground fuel tanks that are no longer in use. At December 31, 2020 the removal and reclamation has not yet been completed. The extent of the contamination and cost of remediation is not known and a liability has not been recorded.

# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2020

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### 18. CONTINGENCIES AND COMMITMENTS (Continued)

#### *Loan Guarantee*

The City is acting as a guarantor for the Celtics Centre Hockey Corporation (The Avalon Minor Hockey Association Inc) for a \$2.5 million dollar loan from Roynat Inc. In the event of a default the City may take over the loan payments or move to sell the arena.

### 19. SEGMENTED INFORMATION

The Consolidated Statement of Operations and Accumulated Surplus has been prepared in accordance with PSAS Handbook Section 2700 (PS 2700) Segment Disclosures. The segments selected enhance the ability to understand the City's major revenue and expense activities.

The City provides a wide range of services to its citizens, including fire, public transit, roads, waste and recycling, water supply and distribution, wastewater treatment, and recreation and cultural services. Segmented information is presented by major functional activities consistent with the Consolidated Statement of Operations.

**General Government Services** includes activities relating to the overall governance and financial administration of the City. This includes council functions and the following administrative activities: customer service administration, human resources, legal, internal audit, finance, communications, information technology, engineering services, assessment services, and city building maintenance.

**Fiscal Services** includes activities related to the City's debt .

**Transportation Services** includes activities related to public transportation including transportation services offered through the City of St. John's Transportation Commission and other transportation activities including road and sidewalk maintenance, traffic operations, parking, snow clearing and street lighting.

**Protective Services** includes activities related to fire protection, inspection services and animal control.

**Environmental Health Services** includes activities related to environmentally regulated services including waste collection and disposal as well as the supply and treatment of water and wastewater.

**Recreation and Cultural Services** includes activities related to the operation and maintenance of the City's recreation facilities including community centres, parks, swimming pools and St. John's Sports and Entertainment Limited. Also includes cultural and community services.

**Environmental Development Services** includes activities relating to non profit housing administration and maintenance. Also includes tourism and economic development services.

**Amortization and Allowances** includes activities related to allowances for doubtful accounts and capital contributions.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2020**

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**20. COMPARATIVE FIGURES**

Comparative figures have been adjusted to conform to changes in the current year presentation.

**21. UNCERTAINTY DUE TO COVID-19**

In March of 2020, the World Health Organization announced a global pandemic due to the COVID-19 outbreak which has caused significant disruption to businesses, government and municipal services and individuals all around the world. Municipal services are considered essential services and, consequently, the City has been able to continue to operate, providing services to support residents. As a result of the pandemic, the City has seen a decrease in sales of goods and services and revenue from other sources, an increase in allowance for doubtful accounts, as well as a decrease in costs of operations. The COVID-19 outbreak may also have further negative financial impacts on the City, however they are not readily determinable at this time. The impact on operations and the financial results of the City is being continuously monitored and evaluated by management.

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Tangible Capital Assets**  
Year Ended December 31, 2020

Schedule 1

|  | Land              | Buildings & Permanent Improvements | Capital Lease-Parking Spaces | Roads & Underground Networks | Equipment, Vehicles & Moveable Plant | Fire Department Buildings & Equipment | Work in Process   | Urban Living Non-profit Housing Buildings | 2020 Totals          | 2019 Totals          |
|--|-------------------|------------------------------------|------------------------------|------------------------------|--------------------------------------|---------------------------------------|-------------------|---|----------------------|----------------------|
|  | \$                | \$                                 |                              | \$                           | \$                                   | \$                                    | \$                | \$  | \$                   | \$                   |
| <b>Cost</b>                                      |                   |                                    |                              |                              |                                      |                                       |                   |   |                      |                      |
| Balance, beginning of year                       | 64,936,682        | 535,553,431                        | 8,452,167                    | 789,060,411                  | 237,179,460                          | 38,248,895                            | 31,927,786        | 50,564,764                                | 1,755,923,596        | 1,699,516,335        |
| Add: Additions during the year                   | 215,941           | 4,750,241                          | -                            | 4,890,474                    | 2,846,406                            | 232,427                               | 38,150,284        | -   | 51,085,773           | 64,485,195           |
| Less: Disposals during the year                  | -                 | -                                  | -                            | (991,440)                    | (4,233,167)                          | (56,530)                              | (161,240)         | -   | (5,442,377)          | (8,077,934)          |
| Transfers  | 302,970           | 10,000,329                         | -                            | 21,788,061                   | 4,817,912                            | 2,015,246                             | (39,079,308)      | 154,790                                   | -                    | -                    |
| Balance, end of year                             | 65,455,593        | 550,304,001                        | 8,452,167                    | 814,747,506                  | 240,610,611                          | 40,440,038                            | 30,837,522        | 50,719,554                                | 1,801,566,992        | 1,755,923,596        |
| <b>Accumulated amortization</b>                  |                   |                                    |                              |                              |                                      |                                       |                   |   |                      |                      |
| Balance, beginning of year                       | -                 | 130,511,464                        | 762,338                      | 223,826,921                  | 126,723,893                          | 14,178,838                            | -                 | 25,120,571                                | 521,124,025          | 485,301,862          |
| Add: Additions during the year                   | -                 | 12,950,137                         | 146,723                      | 14,864,893                   | 12,378,272                           | 1,297,597                             | -                 | 1,377,612                                 | 43,015,234           | 42,028,845           |
| Less: Disposals during the year                  | -                 | -                                  | -                            | (781,660)                    | (4,125,679)                          | (56,530)                              | -                 | -   | (4,963,869)          | (6,206,682)          |
| Transfers  | -                 | -                                  | -                            | -                            | -                                    | -                                     | -                 | -   | -                    | -                    |
| Balance, end of year                             | -                 | 143,461,601                        | 909,061                      | 237,910,154                  | 134,976,486                          | 15,419,905                            | -                 | 26,498,183                                | 559,175,390          | 521,124,025          |
| <b>Net book value of tangible capital assets</b> | <b>65,455,593</b> | <b>406,842,400</b>                 | <b>7,543,106</b>             | <b>576,837,352</b>           | <b>105,634,125</b>                   | <b>25,020,133</b>                     | <b>30,837,522</b> | <b>24,221,371</b>                         | <b>1,242,391,602</b> | <b>1,234,799,571</b> |

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Debenture Debt**  
**December 31, 2020**

**Schedule 2**

| Date of Maturity | Interest Rate | Amount Issued | Amount Outstanding | Sinking Funds Available | 2020         |                                  | Sinking Funds Available | 2019         |                                  |
|------------------|---------------|---------------|--------------------|-------------------------|--------------|----------------------------------|-------------------------|--------------|----------------------------------|
|                  |               |               |                    |                         | Bond Premium | Sinking Fund Requirement in 2021 |                         | Bond Premium | Sinking Fund Requirement in 2020 |
|                  |               | \$            | \$                 | \$                      | \$           | \$                               | \$                      | \$           | \$                               |
| Dec. 2020        | 6.840%        | -             | -                  | 366,700                 | -            | -                                | 7,153,099               | -            | 175,000                          |
| June. 2021       | 7.380%        | 15,000,000    | 15,000,000         | 15,920,739              | 171,213      | 187,500                          | 14,640,425              | 311,746      | 375,000                          |
| Apr. 2022        | 7.250%        | 16,500,000    | 16,500,000         | 15,267,090              | 140,479      | 412,500                          | 14,231,339              | 153,945      | 412,500                          |
| Feb. 2023        | 6.680%        | 11,000,000    | 11,000,000         | 11,223,057              | 435,027      | 275,000                          | 10,249,517              | 549,014      | 275,000                          |
| Feb. 2024        | 6.162%        | 25,000,000    | 25,000,000         | 20,923,459              | 449,791      | 625,000                          | 19,135,609              | 552,385      | 625,000                          |
| June 2025        | 5.534%        | 18,000,000    | 18,000,000         | 13,929,919              | 366,745      | 450,000                          | 12,654,034              | 460,784      | 450,000                          |
| Mar. 2026        | 5.300%        | 25,000,000    | 25,000,000         | 16,882,543              | 339,933      | 625,000                          | 15,314,094              | 393,202      | 625,000                          |
| Dec. 2026        | 4.975%        | 35,000,000    | 35,000,000         | 27,873,260              | 749,367      | 875,000                          | 25,661,324              | 938,790      | 875,000                          |
| Dec. 2027        | 5.400%        | 15,000,000    | 15,000,000         | 6,900,947               | -            | 375,000                          | 6,200,455               | -            | 375,000                          |
| Nov. 2029        | 5.539%        | 27,000,000    | 27,000,000         | 9,586,513               | 153,640      | 675,000                          | 8,481,217               | 179,544      | 675,000                          |
| Aug. 2031        | 4.622%        | 70,000,000    | 70,000,000         | 19,870,857              | 567,439      | 1,750,000                        | 17,849,993              | 602,610      | 1,750,000                        |
| Dec. 2033        | 4.500%        | 60,000,000    | 60,000,000         | 12,487,852              | 1,724,500    | 1,500,000                        | 10,403,299              | 525,217      | 1,500,000                        |
| Mar. 2036        | 4.215%        | 120,000,000   | 120,000,000        | 12,048,482              | 4,586,837    | 3,000,000                        | 8,870,888               | 875,934      | 3,000,000                        |
| Sep. 2040        | 2.916%        | 138,000,000   | 138,000,000        | -                       | 50,108       | 3,450,000                        | -                       | -            | -                                |
|                  |               | 575,500,000   | 575,500,000        | 183,281,418             | 9,735,079    | 14,200,000                       | 170,845,293             | 5,543,171    | 11,112,500                       |

Included in the City's sinking funds available are City of St. John's debentures at coupon rates varying between 2.92% to 7.38% (2019 - 4.22% to 7.38%) with a face value of \$170.2M (2019 - \$146.8M). Maturity dates on the investments in the portfolio range from August 2031 to September 2040.

The City incurred a premium on bonds purchased in the market; this occurs when the price paid is greater than the settlement amount. Bonds purchased are mainly those of the City and will be held until maturity. As such, the City amortizes the bond premium over the remaining life to bond maturity.

For the debenture debt that matures in 2026, there are debt recoverable charges from the Province of Newfoundland and Labrador in the amount of \$937,420. (Note 10)

# CITY OF ST. JOHN'S

Schedule 3

## Consolidated Schedule of Long-Term Debt

December 31, 2020

|                         |                  |               | 2020          |                    |                               | 2019               |                               |
|-------------------------|------------------|---------------|---------------|--------------------|-------------------------------|--------------------|-------------------------------|
|                         | Date of Maturity | Interest Rate | Amount Issued | Amount Outstanding | Principal Requirement in 2021 | Amount Outstanding | Principal Requirement in 2020 |
|                         |                  |               | \$            | \$                 | \$                            | \$                 | \$                            |
| <b>Capital Lease</b>    |                  |               |               |                    |                               |                    |                               |
| Cisco Phone Equipment   | Nov. 2022        | 2.037%        | 170,560       | <b>67,440</b>      | <b>34,858</b>                 | 98,604             | 33,468                        |
| Canlease Office Trailer | Nov. 2021        | 12.975%       | 39,544        | <b>9,624</b>       | <b>9,624</b>                  | 19,554             | 8,728                         |
|                         |                  |               | 210,104       | <b>77,064</b>      | <b>44,482</b>                 | 118,158            | 42,196                        |

# CITY OF ST. JOHN'S

Schedule 4

## Consolidated Schedule of Mortgages - Urban Living

### Non-Profit Housing

December 31, 2020

|  | Date of<br>Maturity | Interest<br>Rate | Amount<br>Issued | 2020<br>Amount<br>Outstanding | 2019<br>Amount<br>Outstanding |
|--|---------------------|------------------|------------------|-------------------------------|-------------------------------|
|  |                     |                  | \$               | \$                            | \$                            |
| <b>Newfoundland &amp; Labrador Housing Corporation</b> |                     |                  |                  |                               |                               |
| Hamlyn Road  | Aug. 1, 2022        | 2.040%           | 2,207,290        | 197,015                       | 312,933                       |
| Infill 1987  | Apr. 1, 2023        | 2.040%           | 2,070,285        | 256,026                       | 362,808                       |
| Gear Street - Infill 1988                              | Sept. 1, 2025       | 2.040%           | 1,929,560        | 455,920                       | 546,349                       |
| Brookfield Road  | Dec. 1, 2025        | 2.040%           | 2,203,600        | 540,845                       | 643,727                       |
| Cochrane Street  | Nov. 1, 2027        | 1.710%           | 745,887          | 226,816                       | 259,435                       |
| Infill 1990  | Nov. 1, 2026        | 1.640%           | 1,628,008        | 436,268                       | 506,704                       |
| Campbell Avenue  | Feb. 1, 2028        | 1.620%           | 968,952          | 321,500                       | 362,247                       |
| Infill 1992  | Dec. 1, 2028        | 2.040%           | 1,682,553        | 522,219                       | 581,573                       |
| <b>Canada Mortgage and Housing Corporation</b>         |                     |                  |                  |                               |                               |
| Carter's Hill  | Jan. 1, 2020        | 1.390%           | 1,406,630        | -                             | 7,373                         |
| Infill 1985  | Apr. 1, 2021        | 2.260%           | 880,530          | 17,421                        | 69,265                        |
| Carter's Hill -<br>Sebastian Court                     | Aug. 1, 2021        | 1.800%           | 2,031,175        | 78,788                        | 195,969                       |
|  |                     |                  | 17,754,470       | 3,052,818                     | 3,848,383                     |
| Current portion  |                     |                  |                  | 725,221                       | 791,770                       |

Mortgages are secured by specific rental properties situated in St. John's and assignment of rental income.

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Revenues**  
Year ended December 31, 2020

**Schedule 5**

|  | 2020               | 2019               |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>Taxation</b>                          |                    |                    |
| Real property and business               | 170,569,873        | 168,538,784        |
| Water                                    | 31,504,403         | 31,276,937         |
| Utility                                  | 6,552,158          | 6,290,359          |
| Accommodation                            | 1,022,032          | 3,121,586          |
|  | <b>209,648,466</b> | <b>209,227,666</b> |
| <b>Grants in lieu of taxes</b>           |                    |                    |
| Government of Canada                     | 5,197,512          | 4,855,048          |
| Government of Canada agencies            | 956,754            | 982,806            |
| Water tax grant                          | 2,975,714          | 2,975,713          |
|  | <b>9,129,980</b>   | <b>8,813,567</b>   |
| <b>Grants and transfers</b>              |                    |                    |
| Government of Canada                     |                    |                    |
| Capital grant                            | 1,996,656          | 5,378,416          |
| St. John's Transportation Commission     | 179,500            | 194,500            |
| Gas tax funding                          | 11,842,938         | 4,711,922          |
| Other federal grants                     | 704,710            | 1,393,900          |
| Government of Newfoundland and Labrador  |                    |                    |
| Gas tax funding                          | 831,153            | 831,153            |
| Municipal capital grant                  | 10,975,103         | 12,168,887         |
| Capital Grant - Non-Profit Housing       | 50,000             | 44,030             |
| Recovery of debt charges                 | 110,909            | 688,172            |
| Rental housing projects                  | 1,035,776          | 1,124,499          |
| Other provincial grants                  | 6,767,761          | 363,853            |
| City of Mount Pearl and Town of Paradise |                    |                    |
| Capital contribution                     | 885,319            | 191,500            |
| City of Mount Pearl and Town of Paradise |                    |                    |
| Public transit contribution              | 1,421,917          | 1,408,895          |
| Capital contribution from Developers     | 4,891,567          | 14,550,986         |
| Other grants                             | 269,665            | 3,003,926          |
|  | <b>41,962,974</b>  | <b>46,054,639</b>  |
| <b>Sales of goods and services</b>       |                    |                    |
| Environmental health services            |                    |                    |
| Water sales - commercial and shipping    | 6,405,079          | 6,952,233          |
| Tipping fees                             | 10,840,442         | 10,852,224         |
| Recycling materials                      | 661,637            | 671,810            |
| Regional Fire recovery                   | 11,687,590         | 11,871,825         |

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Revenues**  
Year ended December 31, 2020

Schedule 5 (continued)

|  | 2020               | 2019               |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>Sales of goods and services (continued)</b> |                    |                    |
| Environmental health services (continued)      |                    |                    |
| Regional Water recovery                        | 7,306,598          | 6,822,717          |
| Regional Waste Water recovery                  | 826,463            | 759,036            |
| Other  | 1,945,273          | 2,246,054          |
| General government services                    | 1,134,695          | 1,004,090          |
| Transportation services                        |                    |                    |
| Parking meters                                 | 102,390            | 590,551            |
| Parking permits                                | 203,528            | 300,837            |
| Other  | 20,836             | 7,675              |
| Third party charges                            | 169,950            | 253,878            |
| Sale of land                                   | 31,762             | 21,321             |
| Recreation, parks and tourism                  | 1,236,455          | 2,391,174          |
| St. John's Sports & Entertainment Ltd.         | 1,153,330          | 7,545,130          |
| Other general services                         | 750,460            | 1,133,501          |
|  | <b>44,476,488</b>  | <b>53,424,056</b>  |
| <b>Other revenue from own sources</b>          |                    |                    |
| Interest on tax arrears                        | 333,183            | 2,024,376          |
| Interest earned on portfolio investments       | 8,250,908          | 7,401,620          |
| Fines  | 1,142,692          | 1,497,540          |
| Construction and other permits                 | 2,524,349          | 3,347,406          |
| Interest earned                                | 1,010,606          | 1,505,046          |
| Business and amusement licenses                | 197,795            | 147,403            |
| Rents, concessions and franchises              | 59,287             | 87,089             |
| Apartment rentals                              | 2,949,725          | 2,960,963          |
| St. John's Transportation Commission           |                    |                    |
| Passenger fares                                | 4,470,328          | 6,485,334          |
| Charters                                       | 95,478             | 151,178            |
| Transit advertising                            | 1,902              | 43,337             |
| Sundry   | 106,066            | 90,226             |
| Civic assessments                              | 371,914            | 90,332             |
| Sub - division assessments                     | 23,435             | 101,256            |
|  | <b>21,537,668</b>  | <b>25,933,106</b>  |
| <b>Total revenue</b>                           | <b>326,755,576</b> | <b>343,453,034</b> |

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenses**  
Year ended December 31, 2020

**Schedule 6**

|   | 2020              | 2019              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>General government services</b>                  |                   |                   |
| Legislative   | 777,124           | 902,952           |
| General government                                  | 23,520,275        | 24,587,574        |
| Engineering services                                | 7,471,163         | 8,116,025         |
| Pension Expense                                     | 15,272,100        | 16,159,000        |
| Employee future benefits and other related expenses | 8,295,890         | 5,342,126         |
| Other general government                            | 593,374           | 475,699           |
|   | <b>55,929,926</b> | <b>55,583,376</b> |
| <b>Fiscal services</b>                              |                   |                   |
| Interest on debenture debt                          | 23,713,557        | 22,418,650        |
| Non-Profit Housing mortgage interest                | 64,197            | 82,484            |
| St. John's Transportation Commission interest       | 99,795            | 208,854           |
| Interest on temporary bank loans                    | 41,704            | 4,925             |
| Other debt charges                                  | 436,608           | 65,367            |
|   | <b>24,355,861</b> | <b>22,780,280</b> |
| <b>Transportation services</b>                      |                   |                   |
| Road transport                                      |                   |                   |
| Administration                                      | 3,001,310         | 2,787,856         |
| Fleet services                                      | 5,839,951         | 1,383,070         |
| Snow clearing                                       | 23,537,510        | 15,242,096        |
| Streets, roads and sidewalks                        | 9,678,349         | 12,297,119        |
| Maintenance depot                                   | 1,270,416         | 1,340,156         |
| Traffic services                                    | 1,766,328         | 1,801,915         |
| Street cleaning                                     | 231,470           | 237,180           |
| Street lighting                                     | 4,439,070         | 4,430,361         |
| St. John's Transportation Commission                | 22,960,648        | 25,969,336        |
| Parking meters                                      | 131,395           | 320,818           |
|   | <b>72,856,447</b> | <b>65,809,907</b> |
| <b>Protective services</b>                          |                   |                   |
| Fire protection                                     | 31,400,669        | 30,862,388        |
| Protective inspections                              | 3,244,820         | 3,564,810         |
| Traffic enforcement                                 | 1,215,944         | 1,596,403         |
| Animal and pest control                             | 1,256,790         | 1,322,412         |
|   | <b>37,118,223</b> | <b>37,346,013</b> |

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenditures**  
Year ended December 31, 2020

Schedule 6 (continued)

|   | 2020               | 2019               |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| <b>Environmental health services</b>      |                    |                    |
| Water supply and distribution             | 15,855,327         | 15,878,400         |
| Regional Water system                     | 7,053,937          | 6,438,240          |
| Regional Waste Water system               | 3,518,448          | 3,754,956          |
| Regional Robin Hood Bay landfill          | 12,198,337         | 12,453,537         |
| Garbage, waste collection and disposal    | 3,981,564          | 6,599,241          |
|   | <b>42,607,613</b>  | <b>45,124,374</b>  |
| <b>Recreation and cultural services</b>   |                    |                    |
| Parks and open spaces                     | 9,315,590          | 10,879,616         |
| Recreation                                | 7,780,412          | 9,236,610          |
| St. John's Sports & Entertainment Ltd.    | 5,961,034          | 9,774,997          |
| Destination St. John's                    | 592,381            | 1,609,184          |
| Other recreation and cultural services    | 2,311,668          | 2,309,802          |
|   | <b>25,961,085</b>  | <b>33,810,209</b>  |
| <b>Environmental development services</b> |                    |                    |
| Environmental planning and zoning         | 1,546,778          | 1,638,521          |
| Housing and real estate                   | 4,037,348          | 3,861,051          |
| Other environmental development services  | 1,225,449          | 2,031,174          |
|   | <b>6,809,575</b>   | <b>7,530,746</b>   |
| <b>Amortization and allowances</b>        |                    |                    |
| Allowance for uncollectible accounts      | 1,561,313          | 924,983            |
| Allowance for obsolete inventory          | (97,114)           | 18,714             |
| Loss on disposal fixed assets             | 115,837            | 997,603            |
| Amortization                              | 43,015,234         | 42,028,845         |
| Amortization of Sinking Fund Premium      | 1,400,282          | 1,005,039          |
|   | <b>45,995,552</b>  | <b>44,975,184</b>  |
| <b>Total expenditures</b>                 | <b>311,634,282</b> | <b>312,960,089</b> |

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Segmented Information**  
Year ended December 31, 2020

Schedule 7

|  | General<br>Government<br>Services | Fiscal Services | Transportation<br>Services | Protective<br>Services | Environmental<br>Health Services | Recreation and<br>Cultural<br>Services | Environmental<br>Development<br>Services | Amortization<br>and Allowances | Consolidated<br>2020 | 2019        |
|--|-----------------------------------|-----------------|----------------------------|------------------------|----------------------------------|--|--|--------------------------------|----------------------|-------------|
|  |                                   |                 |                            |                        |                                  |  |  |                                | \$                   | \$          |
| Revenue (Schedule 5)                       |                                   |                 |                            |                        |                                  |  |  |                                |                      |             |
| Taxation                                   | 208,626,433                       | -               | -                          | -                      | -                                | 1,022,033                              | -  | -                              | 209,648,466          | 209,227,666 |
| Grants in lieu of taxes                    | 9,129,980                         | -               | -                          | -                      | -                                | -                                      | -  | -                              | 9,129,980            | 8,813,567   |
| Grants and transfers                       | 37,941,517                        | 415,419         | 1,601,417                  | 56,139                 | -                                | 345,649                                | 1,602,833                                | -                              | 41,962,974           | 46,054,639  |
| Sales of goods and services                | 10,309,332                        | -               | 112,390                    | 11,177,546             | 20,494,607                       | 2,371,288                              | 11,325                                   | -                              | 44,476,488           | 53,424,056  |
| Other revenue from own sources             | 10,449,981                        | -               | 4,759,567                  | 3,006,577              | 269,554                          | -                                      | 3,051,989                                | -                              | 21,537,668           | 25,933,106  |
|  | 276,457,243                       | 415,419         | 6,473,374                  | 14,240,262             | 20,764,161                       | 3,738,970                              | 4,666,147                                | -                              | 326,755,576          | 343,453,034 |
| Expenses (Schedule 6)                      |                                   |                 |                            |                        |                                  |  |  |                                |                      |             |
| Personnel                                  | 49,293,638                        | -               | 35,092,289                 | 34,127,058             | 16,171,798                       | 17,092,151                             | 3,105,722                                | -                              | 154,882,656          | 154,894,178 |
| Contractual Services                       | 6,309,164                         | -               | 25,330,559                 | 1,649,302              | 19,218,696                       | 4,709,383                              | 3,152,028                                | -                              | 60,369,132           | 57,789,668  |
| Materials & Supplies                       | 450,743                           | -               | 12,440,258                 | 1,154,039              | 6,009,535                        | 1,860,231                              | 19,055                                   | -                              | 21,933,861           | 26,184,954  |
| Capital Out of Revenue                     | 90,181                            | -               | 3,980                      | 9,467                  | (7,611)                          | 26,088                                 | 793                                      | -                              | 122,898              | 713,619     |
| Grants & Subsidies                         | 2,500                             | -               | -                          | 76,584                 | -                                | 1,658,988                              | 495,503                                  | -                              | 2,233,575            | 2,371,968   |
| Financial Charges                          | -                                 | 24,355,861      | -                          | -                      | 245,769                          | 655,046                                | 973                                      | -                              | 25,257,649           | 24,717,636  |
| Other                                      | (216,300)                         | -               | (10,639)                   | 101,773                | 969,426                          | (40,802)                               | 35,501                                   | 45,995,552                     | 46,834,511           | 46,288,066  |
|  | 55,929,926                        | 24,355,861      | 72,856,447                 | 37,118,223             | 42,607,613                       | 25,961,085                             | 6,809,575                                | 45,995,552                     | 311,634,282          | 312,960,089 |
| Excess of revenues over expenditures       | 220,527,317                       | (23,940,442)    | (66,383,073)               | (22,877,961)           | (21,843,452)                     | (22,222,115)                           | (2,143,428)                              | (45,995,552)                   | 15,121,294           | 30,492,945  |
| Accumulated surplus, beginning of year     |                                   |                 |                            |                        |                                  |  |  |                                | 767,491,025          | 736,998,080 |
| Accumulated surplus, end of year (Note 15) |                                   |                 |                            |                        |                                  |  |  |                                | 782,612,319          | 767,491,025 |

**CITY OF ST. JOHN'S**  
**Consolidated PSAB Budget**  
Year ended December 31, 2020

Schedule 8

|  | City        | St. John's<br>Transportation<br>Commission | St. John's<br>Sports &<br>Entertainment<br>Ltd. | Adopted Budget | Consolidating<br>Entries and<br>PSAB<br>Adjustments<br>(Page 39) | Consolidated<br>Budget |
|--|-------------|--|---|----------------|--|------------------------|
|  | \$          | \$   | \$  | \$             | \$   | \$                     |
| <b>Revenues</b>                        |             |  |   |                |  |                        |
| Taxation                               | 209,497,000 | -  | -   | 209,497,000    | (1,454,342)  | 208,042,658            |
| Grants in lieu of taxes                | 9,126,000   | -  | -   | 9,126,000      | -  | 9,126,000              |
| Grants and transfers                   | 30,842,478  | 18,344,270                                 | 3,950,472                                       | 53,137,220     | (21,897,191)   | 31,240,029             |
| Sales of goods and services            | 43,041,187  | -  | 6,342,270                                       | 49,383,457     | 1,891,097  | 51,274,554             |
| Other revenue from own sources         | 13,072,271  | 8,401,860                                  | -   | 21,474,131     | 7,099,423  | 28,573,554             |
|  | 305,578,936 | 26,746,130                                 | 10,292,742                                      | 342,617,808    | (14,361,013)   | 328,256,795            |
| <b>Expenses</b>                        |             |  |   |                |  |                        |
| General government services            | 40,594,955  | -  | -   | 40,594,955     | 11,918,734   | 52,513,689             |
| Fiscal services                        | 38,679,316  | 185,020                                    | -   | 38,864,336     | (13,926,611)   | 24,937,725             |
| Transportation services                | 56,515,607  | 26,561,110                                 | -   | 83,076,717     | (17,831,956)   | 65,244,761             |
| Protective services                    | 32,082,959  | -  | -   | 32,082,959     | 5,465,995  | 37,548,954             |
| Environmental health services          | 75,459,078  | -  | -   | 75,459,078     | (29,174,151)   | 46,284,927             |
| Recreation and cultural services       | 26,801,121  | -  | 10,292,742                                      | 37,093,863     | (3,167,982)  | 33,925,881             |
| Environmental development services     | 15,114,973  | -  | -   | 15,114,973     | (7,929,576)  | 7,185,397              |
| Amortization and allowances            | 20,330,927  | -  | -   | 20,330,927     | 24,150,144   | 44,481,071             |
|  | 305,578,936 | 26,746,130                                 | 10,292,742                                      | 342,617,808    | (30,495,403)   | 312,122,405            |
| <b>Excess of revenue over expenses</b> | -           | -  | -   | -              | 16,134,390   | 16,134,390             |

Council approved the City's 2020 budget on December 2, 2019

**CITY OF ST. JOHN'S**  
**Consolidating Entries and PSAB Adjustments**  
Year ended December 31, 2020

Schedule 8 (continued)

\$

**Revenues**

|   |              |
|---|--------------|
| 1. Eliminate transfers from reserves              | (1,127,485)  |
| 2. Eliminate grants to SJSE                       | (4,431,026)  |
| 3. Eliminate grants to SJTC                       | (19,141,537) |
| 4. Eliminate subsidy to NPH                       | (24,000)     |
| 5. Eliminate property taxes paid by City entities | (661,745)    |
| 6. Eliminate water revenue paid by City entities  | (5,212,025)  |
| 7. Eliminate tipping fees paid by City entities   | (2,182,575)  |
| 8. Eliminate general government charges           | (2,936,989)  |
| 9. Eliminate debt charges recoverable             | (23,275,380) |
| 10 Record provincial capital grants               | 17,792,863   |
| 11 Record federal capital grants                  | 1,996,656    |
| 12 Record other capital grants                    | 269,665      |
| 13 Record capital contribution from developers    | 4,891,567    |
| 14 Record recovery of fire protection services    | 11,398,328   |
| 15 Record interest earned on sinking funds        | 8,250,908    |
| 16 Record gain on sale of capital assets          | 31,762       |

(14,361,013)

**Expenses**

|   |              |
|---|--------------|
| 1. Eliminate transfers from reserves              | (3,650,940)  |
| 2. Eliminate grants to SJSE                       | (4,431,026)  |
| 3. Eliminate grants to SJTC                       | (19,141,537) |
| 4. Eliminate subsidy to NPH                       | (24,000)     |
| 5. Eliminate property taxes paid by City entities | (661,745)    |
| 6. Eliminate water revenue paid by City entities  | (5,212,025)  |
| 7. Eliminate tipping fees paid by City entities   | (2,182,575)  |
| 8. Eliminate general government charges           | (2,936,989)  |
| 9. Eliminate debt charges recoverable             | (23,036,284) |
| 10 Eliminate capital expenditures                 | (17,100,407) |
| 11 Eliminate sinking fund payments                | (13,626,611) |
| 12 Eliminate principal payments on LTD            | (873,858)    |
| 13 Eliminate recovery of fire protection services | 11,398,328   |
| 14 Record amortization of capital assets          | 43,015,235   |
| 15 Record employee post retirement benefits       | 7,969,031    |

(30,495,403)

**Excess of revenues over expenses**

16,134,390