

*Consolidated Financial Statements of*

**CITY OF ST. JOHN'S**

*December 31, 2018*

**CITY OF ST. JOHN'S**  
**December 31, 2018**

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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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## 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 March 31, 2019, 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 March 31, 2019, and its results of consolidated operations, its consolidated changes in net debt, and 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.

### Emphasis of Matter - Restatement of Comparative Information

We draw attention to Note 2 of the consolidated financial statements which explains that certain comparative information for the year ended December 31, 2018 has been restated. The consolidated financial statements for the year ended December 31, 2018 (prior to the adjustments that were applied to restate certain comparative information explained in Note 2) were audited by another auditor who expressed an unmodified opinion on those financial statements on October 9, 2018. Our opinion is not modified in respect of this matter.

### 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.





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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. 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.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, 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.

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  
Date, 2019

# CITY OF ST. JOHN'S

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2018

	Budget 2018	Actual 2018	Actual 2017
	\$	\$	\$
	(Schedule 8)		(Restated - See Note 3)
<b>Revenues (Schedule 5)</b>			
Taxation	200,912,255	202,937,025	200,491,472
Grants in lieu of taxes	8,800,000	8,775,802	8,802,225
Grants and transfers	41,050,848	45,060,556	17,085,375
Sales of goods and services	51,331,297	53,935,288	53,755,973
Other revenue from own sources	27,058,898	27,571,175	25,755,644
	329,153,298	338,279,846	305,890,689
<b>Expenditures (Schedule 6)</b>			
General government services	46,263,575	49,247,091	52,873,380
Fiscal services	23,011,410	22,845,880	24,128,944
Transportation services	64,859,266	64,444,802	61,801,826
Protective services	36,428,361	38,409,460	37,033,335
Environmental health services	54,195,203	49,414,012	43,092,757
Recreation and cultural services	32,313,962	32,012,322	31,098,990
Environmental development services	6,414,778	7,792,420	7,920,076
Amortization and allowances	62,882,042	64,961,235	43,537,850
	326,368,597	329,127,222	301,487,158
Excess of revenues over expenditures	2,784,701	9,152,624	4,403,531
Accumulated surplus, beginning of year	728,425,928	728,425,928	724,022,397
<b>Accumulated surplus, end of year (Note 14)</b>	<b>731,210,629</b>	<b>737,578,552</b>	<b>728,425,928</b>

See accompanying notes to the consolidated financial statements



**CITY OF ST. JOHN'S**  
**Consolidated Statement of Financial Position**  
As at December 31, 2018

	2018	2017
	\$	\$ (Restated - See Note 3)
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	55,265,283	69,477,496
Accounts receivable - current (Note 5)	53,350,268	41,574,625
Accounts receivable - long-term (Note 6)	5,528,470	9,058,720
Investment in rental housing projects	66,242	113,579
Portfolio investments (Sinking funds) (Schedule 2)	158,041,109	139,844,295
	<b>272,251,372</b>	<b>260,068,715</b>
<b>Financial liabilities</b>		
Payables and accruals (Note 7)	71,816,568	62,642,190
Employee benefits (Note 8)	207,449,795	204,753,978
Debenture debt (Note 9 and Schedule 2)	444,500,000	444,500,000
Long-term debt (Note 10)	12,634,786	14,980,887
Trust funds payable	31,902	31,379
	<b>736,433,051</b>	<b>726,908,434</b>
<b>Net debt</b>	<b>(464,181,679)</b>	<b>(466,839,719)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	1,196,215,352	1,188,716,670
Inventory of materials and supplies	3,061,097	3,273,903
Prepaid expenditures	2,483,782	3,275,074
	<b>1,201,760,231</b>	<b>1,195,265,647</b>
<b>Accumulated surplus (Note 14)</b>	<b>737,578,552</b>	<b>728,425,928</b>

Contingencies and commitments (Note 16)

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, 2018

	Budget 2018	2018	2017
	\$	\$	\$
			(Restated - See Note 3)
<b>Excess of revenues over expenditures</b>	<b>2,784,701</b>	<b>9,152,624</b>	<b>4,403,531</b>
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets and contributed tangible capital assets	(32,206,724)	(69,806,731)	(32,206,724)
Net book value of tangible capital assets disposals/transfers	1,380,789	1,915,772	1,380,789
Amortization of tangible capital assets	60,392,277	60,392,277	41,447,771
<b>(Increase) decrease in net book value of tangible capital assets</b>	<b>29,566,342</b>	<b>(7,498,682)</b>	<b>10,621,836</b>
<b>Changes in other non-financial assets</b>			
Change in prepaid expenditures	-	791,292	(423,978)
Acquisition of inventory and supplies, net of usage	-	212,806	(176,378)
<b>Decrease (increase) in other non-financial assets</b>	<b>-</b>	<b>1,004,098</b>	<b>(600,356)</b>
Decrease in net debt	32,351,043	2,658,040	14,425,010
Net debt, beginning of year	(466,839,719)	(466,839,719)	(481,264,729)
<b>Net debt, end of year</b>	<b>(434,488,676)</b>	<b>(464,181,679)</b>	<b>(466,839,719)</b>

See accompanying notes to the consolidated financial statements

**CITY OF ST. JOHN'S**  
**Consolidated Statement of Cash Flows**  
Year ended December 31, 2018

	2018	2017
	\$	\$
		(Restated - See Note 3)
<b>Operating transactions</b>		
Excess of revenues over expenditures	9,152,624	4,403,531
Non-cash charges to operations:		
Amortization of tangible capital assets	60,392,277	41,447,771
Contributed tangible capital assets	(3,493,081)	(1,235,000)
Employee benefits	2,695,817	137,486
Loss on disposal of tangible capital assets	1,139,765	1,328,830
	69,887,402	46,082,618
Net change in other (Note 15)	(1,597,167)	(5,834,421)
	68,290,235	40,248,197
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(66,313,650)	(30,971,724)
Proceeds from sale of tangible capital assets	776,007	51,958
	(65,537,643)	(30,919,766)
<b>Financing transactions</b>		
Decrease in long-term accounts receivable	3,530,250	3,564,136
Repayment of long-term debt	(2,346,101)	(2,472,405)
	1,184,149	1,091,731
<b>Investing transactions</b>		
Increase in sinking fund investments	(18,196,814)	(18,014,241)
Increase in trust funds payable	523	295
Decrease in investment in rental housing projects	47,337	44,333
	(18,148,954)	(17,969,613)
Decrease in cash and cash equivalents	(14,212,213)	(7,549,451)
Cash and cash equivalents, beginning of year	69,477,496	77,026,947
<b>Cash and cash equivalents, end of year</b>	<b>55,265,283</b>	<b>69,477,496</b>

Supplementary cash flow information (Note 15)

See accompanying notes to the consolidated financial statements

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

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

**December 31, 2018**

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The City of St. John's (the "City") accounts includes revenue 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, 2018**

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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	25-45
Parking spaces - garage	50-75
Vehicles	
Transit buses	7-12
Vehicles	7-20
Computer hardware and software	5
Other	
Machinery and equipment	10-30
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	15-35
Bridges and structures	50

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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, 2018**

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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 on an accrual basis.

#### ***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 to be used in years of severe winter conditions.

#### ***Reserve for Civic Centre financing***

The City has established a Civic 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 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.

#### ***Solid waste landfill closure and post-closure costs***

The estimated costs to close and maintain the closed solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are recognized and charged to expense as the landfill site's capacity is used.

#### ***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, 2018**

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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 15 years for the employee plan and 2 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 Robin Hood Bay Landfill. Actual results could differ from these estimates.



# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 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 estimated useful lives of its tangible capital assets on an ongoing basis. During 2018 it was determined that the actual expected lives for certain assets were different than the useful lives used for amortization purposes in the financial statements. Effective January 1, 2018 the City changed its estimated useful life of streets surfacing to better reflect current conditions. The useful life of streets surfacing, previously estimated to be fifteen years, has been increased to an average of twenty-five years. The useful life of road bed, previously treated as land and estimated to have an infinite life, has been decreased to seventy-five years. The effect of this change has been applied prospectively and has resulted in an increase in amortization expense of \$18,788,885 for 2018 in comparison to previously applied policy.

### 3. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the year, the City determined that tangible capital assets with a definite life were not appropriately disposed of when they were no longer in use, and repairs and maintenance on transportation assets were inappropriately capitalized as betterments. As a result, the net book value of tangible capital assets as at December 31, 2017 was overstated by \$118,876,307.

	As previously reported	Adjustment	As restated
	\$	\$	\$
<b>Statement of Operations and Accumulated Surplus</b>			
Expenditure (Schedule 6)			
Transportation services			
Road transport			
Streets, roads and sidewalks	8,201,487	3,725,467	11,926,954
Environmental health services			
Water supply and distribution	16,123,744	475,376	16,599,120
Amortization and allowances			
Loss on disposal fixed assets	363,873	964,957	1,328,830
Amortization	46,971,596	(5,523,825)	41,447,771
Excess of revenue over expenditures	4,045,506	358,025	4,403,531

# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 3. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (Continued)

	As previously reported	Adjustment	As restated
	\$	\$	\$
Accumulated surplus, beginning of year	843,256,729	(119,234,332)	724,022,397
Accumulated surplus, end of year	847,302,235	(118,876,307)	728,425,928
<b>Statement of Financial Position</b>			
Non-financial assets			
Tangible capital assets (Schedule 1)	1,307,592,977	(118,876,307)	1,188,716,670
Accumulated surplus, end of year	847,302,235	(118,876,307)	728,425,928

### 4. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash	22,310,708	42,967,797
Restricted cash deposits:		
Accommodation tax	428,345	1,605,846
Robin Hood Bay post closure costs (Note 17)	12,224,445	10,789,883
Robin Hood Bay equipment replacement	4,931,156	4,224,534
Riverhead waste/water equipment replacement	2,141,452	1,700,037
Advance payments from developers	73,235	31,379
Federal gas tax fund	10,653,052	5,939,399
Urban living affordable housing:		
Tenants' security deposits	105,878	111,173
Replacement reserve fund	2,397,012	2,107,448
	32,954,575	26,509,699
	55,265,283	69,477,496

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, 2018 the City held cash of \$2,397,012 (2017 - \$2,107,448).



# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 5. ACCOUNTS RECEIVABLE - CURRENT

	2018	2017
	\$	\$
Taxes	26,150,334	26,835,047
Other governments	23,945,478	13,287,729
Other	12,709,116	11,401,868
Allowance for doubtful accounts	(9,454,660)	(9,950,019)
	<b>53,350,268</b>	<b>41,574,625</b>

### 6. ACCOUNTS RECEIVABLE - LONG TERM

	2018	2017
	\$	\$
Government of Newfoundland and Labrador water and sewer projects (Schedule 2)	5,259,738	8,608,956
Other Civic assessments	268,732	449,764
	<b>5,528,470</b>	<b>9,058,720</b>

The Provincial government's share of cost shared loans is recorded in the accounts of the City as debt charges recoverable. For the next three years the amounts are as follows:

Year	Provincial	Total
	\$	\$
2019	2,588,221	2,588,221
2020	1,734,096	1,734,096
2021	937,421	937,421

### 7. PAYABLES AND ACCRUALS

	2018	2017
	\$	\$
Trade	37,874,802	36,518,412
Wages and benefits payable	8,376,776	7,057,551
Deferred revenue	2,528,652	2,546,851
Landfill liability (Note 17)	7,288,822	2,330,301
Deposits and prepayments	11,724,718	10,136,510
Accrued interest	3,923,244	3,897,377
Other governments	99,554	155,188
	<b>71,816,568</b>	<b>62,642,190</b>

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2018**

**8. EMPLOYEE BENEFITS**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Employee future benefits (Note 12)	<b>170,542,506</b>	160,961,458
Accrued pension benefits (Note 11)	<b>6,590,310</b>	15,108,441
Severance and sick leave benefits (Note 13)	<b>30,316,979</b>	28,684,079
	<b>207,449,795</b>	204,753,978

**9. DEBENTURE DEBT**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Debenture debt outstanding (Schedule 2)	<b>444,500,000</b>	444,500,000
Less: debt charges recoverable from the Province of Newfoundland and Labrador (Schedule 2)	<b>5,259,738</b>	8,608,956
Less: sinking fund investments available (Schedule 2)	<b>158,041,109</b>	139,844,295
	<b>281,199,153</b>	296,046,749

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:

<b>Year</b>	<b>Sinking fund requirements</b>	<b>Newfoundland and Labrador</b>	<b>Net Amount</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
2019	11,112,500	(2,588,221)	8,524,279
2020	11,112,500	(1,734,096)	9,378,404
2021	10,750,000	(937,421)	9,812,579
2022	10,356,250	-	10,356,250
2023	10,150,000	-	10,150,000
Thereafter	77,225,000	-	77,225,000

**10. LONG-TERM DEBT**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Long-term debt (Schedule 3)	<b>163,345</b>	206,513
Mortgages - Urban living non-profit housing (Schedule 4)	<b>4,947,441</b>	6,426,374
St. John's Transportation Commission	<b>7,524,000</b>	8,348,000
	<b>12,634,786</b>	14,980,887

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2018**

**10. LONG-TERM DEBT (Continued)**

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

Year	Non-profit housing mortgages	Total
	\$	\$
2019	1,098,386	1,098,386
2020	792,426	792,426
2021	724,904	724,904
2022	604,378	604,378
2023	456,423	456,423
Thereafter	1,270,924	1,270,924

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, 2018 the outstanding banker's acceptances bore interest at 3.28% and mature on January 28, 2019. The credit facility, which was renewed on March 29, 2019, bears interest at 2.98% and matures on May 30, 2019. At December 31, 2018, the Commission has drawn \$7,524,000 on the credit facility which is included in long-term debt.

**11. ACCRUED PENSION BENEFITS**

	2018	2017
	\$	\$
City of St. John's - Employees	709,500	9,249,300
City of St. John's - Mayor and Councillors	4,727,400	4,492,100
St. John's Transportaion Commission	1,153,410	1,367,041
	6,590,310	15,108,441

*Pension Plans*

The City maintains a defined benefit plan which provides pension benefits to its employees and the employees of St. John's Sports & Entertainment Ltd. The City also maintains a supplementary retirement arrangement for the members of Council. Both plans provide benefits based on length of service and average earnings.



# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 11. ACCRUED PENSION BENEFITS (Continued)

An actuarial valuation of the plans was completed as at December 31, 2015 for Council and December 31, 2017 for employees and the supplementary plan. All plans were extrapolated to December 31, 2018.

*City of St. John's - Employees*

	Employees	Supplementary Plan	2018	2017
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	388,040,900	2,179,500	390,220,400	368,782,500
Current service cost	15,024,400	63,200	15,087,600	15,262,200
Interest cost	22,331,600	76,700	22,408,300	21,130,400
Benefits paid	(14,354,700)	(38,200)	(14,392,900)	(14,173,000)
Past services and FABA contributions	-	-	-	(1,416,600)
Actuarial loss	38,500	78,300	116,800	634,900
Balance, end of year	411,080,700	2,359,500	413,440,200	390,220,400
<i>Plan assets</i>				
Fair value, beginning of year	362,421,800	-	362,421,800	312,897,300
Return on plan assets	(5,783,800)	-	(5,783,800)	32,468,400
Benefits paid	(14,354,700)	-	(14,354,700)	(13,808,500)
Employer contributions	21,325,800	-	21,325,800	24,155,700
Employee contributions	6,985,400	-	6,985,400	6,645,500
Past services and FABA contributions	-	-	-	63,400
Fair value, end of year	370,594,500	-	370,594,500	362,421,800
Funded status - deficit	40,486,200	2,359,500	42,845,700	27,798,600
Unamortized amounts	(40,761,600)	(1,374,600)	(42,136,200)	(18,549,300)
Accrued benefit liability (asset)	(275,400)	984,900	709,500	9,249,300
<i>Significant assumptions used for 2018</i>				
Discount rate	5.75%	3.75%		
Expected long-term rate of return on plan assets	5.75%	0.00%		
Rate of compensation increase	3.50%	3.50%		
Average remaining service period of active employees	15 years	9 years		



# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 11. ACCRUED PENSION BENEFITS (Continued)

#### *Significant assumptions used for 2017*

Discount rate	5.75%	3.50%
Expected long-term rate of return on plan assets	5.75%	0.00%
Rate of compensation increase	5.00%	5.00%
Average remaining service period of active employees	15 years	6 years

	Employees	Supplementary Plan	2018	2017
	\$	\$	\$	\$
<i>Net benefit expense of the year</i>				
Current service cost	15,024,400	63,200	15,087,600	15,262,200
Interest cost	22,331,600	76,700	22,408,300	21,130,400
Amortization of losses	3,066,300	487,900	3,554,200	4,992,000
Employee contributions	6,985,400	-	6,985,400	(6,645,500)
Expected return on plan assets	(21,240,500)	-	(21,240,500)	(18,482,000)
Net benefit expense	26,167,200	627,800	26,795,000	16,257,100

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

	2018	2017
	\$	\$
<i>Accrued benefit obligation</i>		
Balance, beginning of year	4,967,500	4,505,400
Current service cost	50,700	113,300
Interest cost	169,900	189,600
Benefits paid	(279,400)	(203,300)
Actuarial (gain) loss	(122,100)	362,500
Balance, end of year	4,786,600	4,967,500
Unamortized amounts	(59,200)	(475,400)
Accrued benefit liability	4,727,400	4,492,100

#### *Significant assumptions used*

Discount rate	3.75%	3.50%
Rate of compensation increase	3.00%	5.00%
Average remaining service period	3 years	2 years
<i>Net benefit expense of the year</i>		
Current service cost	50,700	113,300
Interest cost	169,900	189,600
Amortization of losses	294,100	72,000
Net benefit expense	514,700	374,900

# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 11. ACCRUED PENSION BENEFITS (Continued)

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

The Commission maintains two defined benefit plans which provide pension benefits to its union and non-union employees. The plans provide benefits based on length of service and average earnings.

An actuarial valuation of the employee plans was completed as at December 31, 2017 and extrapolated to December 31, 2018. The supplementary plan estimate was prepared using the same actuarial assumptions used for the Non-Union plan with the exception of the discount rate.

	Employees	Supplementary	2018	2017
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	52,585,001	144,168	52,729,169	49,711,866
Current service cost	2,034,299	5,900	2,040,199	1,860,662
Interest cost	2,828,342	5,149	2,833,491	2,682,042
Benefits paid	(2,591,283)	-	(2,591,283)	(2,071,571)
Actuarial loss (gain)	(17,613)	38,614	21,001	546,170
Balance, end of year	54,838,746	193,831	55,032,577	52,729,169
<i>Plan assets</i>				
Fair value, beginning of year	50,133,994	-	50,133,994	46,010,699
Return on plan assets	(1,320,010)	-	(1,320,010)	4,268,842
Benefits paid	(2,591,283)	-	(2,591,283)	(2,071,571)
Employer contributions	1,849,129	-	1,849,129	1,145,838
Employee contributions	859,595	-	859,595	780,186
Fair value, end of year	48,931,425	-	48,931,425	50,133,994
Funded status - deficit	5,907,321	193,831	6,101,152	2,595,175
Unamortized amounts	(4,874,864)	(72,878)	(4,947,742)	(1,228,134)
Accrued benefit liability	1,032,457	120,953	1,153,410	1,367,041
<i>Significant assumptions used for 2018</i>				
Discount rate	5.50%	3.75%		5.50%
Expected long-term rate of return on plan assets	5.50%	5.25%		5.50%
Rate of compensation increase	5.00%	5.00%		4.00%
Average remaining service period of active employees	15.5 years	9 years		16 years

# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 11. ACCRUED PENSION BENEFITS (Continued)

	Employees	Supplementary	2018	2017
	\$	\$	\$	\$
<i>Net benefit expense of the year</i>				
Current service cost	2,034,299	5,900	2,040,199	1,860,662
Interest cost	2,828,342	5,149	2,833,491	2,682,042
Amortization of losses	333,637	3,807	337,444	424,073
Employee contributions	(859,595)	-	(859,595)	(780,186)
Expected return on plan assets	(2,716,041)	-	(2,716,041)	(2,487,339)
Net benefit expense	1,620,642	14,856	1,635,498	1,699,252

During 2016 the Commission agreed on a new pension plan structure for both union and non-union groups. The agreement effectively closed the defined benefit plan to new entrants as of May 1, 2016. Employees in the defined benefit plan as of that date will continue to accrue benefits under the defined benefit plan. Employees hired on or after May 1, 2016 will be enrolled under a defined contribution pension plan.

A Supplementary Executive Retirement Plan (SERP) was established on September 1, 2016 to provide retirement benefits to members of the Non-Union Plan in respect to earnings in excess of those on which benefits can be provided under the defined benefits provisions of the Non-Union Plan.

### 12. 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, 2016 for the City extrapolated to December 31, 2018. An actuarial valuation of the plan for the Commission was completed as at December 31, 2018.

	City	Commission	2018	2017
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	158,591,000	15,909,425	174,500,425	170,163,954
Current service cost	5,322,600	576,171	5,898,771	4,497,692
Interest cost	5,582,400	559,102	6,141,502	6,078,662
Benefits paid	(3,508,300)	(436,414)	(3,944,714)	(3,779,881)
Past service amendment	-	-	-	(1,159,100)
Actuarial gain	(9,382,700)	(2,795,136)	(12,177,836)	(1,300,902)
Balance, end of year	156,605,000	13,813,148	170,418,148	174,500,425
Funded status - deficit	156,605,000	13,813,148	170,418,148	174,500,425
Unamortized amounts	649,900	(525,542)	124,358	(13,538,967)
Accrued benefit liability	157,254,900	13,287,606	170,542,506	160,961,458



# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 12. EMPLOYEE FUTURE BENEFITS (Continued)

*Significant assumptions used for 2018*

Discount rate	3.75%	3.75%
Average remaining service period of active employees	12 years	13.8 years

*Significant assumptions used for 2017*

Discount rate	3.50%	3.50%
Average remaining service period of active employees	12 years	13.9 years

	City	Commission	2018	2017
	\$	\$	\$	\$
<i>Net benefit expense of the year</i>				
Current service cost	5,322,600	576,171	5,898,771	4,497,692
Interest cost	5,582,400	559,102	6,141,502	6,078,662
Amortization of losses	1,113,800	371,689	1,485,489	1,514,468
Past service amendment	-	-	-	(1,159,100)
Net benefit expense	12,018,800	1,506,962	13,525,762	10,931,722

### 13. SEVERANCE AND SICK LEAVE BENEFITS

	2018	2017
	\$	\$
City of St. John's	28,267,900	26,746,400
St. John's Transportation Commission	1,493,544	1,430,439
St. John's Sports and Entertainment	555,535	507,240
	30,316,979	28,684,079

*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, 2016 and extrapolated to December 31, 2018

# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 13. SEVERANCE AND SICK LEAVE BENEFITS (Continued)

	Severance	Sick Leave	2018	2017
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	22,951,400	8,936,000	31,887,400	26,714,600
Current service cost	1,519,900	891,200	2,411,100	1,997,600
Interest cost	803,000	312,800	1,115,800	1,193,900
Benefits paid	(1,539,100)	(889,900)	(2,429,000)	(3,649,200)
Past service amendment	-	-	-	594,100
Actuarial (gain) loss	(469,600)	(151,500)	(621,100)	5,036,400
Balance, end of year	23,265,600	9,098,600	32,364,200	31,887,400
Funded status - deficit	23,265,600	9,098,600	32,364,200	31,887,400
Unamortized amounts	(2,909,700)	(1,186,600)	(4,096,300)	(5,141,000)
Accrued benefit liability	20,355,900	7,912,000	28,267,900	26,746,400
<i>Significant assumptions used</i>				
Discount rate			3.75%	3.50%
Average remaining service period of active employees			13 years	13 years
<i>Net benefit expense of the year</i>				
Current service cost	1,519,900	891,200	2,411,100	1,997,600
Interest cost	803,000	312,800	1,115,800	1,193,900
Amortization of losses	303,600	120,000	423,600	160,000
Past service amendment	-	-	-	689,600
Net benefit expense	2,626,500	1,324,000	3,950,500	4,041,100

#### *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, 2018 is \$400,110 (2017 - \$379,016).

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, 2018 is \$1,093,434 (2017 - \$1,051,423).

# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

### 13. 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, 2015 and extrapolated to December 31, 2018.

	Severance	Sick Leave	2018	2017
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	427,337	109,206	536,543	460,269
Current service cost	34,795	16,892	51,687	46,363
Interest cost	15,386	3,852	19,238	20,043
Benefits paid	(10,265)	(15,206)	(25,471)	(23,646)
Actuarial (gain) loss	(10,636)	(1,423)	(12,059)	33,514
Balance, end of year	456,617	113,321	569,938	536,543
Funded status - deficit	456,617	113,321	569,938	536,543
Unamortized amounts	(25,885)	11,482	(14,403)	(29,303)
Accrued benefit liability	430,732	124,803	555,535	507,240
<i>Significant assumptions used</i>				
Discount rate			3.75%	3.50%
Average remaining service period of active employees			12 years	12 years
<i>Net benefit expense of the year</i>				
Current service cost	34,795	16,892	51,687	46,363
Interest cost	15,386	3,852	19,238	48
Amortization of losses (gains)	4,154	(1,313)	2,841	20,043
Net benefit expense	54,335	19,431	73,766	66,454



**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2018**

**14. ACCUMULATED SURPLUS**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
		(Restated - See Note 3)
Accumulated surplus, beginning of year	728,425,928	724,022,397
Excess of revenue over expenditures	9,152,624	4,403,531
Accumulated surplus, end of year	737,578,552	728,425,928
Appropriated surplus		
Reserve for Shoal Bay treatment plant	303,369	303,369
Reserve for landfill capital improvements	2,640,597	2,640,597
Urban living non-profit housing - replacement reserve	2,397,012	2,107,448
Reserve for snow and ice management	2,000,000	2,000,000
Reserve for salt savings	646,591	646,591
Reserve for Civic Centre financing	5,521,472	6,021,286
Reserve for capital	24,058,027	22,250,044
Reserve for employee benefits stabilization fund	1,997,091	1,997,091
Reserve for Robin Hood Bay equipment replacement	4,931,156	4,224,534
Reserve for Robin Hood Bay post-closure costs (Note 17)	4,935,623	8,459,581
Reserve for Riverhead Waste/water equipment replacement	2,141,452	1,700,037
	51,572,390	52,350,578
Unappropriated surplus	686,006,162	676,075,350
	737,578,552	728,425,928

**15. SUPPLEMENTARY CASH FLOW INFORMATION**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Changes in other balances:		
Accounts receivable	(11,775,643)	(3,139,904)
Inventory of materials and supplies	212,806	(176,378)
Prepaid expenditures	791,292	(423,978)
Payables and accruals	9,174,378	(2,094,161)
	(1,597,167)	(5,834,421)
Interest paid	22,782,397	24,068,317

# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2018

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### 16. CONTINGENCIES AND COMMITMENTS

#### *Expropriation and other claims*

The City has received notices of claims. No provision has been made for these claims either because the City is not expected to incur any significant liability, or because an estimate of loss, if any, is not determinable at this time.

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 commitments*

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

2019	2,707,380
2020	2,546,918
2021	1,258,063
2022	1,187,537
2023	608,349
Thereafter	145,809

#### *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 \$1.4 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, 2018 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, 2018

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### 17. ROBIN HOOD BAY CLOSURE AND POST-CLOSURE COSTS

The liability for closure and post-closure care of the Robin Hood Bay landfill is recognized as the landfill site's capacity is used. Closure costs include the final cover and landscaping while post-closure costs include cap maintenance, groundwater and leachate monitoring, continued gas management operations, inspections and annual reports. The liability recognized in the consolidated financial statement in payables and accruals is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgement. Amounts could materially change in the long-term.

Estimated closure and post-closure costs over the next 30 years	\$ 41,645,000
Rate of inflation	1.49%
Discount rate	5.00%
Discounted cost	\$ 18,222,056
Expected year capacity will be reached	2049
Percent utilized	40.00%
Liability based on the percentage utilized	\$ 7,288,822

The tipping fees charged by the City to all users, other municipalities and commercial 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, 2018 was \$12,224,445 (2017 - \$10,789,883). The landfill liability of \$7,288,822 (2017 - \$2,330,301) is included in the payables and accruals at year end (Note 7).

### 18. 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.



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

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

**December 31, 2018**

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### **18. SEGMENTED INFORMATION (Continued)**

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

**Transportation Services** includes activities related to public transportation including transportation services offered through 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. 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.

### **19. COMPARATIVE FIGURES**

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

## CITY OF ST. JOHN'S

## Consolidated Schedule of Tangible Capital Assets

Year Ended December 31, 2018

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		2017 Totals
		\$	\$		\$	\$		\$	\$		\$	\$	
<b>Cost</b>													
Balance, beginning of year	64,649,010	499,432,661	8,452,167	717,693,046	228,686,248	35,070,047	19,669,615	47,102,134	1,620,754,928	1,594,577,938			
Add: Additions during the year	223,222	556,165	-	2,925,797	3,808,890	2,236,287	60,359,154	-	70,109,515	36,568,336			
Less: Disposals during the year	-	(389,289)	-	(2,562,556)	(5,702,221)	(723,696)	(302,784)	-	(9,680,546)	(10,391,346)			
Transfers	-	4,478,555	-	20,531,023	6,039,242	18,876	(31,067,696)	-	-	-			
Balance, end of year	64,872,232	504,078,092	8,452,167	738,587,310	232,832,159	36,601,514	48,658,289	47,102,134	1,681,183,897	1,620,754,928			
													(Restated)
<b>Accumulated amortization</b>													
Balance, beginning of year	-	106,228,440	468,892	177,879,267	112,482,508	12,461,383	-	22,517,768	432,038,258	395,239,431			
Add: Additions during the year	-	12,127,935	146,723	33,302,378	12,329,569	1,208,515	-	1,277,157	60,392,277	41,447,771			
Less: Disposals during the year	-	(186,934)	-	(983,850)	(5,570,869)	(720,337)	-	-	(7,461,990)	(4,648,944)			
Transfers	-	-	-	-	39,850	(39,850)	-	-	-	-			
Balance, end of year	-	118,169,441	615,615	210,197,795	119,281,058	12,909,711	-	23,794,925	484,968,545	432,038,258			
<b>Net book value of tangible capital assets</b>	64,872,232	385,908,651	7,836,552	528,389,515	113,551,101	23,691,803	48,658,289	23,307,209	1,196,215,352	1,188,716,670			

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Debenture Debt**  
**December 31, 2018**

**Schedule 2**

Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding	2018		2017	
				Sinking Funds Available	Sinking Fund Requirement in 2019	Sinking Funds Available	Sinking Fund Requirement in 2018
		\$	\$	\$	\$	\$	\$
Dec. 2020	6.840%	7,000,000	7,000,000	6,809,227	175,000	6,361,559	175,000
June. 2021	7.380%	15,000,000	15,000,000	13,976,958	375,000	12,990,654	375,000
Apr. 2022	7.250%	16,500,000	16,500,000	13,380,435	412,500	12,403,175	412,500
Feb. 2023	6.680%	11,000,000	11,000,000	10,002,333	275,000	9,133,950	275,000
Feb. 2024	6.162%	25,000,000	25,000,000	18,081,990	625,000	16,477,895	625,000
June 2025	5.534%	18,000,000	18,000,000	12,004,326	450,000	10,881,660	450,000
Mar. 2026	5.300%	25,000,000	25,000,000	14,051,362	625,000	12,643,367	625,000
Dec. 2026	4.975%	35,000,000	35,000,000	24,708,073	875,000	22,725,437	875,000
Dec. 2027	5.400%	15,000,000	15,000,000	5,537,481	375,000	4,913,533	375,000
Nov. 2029	5.539%	27,000,000	27,000,000	7,632,583	675,000	6,655,089	675,000
Aug. 2031	4.622%	70,000,000	70,000,000	16,015,537	1,750,000	13,663,476	1,750,000
Dec. 2033	4.500%	60,000,000	60,000,000	8,158,360	1,500,000	6,433,655	1,500,000
Mar. 2036	4.215%	120,000,000	120,000,000	7,682,444	3,000,000	4,560,845	3,000,000
		444,500,000	444,500,000	158,041,109	11,112,500	139,844,295	11,112,500

For the debenture debt that matures in 2024, 2025, and 2026, there are debt recoverable charges from the Province of Newfoundland and Labrador of \$530,803, \$1,233,795, and \$3,495,140 respectively, for a total of \$5,259,738. (Note 9)



**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Long-Term Debt**  
**December 31, 2018**

**Schedule 3**

			2018			2017	
	Date of Maturity	Interest Rate	Amount Issued \$	Amount Outstanding \$	Principal Requirement in 2019 \$	Amount Outstanding \$	Principal Requirement in 2018 \$
<b>Capital Lease</b>							
Cisco Phone Equipment	Nov. 2022	2.037%	170,560	135,064	33,468	170,560	32,793
Canlease Office Trailer	Nov. 2021	12.975%	39,544	28,281	8,728	35,953	7,671
			210,104	163,345	42,196	206,513	40,464

# CITY OF ST. JOHN'S

Schedule 4

## Consolidated Schedule of Mortgages - Urban Living Non-Profit Housing

December 31, 2018

				2018	2017
	Date of	Interest	Amount	Amount	Amount
	Maturity	Rate	Issued	Outstanding	Outstanding
			\$	\$	\$
<b>Newfoundland &amp; Labrador Housing Corporation</b>					
Hamlyn Road	Aug. 1, 2022	2.040%	2,207,290	425,862	536,583
Infill 1987	Apr. 1, 2023	2.040%	2,070,285	466,813	568,809
Gear Street - Infill 1988	Sept. 1, 2025	2.040%	1,929,560	634,814	721,664
Brookfield Road	Dec. 1, 2025	2.040%	2,203,600	743,349	841,161
Cochrane Street	Nov. 1, 2027	1.710%	745,887	291,413	322,810
Infill 1990	Nov. 1, 2026	1.640%	1,628,008	576,249	644,891
Campbell Avenue	Feb. 1, 2028	1.620%	968,952	401,958	440,949
Infill 1992	Dec. 1, 2028	2.040%	1,682,553	639,662	696,764
<b>Canada Mortgage and Housing Corporation</b>					
Hamilton Avenue -					
Riverhead Towers	Feb. 1, 2019	1.920%	3,736,230	36,239	251,031
Fahey's Row - Infill 1983	May 1, 2019	1.820%	962,163	25,062	84,481
Alexander Street -					
Hamilton Avenue	June 1, 2019	1.820%	1,920,998	59,657	177,424
Carnell Street -					
Larkin Square	Jan. 1, 2020	1.120%	1,910,065	118,631	236,077
Carter's Hill	Jan. 1, 2020	1.390%	1,406,630	95,211	181,841
Infill 1985	Apr. 1, 2021	2.260%	880,530	120,568	171,338
Carter's Hill -					
Sebastian Court	Aug. 1, 2021	1.800%	2,031,175	311,953	426,753
Forest Road	Jan. 1, 2018	1.620%	1,647,890	-	8,300
Cuckholds Cove Road	Apr. 1, 2018	1.670%	804,200	-	16,260
Infill 1982	July 1, 2018	2.350%	651,550	-	23,577
Rawlins Cross	Dec. 1, 2018	2.110%	1,249,485	-	75,661
			30,637,051	4,947,441	6,426,374
Current portion				1,098,386	1,480,179

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, 2018

**Schedule 5**

	2018	2017
	\$	\$
<b>Taxation</b>		
Real property and business	163,835,881	161,384,744
Water	29,789,640	29,536,232
Utility	6,042,916	6,169,771
Accommodation	3,268,588	3,400,725
	<b>202,937,025</b>	<b>200,491,472</b>
<b>Grants in lieu of taxes</b>		
Government of Canada	4,977,084	4,978,900
Government of Canada agencies	945,958	970,565
Water tax grant	2,852,760	2,852,760
	<b>8,775,802</b>	<b>8,802,225</b>
<b>Grants and transfers</b>		
Government of Canada		
Capital grant	11,876,248	2,971,145
St. John's Transportation Commission	196,234	187,708
Gas tax funding	4,597,994	4,444,615
Other federal grants	1,073,926	2,606,347
Government of Newfoundland and Labrador		
Gas tax funding	831,153	727,259
Municipal capital grant	17,553,146	2,383,599
Capital Grant - Non-Profit Housing	71,022	66,457
Recovery of debt charges	419,652	631,858
Rental housing projects	1,187,974	1,120,952
Other provincial grants	259,882	-
City of Mount Pearl and Town of Paradise		
Capital contribution	349,947	42,810
City of Mount Pearl public transit contribution	1,392,521	1,265,334
Capital contribution from Developers	4,061,097	65,349
Other grants	1,189,760	571,942
	<b>45,060,556</b>	<b>17,085,375</b>
<b>Sales of goods and services</b>		
Environmental health services		
Water sales - commercial and shipping	6,840,926	7,077,039
Tipping fees	10,816,351	10,869,898
Recycling materials	711,199	1,143,137
Regional Fire recovery	11,517,579	10,901,365



**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Revenues**  
Year ended December 31, 2018

Schedule 5 (continued)

	2018	2017
	\$	\$
<b>Sales of goods and services (continued)</b>		
Environmental health services (continued)		
Regional Water recovery	6,868,018	6,735,254
Regional Waste Water recovery	953,342	6,774
Other	3,566,220	2,599,528
General government services	990,193	1,016,373
Transportation services		
Parking meters	818,126	1,188,207
Parking permits	259,639	319,502
Other	88,415	66,700
Third party charges	217,393	549,711
Sale of land	370,103	201,323
Recreation, parks and tourism	2,040,976	1,836,694
St. John's Sports & Entertainment Ltd.	6,708,249	7,201,342
Railway Coastal Museum	93,993	97,116
Other general services	1,074,566	1,946,010
	<b>53,935,288</b>	<b>53,755,973</b>
<b>Other revenue from own sources</b>		
Interest on tax arrears	2,530,724	2,659,337
Interest earned on portfolio investments	7,037,204	6,066,870
Fines	1,892,692	2,063,467
Construction and other permits	4,822,831	3,863,563
Interest earned	1,452,712	994,752
Business and amusement licenses	139,536	163,992
Rents, concessions and franchises	85,461	87,902
Apartment rentals	3,018,849	3,122,012
St. John's Transportation Commission		
Passenger fares	6,127,194	5,893,539
Charters	38,661	80,840
Transit advertising	188,602	202,622
Sundry	133,269	181,770
Civic assessments	32,525	293,799
Sub - division assessments	70,915	81,179
	<b>27,571,175</b>	<b>25,755,644</b>
<b>Total revenue</b>	<b>338,279,846</b>	<b>305,890,689</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenditures**  
Year ended December 31, 2018

**Schedule 6**

	2018	2017
	\$	\$
		(Restated)
<b>General government services</b>		
Legislative	921,363	877,621
General government	24,802,768	27,164,668
Engineering services	7,216,158	7,323,374
Pensions and employee benefits	13,387,738	20,060,906
Employee future benefits	2,513,755	(3,547,882)
Other general government	405,309	994,693
	<b>49,247,091</b>	<b>52,873,380</b>
<b>Fiscal services</b>		
Interest on debenture debt	22,446,365	23,748,973
Long-term debt interest	-	6,396
Non-Profit Housing mortgage interest	102,438	125,602
St. John's Transportation Commission interest	228,593	187,310
Interest on temporary bank loans	5,001	36
Other debt charges	63,483	60,627
	<b>22,845,880</b>	<b>24,128,944</b>
<b>Transportation services</b>		
Road transport		
Administration	2,451,830	2,297,312
Fleet services	1,426,262	1,566,038
Snow clearing	15,758,293	15,223,919
Streets, roads and sidewalks	12,162,671	11,926,954
Maintenance depot	1,255,988	1,222,012
Traffic services	1,776,074	2,191,193
Street cleaning	234,341	237,981
Street lighting	4,298,410	4,196,306
St. John's Transportation Commission	24,656,500	22,487,723
Parking meters	424,433	452,388
	<b>64,444,802</b>	<b>61,801,826</b>
<b>Protective services</b>		
Fire protection	31,863,112	29,969,553
Protective inspections	3,223,931	3,604,841
Traffic enforcement	2,001,327	2,183,908
Animal and pest control	1,321,090	1,275,033
	<b>38,409,460</b>	<b>37,033,335</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenditures**  
Year ended December 31, 2018

Schedule 6 (continued)

	2018	2017
	\$	\$
		(Restated)
<b>Environmental health services</b>		
Water supply and distribution	15,573,734	16,599,120
Regional Water system	6,299,590	6,223,254
Regional Waste Water system	3,201,443	3,846,480
Regional Robin Hood Bay landfill	18,832,660	12,015,879
Garbage, waste collection and disposal	5,506,585	4,408,024
	<b>49,414,012</b>	<b>43,092,757</b>
<b>Recreation and cultural services</b>		
Parks and open spaces	9,825,815	9,268,417
Recreation	8,698,659	8,222,925
St. John's Sports & Entertainment Ltd.	9,212,592	9,041,059
Railway Coastal Museum	379,194	472,087
Destination St. John's	1,609,184	1,620,406
Other recreation and cultural services	2,286,878	2,474,096
	<b>32,012,322</b>	<b>31,098,990</b>
<b>Environmental development services</b>		
Environmental planning and zoning	1,479,746	1,669,458
Housing and real estate	4,021,760	3,758,449
Other environmental development services	2,290,914	2,492,169
	<b>7,792,420</b>	<b>7,920,076</b>
<b>Amortization and allowances</b>		
Allowance for uncollectible accounts	2,551,391	672,473
Allowance for obsolete inventory	86,685	88,776
Loss on disposal fixed assets	1,139,765	1,328,830
Amortization	60,392,277	41,447,771
Amortization of Sinking Fund Premium	791,117	-
	<b>64,961,235</b>	<b>43,537,850</b>
<b>Total expenditures</b>	<b>329,127,222</b>	<b>301,487,158</b>



**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Segmented Information**  
 Year ended December 31, 2018

	General Government Services	Fiscal Services	Transportation Services	Protective Services	Environmental Health Services	Recreation and Cultural Services	Environmental Development Services	Amortization and Allowances	Consolidated 2018	2017 \$ (Restated)
<b>Revenue (Schedule 5)</b>										
Taxation	199,668,437	-	-	-	-	3,268,588	-	-	202,937,025	200,491,472
Grants in lieu of taxes	8,775,802	-	-	-	-	-	-	-	8,775,802	8,802,225
Grants and transfers	33,992,013	724,163	1,588,755	2,395	13,852	381,580	2,870,576	5,487,222	45,060,556	17,085,375
Sales of goods and services	10,294,579	-	835,172	11,331,267	22,273,187	8,801,799	29,181	370,103	53,935,288	53,755,973
Other revenue from own sources	12,619,194	-	6,547,539	5,003,240	281,349	-	3,119,853	-	27,571,175	25,755,644
	265,350,025	724,163	8,971,466	16,336,902	22,568,388	12,451,967	6,019,610	5,857,325	338,279,846	305,890,689
<b>Expenditure (Schedule 6)</b>										
Personnel	42,404,424	-	32,690,745	35,102,477	17,129,668	19,070,259	3,323,825	-	149,721,398	146,762,184
Contractual Services	5,973,409	-	18,810,920	2,080,261	17,817,098	5,470,725	3,034,183	-	53,186,596	57,522,305
Materials & Supplies	755,748	-	12,935,141	1,005,144	9,131,761	3,941,529	30,007	-	27,799,330	23,754,745
Capital Out of Revenue	54,468	-	7,996	64,133	342,772	32,004	10,414	-	511,787	513,376
Grants & Subsidies	8,000	-	-	76,730	-	1,661,590	1,355,441	-	3,101,761	2,759,351
Financial Charges	-	22,845,880	-	-	-	1,859,065	825	-	24,705,770	26,257,806
Other	51,042	-	-	80,715	4,992,713	(22,850)	37,725	64,961,235	70,100,580	43,917,391
	49,247,091	22,845,880	64,444,802	38,409,460	49,414,012	32,012,322	7,792,420	64,961,235	329,127,222	301,487,158
Excess of revenues over expenditures	216,102,934	(22,121,717)	(55,473,336)	(22,072,558)	(26,845,624)	(19,560,355)	(1,772,810)	(59,103,910)	9,152,624	4,403,531
Accumulated surplus, beginning of year									728,425,928	724,022,397
Accumulated surplus, end of year (Note 14)									737,578,552	728,425,928

**CITY OF ST. JOHN'S**  
**Consolidated PSAB Budget**  
Year ended December 31, 2018

Schedule 8

	City	St. John's Transportation Commission	St. John's Sports & Entertainment Ltd.	Adopted Budget	Consolidating Entries and PSAB Adjustments (Page 38)	Consolidated Budget
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Taxation	221,022,904			221,022,904	(20,110,649)	200,912,255
Grants in lieu of taxes	8,800,000			8,800,000	-	8,800,000
Grants and transfers	27,841,648	17,606,020	2,151,016	47,598,684	(6,547,836)	41,050,848
Sales of goods and services	23,457,236		6,858,162	30,315,398	21,015,899	51,331,297
Other revenue from own sources	13,469,300	7,818,230		21,287,530	5,771,368	27,058,898
	294,591,088	25,424,250	9,009,178	329,024,516	128,782	329,153,298
<b>Expenditures</b>						
General government services	42,739,615			42,739,615	3,523,960	46,263,575
Fiscal services	35,000,261	212,760		35,213,021	(12,201,611)	23,011,410
Transportation services	54,324,464	25,211,490		79,535,954	(14,676,688)	64,859,266
Protective services	31,701,603			31,701,603	4,726,758	36,428,361
Environmental health services	72,953,765			72,953,765	(18,758,562)	54,195,203
Recreation and cultural services	24,093,250		9,009,178	33,102,428	(788,466)	32,313,962
Environmental development services	11,678,074			11,678,074	(5,263,296)	6,414,778
Amortization and allowances	22,100,056			22,100,056	40,781,986	62,882,042
	294,591,088	25,424,250	9,009,178	329,024,516	(2,655,919)	326,368,597
<b>Excess of revenue over expenditures</b>	-	-	-	-	2,784,701	2,784,701

Council approved the City's 2018 budget on December 11, 2017

**CITY OF ST. JOHN'S**

Schedule 8 (continued)

**Consolidating Entries and PSAB Adjustments**

Year ended December 31, 2018

	\$
<b>Revenues</b>	
1. Eliminate transfers from reserves	(1,241,836)
2. Eliminate grants to SJSE	(2,670,000)
3. Eliminate grants to SJTC	(18,403,257)
4. Eliminate subsidy to NPH	(24,000)
5. Eliminate property taxes paid by City entities	(647,745)
6. Eliminate water revenue paid by City entities	(4,525,946)
7. Eliminate tipping fees paid by City entities	(2,199,296)
8. Eliminate general government charges	(2,651,624)
9. Eliminate debt charges recoverable	(20,225,852)
10 Record provincial capital grants	17,624,168
11 Record federal capital grants	11,876,248
12 Record other capital grants	1,189,760
13 Record capital contribution from developers	4,061,097
14 Record recovery of fire protection services	10,559,758
15 Record interest earned on sinking funds	7,037,204
16 Record gain on sale of capital assets	370,103
	<hr/>
	128,782
<b>Expenses</b>	
1. Eliminate transfers from reserves	681,721
2. Eliminate grants to SJSE	(2,670,000)
3. Eliminate grants to SJTC	(18,403,257)
4. Eliminate subsidy to NPH	(24,000)
5. Eliminate property taxes paid by City entities	(647,745)
6. Eliminate water revenue paid by City entities	(4,525,946)
7. Eliminate tipping fees paid by City entities	(2,199,296)
8. Eliminate general government charges	(2,651,624)
9. Eliminate debt charges recoverable	(18,515,634)
10 Eliminate capital expenditures	(11,198,032)
11 Eliminate sinking fund payments	(11,901,611)
12 Eliminate principal payments on LTD	(1,754,494)
13 Eliminate recovery of fire protection services	10,559,758
14 Record amortization of capital assets	60,392,277
15 Record employee post retirement benefits	201,963
	<hr/>
	(2,655,920)
<b>Excess of revenues over expenditures</b>	<hr/>
	2,784,702