

*Consolidated Financial Statements of*

**CITY OF ST. JOHN'S**

*December 31, 2019*

# CITY OF ST. JOHN'S

December 31, 2019

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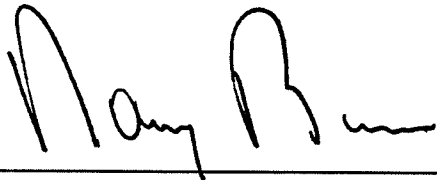
## Statement of Responsibility

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.



\_\_\_\_\_  
Mayor



\_\_\_\_\_  
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 December 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 December 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.

### 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*BDO Canada LLP*

Chartered Professional Accountants

St. John's, Newfoundland and Labrador  
August 17, 2020

# CITY OF ST. JOHN'S

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2019

	Budget 2019	Actual 2019	Actual 2018
	\$	\$	\$
	(Schedule 8)		(As Adjusted - See Note 2)
<b>Revenues (Schedule 5)</b>			
Taxation	205,263,255	209,227,666	202,937,025
Grants in lieu of taxes	8,911,000	8,813,567	8,775,802
Grants and transfers	41,520,982	46,054,639	45,060,556
Sales of goods and services	54,793,473	53,424,056	54,120,512
Other revenue from own sources	28,195,802	25,933,106	27,571,175
	<b>338,684,512</b>	<b>343,453,034</b>	<b>338,465,070</b>
<b>Expenditures (Schedule 6)</b>			
General government services	49,934,780	53,239,840	50,051,837
Fiscal services	25,061,550	22,780,280	22,845,880
Transportation services	65,104,541	65,809,907	64,444,802
Protective services	39,718,775	39,059,349	37,770,461
Environmental health services	49,824,352	45,754,573	45,349,745
Recreation and cultural services	37,900,447	33,810,210	32,012,322
Environmental development services	6,969,088	7,530,746	7,792,420
Amortization and allowances	44,376,448	44,975,184	65,294,552
	<b>318,889,981</b>	<b>312,960,089</b>	<b>325,562,019</b>
Excess of revenues over expenditures	19,794,531	30,492,945	12,903,051
Accumulated surplus, beginning of year	736,998,080	736,998,080	724,095,029
<b>Accumulated surplus, end of year (Note 15)</b>	<b>756,792,611</b>	<b>767,491,025</b>	<b>736,998,080</b>

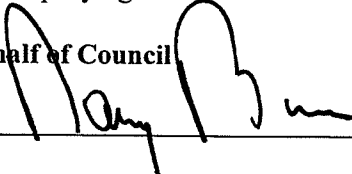
See accompanying notes to the consolidated financial statements


**CITY OF ST. JOHN'S**  
**Consolidated Statement of Financial Position**  
As at December 31, 2019

	2019	2018
	\$	\$ (As Adjusted - See Note 2)
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	49,419,010	55,265,283
Short-term investments (Note 4)	6,630,218	-
Accounts receivable - current (Note 5)	45,447,038	53,350,268
Accounts receivable - long-term (Note 6)	2,930,582	5,528,470
Investment in rental housing projects	15,692	66,242
Portfolio investments (Sinking funds) (Schedule 2)	176,388,464	158,041,109
	<b>280,831,004</b>	<b>272,251,372</b>
<b>Financial liabilities</b>		
Payables and accruals (Note 7)	57,879,546	64,527,746
Asset Retirement Obligations (Note 2 and 8)	26,773,810	25,868,415
Employee benefits (Note 9)	214,274,584	207,449,795
Debenture debt (Note 10 and Schedule 2)	444,500,000	444,500,000
Long-term debt (Note 11)	9,665,541	12,634,786
Trust funds payable	-	31,902
	<b>753,093,481</b>	<b>755,012,644</b>
<b>Net debt</b>	<b>(472,262,477)</b>	<b>(482,761,272)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	1,234,799,571	1,214,214,473
Inventory of materials and supplies	3,422,112	3,061,097
Prepaid expenditures	1,531,819	2,483,782
	<b>1,239,753,502</b>	<b>1,219,759,352</b>
<b>Accumulated surplus (Note 15)</b>	<b>767,491,025</b>	<b>736,998,080</b>

Change in accounting policy (Note 2)  
Contingencies and commitments (Note 18)  
Subsequent events (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, 2019

	Budget 2019	2019	2018
	\$	\$	\$ (As Adjusted - See Note 2)
<b>Excess of revenues over expenditures</b>	<b>19,794,531</b>	<b>30,492,945</b>	<b>12,903,051</b>
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets and contributed tangible capital assets	(69,806,731)	(63,807,606)	(69,806,731)
Net book value of tangible capital assets disposals/transfers	1,915,772	1,193,663	1,915,772
Amortization of tangible capital assets	42,028,845	42,028,845	60,725,594
<b>Increase in net book value of tangible capital assets</b>	<b>(25,862,114)</b>	<b>(20,585,098)</b>	<b>(7,165,365)</b>
<b>Changes in other non-financial assets</b>			
Change in prepaid expenditures	-	951,963	791,292
Acquisition of inventory and supplies, net of usage	-	(361,015)	212,806
<b>Decrease in other non-financial assets</b>	<b>-</b>	<b>590,948</b>	<b>1,004,098</b>
Decrease (increase) in net debt	(6,067,583)	10,498,795	6,741,784
Net debt, beginning of year	(482,761,272)	(482,761,272)	(489,503,056)
<b>Net debt, end of year</b>	<b>(488,828,855)</b>	<b>(472,262,477)</b>	<b>(482,761,272)</b>

See accompanying notes to the consolidated financial statements

**CITY OF ST. JOHN'S**  
**Consolidated Statement of Cash Flows**  
Year ended December 31, 2019

	2019	2018
	\$	\$ (As Adjusted - See Note 2)
<b>Operating transactions</b>		
Excess of revenues over expenditures	30,492,945	12,903,051
Non-cash charges to operations:		
Amortization of tangible capital assets	42,028,845	60,725,594
Contributed tangible capital assets	(14,536,307)	(3,493,081)
Employee benefits	6,824,789	2,695,817
Loss on disposal of tangible capital assets	997,603	1,139,765
	<u>65,807,875</u>	<u>73,971,146</u>
Net change in other (Note 16)	2,751,373	(5,680,911)
	<u>68,559,248</u>	<u>68,290,235</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(49,271,299)	(66,313,650)
Proceeds from sale of tangible capital assets	196,060	776,007
	<u>(49,075,239)</u>	<u>(65,537,643)</u>
<b>Financing transactions</b>		
Decrease in long-term accounts receivable	2,597,888	3,530,250
Repayment of long-term debt	(2,969,245)	(2,346,101)
	<u>(371,357)</u>	<u>1,184,149</u>
<b>Investing transactions</b>		
Increase in sinking fund investments	(18,347,355)	(18,196,814)
Increase of short-term investments	(6,630,218)	-
(Decrease) increase in trust funds payable	(31,902)	523
Decrease in investment in rental housing projects	50,550	47,337
	<u>(24,958,925)</u>	<u>(18,148,954)</u>
Decrease in cash and cash equivalents	(5,846,273)	(14,212,213)
Cash and cash equivalents, beginning of year	55,265,283	69,477,496
<b>Cash and cash equivalents, end of year</b>	<u>49,419,010</u>	<u>55,265,283</u>

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, 2019**

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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, 2019

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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	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	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, 2019**

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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 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, 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 Obligations*

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, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (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 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, 2019**

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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 POLICY**

In August 2018, PSAB issued PS 3280 – Asset Retirement Obligations. This new section establishes standards for recognition, measurement, presentation, and disclosure of legal obligations associated with the retirement of tangible capital assets and replaces PS 3270 - Solid Waste Landfill Closure and Post-closure Liability. This standard is effective for fiscal periods beginning on or after April 1, 2021. The City has elected early adoption and has chosen the modified retroactive application of the standard for the fiscal period ended December 31, 2019. The effect of this change on the December 31, 2018 comparative information is presented below.

	As previously reported	Adjustment	As adjusted
	\$	\$	\$
<b>Statement of Operations and Accumulated Surplus</b>			
Expenditure (Schedule 6)			
Environmental health services			
Regional RH Bay Landfill	18,763,851	(4,083,744)	14,680,107
Amortization and allowances			
Amortization	60,392,277	333,317	60,725,594
Excess of revenue over expenditures	9,152,624	3,750,427	12,903,051
Accumulated surplus, beginning of year	728,425,928	(4,330,899)	724,095,029
Accumulated surplus, end of year	737,578,552	(580,472)	736,998,080
<b>Statement of Financial Position</b>			
Financial liabilities			
Payables and accruals (Note 7)	71,816,568	(7,288,822)	64,527,746
Asset Retirement Obligations (Note 8)	-	25,868,415	25,868,415
Net debt	464,181,679	18,579,593	482,761,272
Non-financial assets			
Tangible capital assets (Schedule 1)	1,196,215,352	17,999,121	1,214,214,473

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**3. CASH AND CASH EQUIVALENTS**

	2019	2018
	\$	\$
Cash	17,955,668	22,310,708
Restricted cash deposits:		
Accommodation tax	-	428,345
Robin Hood Bay post closure costs (Note 8)	11,162,899	12,224,445
Robin Hood Bay equipment replacement	4,428,768	4,931,156
Riverhead waste/water equipment replacement	2,071,070	2,141,452
Advance payments from developers	42,114	73,235
Federal gas tax fund	11,251,460	10,653,052
Urban living affordable housing:		
Tenants' security deposits	106,378	105,878
Replacement reserve fund	2,400,653	2,397,012
	<b>31,463,342</b>	<b>32,954,575</b>
	<b>49,419,010</b>	<b>55,265,283</b>

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, 2019 the City held cash of \$2,400,653 (2018 - \$2,397,012).

**4. SHORT-TERM INVESTMENTS**

Short-term investments consist of 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**

	2019	2018
	\$	\$
Taxes	25,812,536	26,150,334
Other governments	18,076,913	23,945,478
Other	11,438,898	12,709,116
Allowance for doubtful accounts	(9,881,309)	(9,454,660)
	<b>45,447,038</b>	<b>53,350,268</b>

**6. ACCOUNTS RECEIVABLE - LONG TERM**

	2019	2018
	\$	\$
Government of Newfoundland and Labrador water and sewer projects (Schedule 2)	2,671,517	5,259,738
Other Civic assessments	259,065	268,732
	<b>2,930,582</b>	<b>5,528,470</b>



**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2019

**6. ACCOUNTS RECEIVABLE - LONG TERM (Continued)**

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

Year	Provincial	Total
	\$	\$
2020	1,734,096	1,734,096
2021	937,421	937,421

**7. PAYABLES AND ACCRUALS**

	2019	2018
	\$	\$
		(As Adjusted - See Note 2)
Trade	29,836,798	37,874,802
Wages and benefits payable	9,240,365	8,376,776
Deferred revenue	3,933,469	2,528,652
Deposits and prepayments	10,873,412	11,724,718
Accrued interest	3,920,227	3,923,244
Other governments	75,275	99,554
	<b>57,879,546</b>	<b>64,527,746</b>

**8. ASSET RETIREMENT OBLIGATIONS**

A liability is recognized for future retirement obligations associated with the City's assets. 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

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, 2019, the estimated total undiscounted inflation-adjusted amount required to settle the asset retirement obligation is \$131,899,729. The cash flows are discounted at the rate of 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.

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

	2019	2018
		(As Adjusted - See Note 2)
	\$	\$
Beginning of year	25,868,415	24,993,638
Accretion	905,395	874,777
End of year	<b>26,773,810</b>	<b>25,868,415</b>

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, 2019 was \$11,162,899 (2018 - \$12,224,445). In 2019, \$2,500,000 from this account was used to invest in GIC's each with an annualized interest rate of 2.25% with a maturity date of January 30, 2020.

**9. EMPLOYEE BENEFITS**

	2019	2018
	\$	\$
Accrued pension benefits (Note 12)	4,209,528	6,590,310
Employee future benefits (Note 13)	179,005,013	170,542,506
Severance and sick leave benefits (Note 14)	31,060,043	30,316,979
	<b>214,274,584</b>	<b>207,449,795</b>

Expenses resulting from current year contributions and other payments into the employee benefit plans are grouped for presentation with the related salaries (Schedule 6).

**10. DEBENTURE DEBT**

	2019	2018
	\$	\$
Debenture debt outstanding (Schedule 2)	444,500,000	444,500,000
Less: debt charges recoverable from the Province of Newfoundland and Labrador (Schedule 2)	2,671,517	5,259,738
Less: sinking fund investments available (Schedule 2)	176,388,464	158,041,109
	<b>265,440,019</b>	<b>281,199,153</b>

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
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**10. DEBENTURE DEBT (Continued)**

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
	\$	\$	\$
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
2024	9,562,500	-	9,562,500
Thereafter	67,662,500	-	67,662,500

**11. LONG-TERM DEBT**

	2019	2018
	\$	\$
Long-term debt (Schedule 3)	118,158	163,345
Mortgages - Urban living non-profit housing (Schedule 4)	3,848,383	4,947,441
St. John's Transportation Commission	5,699,000	7,524,000
	<b>9,665,541</b>	<b>12,634,786</b>

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
	\$	\$
2020	791,770	791,770
2021	724,248	724,248
2022	600,580	600,580
2023	455,609	455,609
2024	426,536	426,536
Thereafter	849,640	849,640

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, 2019 the outstanding banker's acceptances bore interest at 3.06% and mature on January 27, 2020. The credit facility, which was renewed on March 27, 2020, bears interest at 2.34% and matures on April 27, 2020. At December 31, 2019, the Commission has drawn \$5,699,000 (2018 - \$7,524,000) on the credit facility which is included in long-term debt.

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

	2019	2018
	\$	\$
City of St. John's - Employees	(2,432,900)	709,500
City of St. John's - Mayor and Councillors	5,247,600	4,727,400
St. John's Transportation Commission	1,394,828	1,153,410
	<b>4,209,528</b>	<b>6,590,310</b>

*Pension Plans*

Subsequent to year end, the COVID-19 outbreak (Note 21) had a significant effect on the financial markets. Investments held in the defined benefit pension plans are reported in these financial statements at their fair values on December 31, 2019, by way of a reduction in the pension liability. As of June 30, 2020, the TSX Composite Index and the Dow Jones Industrial Average had declined by approximately 10%. Although the market volatility has impacted the value of the accrued pension liability, this is not expected to significantly impact the services the City is able to provide in the future. The extent of any future impact on the defined benefit pension plans as a result of COVID-19 is unknown.

*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, employees and the supplementary plan. All plans were extrapolated to December 31, 2019.

	Employees	Supplementary Plan	2019	2018
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	411,080,700	2,359,500	413,440,200	390,220,400
Current service cost	14,892,900	72,100	14,965,000	15,087,600
Interest cost	23,635,800	88,900	23,724,700	22,408,300
Benefits paid	(14,940,800)	(50,900)	(14,991,700)	(14,392,900)
Actuarial loss	17,189,100	1,047,800	18,236,900	116,800
Balance, end of year	<b>451,857,700</b>	<b>3,517,400</b>	<b>455,375,100</b>	<b>413,440,200</b>

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

	Employees	Supplementary Plan	2019	2018
	\$	\$	\$	\$
<i>Plan assets</i>				
Fair value, beginning of year	370,594,500	-	370,594,500	362,421,800
Return on plan assets	55,567,500	-	55,567,500	(5,783,800)
Benefits paid	(14,940,800)	-	(14,940,800)	(14,354,700)
Employer contributions	18,447,400	-	18,447,400	21,325,800
Employee contributions	6,950,100	-	6,950,100	6,985,400
Fair value, end of year	436,618,700	-	436,618,700	370,594,500
Funded status - deficit	15,239,000	3,517,400	18,756,400	42,845,700
Unamortized amounts	(19,122,400)	(2,066,900)	(21,189,300)	(42,136,200)
Accrued benefit liability (asset)	(3,883,400)	1,450,500	(2,432,900)	709,500
<i>Significant assumptions used for 2019</i>				
Discount rate	5.50%	3.15%		
Expected long-term rate of return on plan assets	5.50%	0.00%		
Rate of compensation increase	3.50%	3.50%		
Average remaining service period of active employees	14 years	13 years		
<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		
<i>Net benefit expense of the year</i>				
Current service cost	14,892,900	72,100	14,965,000	15,087,600
Interest cost	23,635,800	88,900	23,724,700	22,408,300
Amortization of losses	4,870,600	355,500	5,226,100	3,554,200
Employee contributions	(6,950,100)	-	(6,950,100)	(6,985,400)
Expected return on plan assets	(21,609,800)	-	(21,609,800)	(21,240,500)
Net benefit expense	14,839,400	516,500	15,355,900	12,824,200

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

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

	2019	2018
	\$	\$
<i>Accrued benefit obligation</i>		
Balance, beginning of year	4,786,600	4,967,500
Current service cost	76,400	50,700
Past service amendment cost <sup>1</sup>	394,300	-
Interest cost	191,800	169,900
Benefits paid	(282,900)	(279,400)
Actuarial loss (gain)	930,000	(122,100)
Balance, end of year	6,096,200	4,786,600
Unamortized amounts	(848,600)	(59,200)
<b>Accrued benefit liability</b>	<b>5,247,600</b>	<b>4,727,400</b>
<i>Significant assumptions used</i>		
Discount rate	3.15%	3.75%
Rate of compensation increase	2.50%	3.00%
Average remaining service period	2 years	3 years
<i>Net benefit expense of the year</i>		
Current service cost	76,400	50,700
Past service amendment cost	394,300	-
Interest cost	191,800	169,900
Amortization of losses	140,600	294,100
<b>Net benefit expense</b>	<b>803,100</b>	<b>514,700</b>

*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, 2018 and extrapolated to December 31, 2019. The supplementary plan estimate was prepared using the same actuarial assumptions used for the Non-Union plan with the exception of the discount rate.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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

	Employees	Supplementary	2019	2018
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	54,838,746	193,831	55,032,577	52,729,169
Current service cost	1,973,426	7,633	1,981,059	2,040,199
Interest cost	2,957,218	7,412	2,964,630	2,833,491
Benefits paid	(2,213,600)	-	(2,213,600)	(2,591,283)
Actuarial (gain) loss	(579,687)	(21,197)	(600,884)	21,001
<b>Balance, end of year</b>	<b>56,976,103</b>	<b>187,679</b>	<b>57,163,782</b>	<b>55,032,577</b>
<i>Plan assets</i>				
Fair value, beginning of year	48,931,425	-	48,931,425	50,133,994
Return on plan assets	6,623,799	-	6,623,799	(1,320,010)
Benefits paid	(2,213,600)	-	(2,213,600)	(2,591,283)
Employer contributions	1,794,416	-	1,794,416	1,849,129
Employee contributions	865,009	-	865,009	859,595
<b>Fair value, end of year</b>	<b>56,001,049</b>	<b>-</b>	<b>56,001,049</b>	<b>48,931,425</b>
Funded status - deficit	975,054	187,679	1,162,733	6,101,152
Unamortized amounts	275,679	(43,584)	232,095	(4,947,742)
<b>Accrued benefit liability</b>	<b>1,250,733</b>	<b>144,095</b>	<b>1,394,828</b>	<b>1,153,410</b>
<i>Significant assumptions used</i>				
Discount rate	5.35%	3.17%		5.50%
Expected long-term rate of return on plan assets	5.50%	5.25%		5.50%
Rate of compensation increase	2.00%	2.00%		5.00%
Average remaining service period of active employees	14.6 years	8 years		15.5 years
<i>Net benefit expense of the year</i>				
Current service cost	1,973,426	7,633	1,981,059	2,040,199
Interest cost	2,957,218	7,412	2,964,630	2,833,491
Amortization of losses	606,082	8,097	614,179	337,444
Employee contributions	(865,009)	-	(865,009)	(859,595)
Expected return on plan assets	(2,659,025)	-	(2,659,025)	(2,716,041)
<b>Net benefit expense</b>	<b>2,012,692</b>	<b>23,142</b>	<b>2,035,834</b>	<b>1,635,498</b>

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
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**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, 2016 for the City and December 31, 2018 for the Commission with both plans extrapolated to December 31, 2019.

	City	Commission	2019	2018
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	156,605,000	13,813,148	170,418,148	174,500,425
Current service cost	4,795,300	501,080	5,296,380	5,898,771
Interest cost	5,894,900	520,199	6,415,099	6,141,502
Benefits paid	(3,607,100)	(142,918)	(3,750,018)	(3,944,714)
Actuarial loss (gain)	18,682,900	2,193,608	20,876,508	(12,177,836)
Balance, end of year	182,371,000	16,885,117	199,256,117	170,418,148
Funded status - deficit	182,371,000	16,885,117	199,256,117	170,418,148
Unamortized amounts	(17,701,100)	(2,550,004)	(20,251,104)	124,358
Accrued benefit liability	164,669,900	14,335,113	179,005,013	170,542,506
<i>Significant assumptions used for 2019</i>				
Discount rate	3.15%	3.17%		
Average remaining service period of active employees	12 years	13.8 years		
<i>Significant assumptions used for 2018</i>				
Discount rate	3.75%	3.75%		
Average remaining service period of active employees	12 years	13.8 years		
<i>Net benefit expense of the year</i>				
Current service cost	4,795,300	501,080	5,296,380	5,898,771
Interest cost	5,894,900	520,199	6,415,099	6,141,502
Amortization of losses	331,900	169,146	501,046	1,485,489
Past service amendment	-	-	-	-
Net benefit expense	11,022,100	1,190,425	12,212,525	13,525,762

**14. SEVERANCE AND SICK LEAVE BENEFITS**

	2019	2018
	\$	\$
City of St. John's	28,879,100	28,267,900
St. John's Transportation Commission	1,597,136	1,493,544
St. John's Sports and Entertainment	583,807	555,535
	31,060,043	30,316,979



# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2019

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

*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, 2019.

	Severance	Sick Leave	2019	2018
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	23,265,600	9,098,600	32,364,200	31,887,400
Current service cost	1,523,500	903,200	2,426,700	2,411,100
Interest cost	871,400	340,900	1,212,300	1,115,800
Benefits paid	(1,577,800)	(921,100)	(2,498,900)	(2,429,000)
Settlement payments	(1,949,700)	-	(1,949,700)	-
Settlement gain	(220,900)	-	(220,900)	-
Actuarial loss (gain)	1,181,200	377,500	1,558,700	(621,100)
<b>Balance, end of year</b>	<b>23,093,300</b>	<b>9,799,100</b>	<b>32,892,400</b>	<b>32,364,200</b>
Funded status - deficit	23,093,300	9,799,100	32,892,400	32,364,200
Unamortized amounts	(2,557,600)	(1,455,700)	(4,013,300)	(4,096,300)
<b>Accrued benefit liability</b>	<b>20,535,700</b>	<b>8,343,400</b>	<b>28,879,100</b>	<b>28,267,900</b>
<i>Significant assumptions used</i>				
Discount rate			3.15%	3.75%
Average remaining service period of active employees			13 years	13 years
<i>Net benefit expense of the year</i>				
Current service cost	1,523,500	903,200	2,426,700	2,411,100
Interest cost	871,400	340,900	1,212,300	1,115,800
Amortization of losses	267,500	108,400	375,900	423,600
Recognition of unamortized losses due to settlement	1,265,800	-	1,265,800	-
Recognized gain due to settlement	(220,900)	-	(220,900)	-
<b>Net benefit expense</b>	<b>3,707,300</b>	<b>1,352,500</b>	<b>5,059,800</b>	<b>3,950,500</b>

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.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
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**14. SEVERANCE AND SICK LEAVE BENEFITS (Continued)**

*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, 2019 is \$419,721 (2018 - \$400,110).

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, 2019 is \$1,177,415 (2018 - \$1,093,434).

*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, 2018 and extrapolated to December 31, 2019.

	Severance	Sick Leave	2019	2018
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	456,617	113,321	569,938	536,543
Current service cost	39,091	21,897	60,988	51,687
Interest cost	17,309	4,885	22,194	19,238
Benefits paid	(38,493)	(19,835)	(58,328)	(25,471)
Actuarial loss (gain)	32,824	20,261	53,085	(12,059)
<b>Balance, end of year</b>	<b>507,348</b>	<b>140,529</b>	<b>647,877</b>	<b>569,938</b>
Funded status - deficit	507,348	140,529	647,877	569,938
Unamortized amounts	(55,084)	(8,986)	(64,070)	(14,403)
<b>Accrued benefit liability</b>	<b>452,264</b>	<b>131,543</b>	<b>583,807</b>	<b>555,535</b>
<i>Significant assumptions used</i>				
Discount rate			3.15%	3.75%
Average remaining service period of active employees			13 years	12 years
<i>Net benefit expense of the year</i>				
Current service cost	39,091	21,897	60,988	51,687
Interest cost	17,309	4,885	22,194	19,238
Amortization of losses (gains)	3,625	(207)	3,418	2,841
<b>Net benefit expense</b>	<b>60,025</b>	<b>26,575</b>	<b>86,600</b>	<b>73,766</b>

**CITY OF ST. JOHN'S**  
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**15. ACCUMULATED SURPLUS**

	2019	2018
	\$	\$ (As Adjusted - See Note 2)
Accumulated surplus, beginning of year	736,998,080	724,095,029
Excess of revenue over expenditures	30,492,945	12,903,051
<b>Accumulated surplus, end of year</b>	<b>767,491,025</b>	<b>736,998,080</b>
Appropriated surplus		
Reserve for Shoal Bay treatment plant	393,009	303,369
Reserve for landfill capital improvements	2,640,597	2,640,597
Urban living non-profit housing - replacement reserve	2,900,652	2,397,012
Reserve for snow and ice management	2,000,000	2,000,000
Reserve for salt savings	62,940	646,591
Reserve for Civic Centre financing	1,532,888	5,521,472
Reserve for capital	23,925,290	24,658,027
Reserve for employee benefits stabilization fund	1,997,091	1,997,091
Reserve for Robin Hood Bay equipment replacement	5,428,768	4,931,156
Reserve for Riverhead Waste/water equipment replacement	2,446,070	2,141,452
	43,327,305	47,236,767
<b>Unappropriated surplus</b>	<b>724,163,720</b>	<b>689,761,313</b>
	<b>767,491,025</b>	<b>736,998,080</b>

**16. SUPPLEMENTARY CASH FLOW INFORMATION**

	2019	2018
	\$	\$ (As Adjusted - See Note 2)
Changes in other balances:		
Accounts receivable	7,903,230	(11,775,643)
Inventory of materials and supplies	(361,015)	212,806
Prepaid expenditures	951,963	791,292
Payables and accruals	(5,742,805)	5,090,634
	2,751,373	(5,680,911)
<b>Interest paid</b>	<b>22,714,914</b>	<b>22,782,397</b>

**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, 2019 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**  
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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, 2019, the City recorded an estimated liability of \$1,591,255 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:

2020	2,595,668
2021	1,306,813
2022	1,236,288
2023	657,099
2024	170,200
Thereafter	118,405

St. John's Sports and Entertainment entered into a 10-year food service management agreement with Servovation 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 \$1.4 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, 2019 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, 2019

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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, 2019**

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**20. COMPARATIVE FIGURES**

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

**21. SUBSEQUENT EVENTS**

Subsequent to year end, the World Health Organization announced a global health emergency, and later a pandemic, due to the COVID-19 outbreak. As of the report date of the financial statements, the governments' response to curb the spread of COVID-19 continues to evolve. Given the dynamic nature of the circumstances, the impact on the City will not be known with certainty for months to come.

Municipal services are considered essential services and, consequently, the City has been able to continue to operate, providing services to support residents in a limited capacity. The impact on operations and the financial results of the City for fiscal 2020 is being continuously monitored and evaluated by management. Management expects to experience difficulties collecting outstanding municipal taxes receivable from residents and businesses, which may result in material bad debt expense in fiscal 2020. The COVID-19 outbreak may also have further negative financial impacts on the City, however they are not readily determinable at this time. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Tangible Capital Assets**  
 Year Ended December 31, 2018

	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	2019 Totals	2018 Totals
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>										(As Adjusted - See Note 2)
Balance, beginning of year	64,872,232	522,410,530	8,452,167	738,587,310	232,832,159	36,601,514	48,658,289	47,102,134	1,699,516,335	1,639,087,366
Add: Additions during the year	-	589,889	-	14,288,330	2,544,646	1,590,061	45,472,269	-	64,485,195	70,109,515
Less: Disposals during the year	-	(1,281,972)	-	(998,612)	(5,114,133)	(5,628)	(677,589)	-	(8,077,934)	(9,680,546)
Transfers	64,450	13,834,984	-	37,183,383	6,916,788	62,948	(61,525,183)	3,462,630	-	-
Balance, end 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
<b>Accumulated amortization</b>										
Balance, beginning of year	-	118,502,758	615,615	210,197,795	119,281,058	12,909,711	-	23,794,925	485,301,862	432,038,258
Add: Additions during the year	-	12,608,198	146,723	14,300,213	12,373,310	1,274,755	-	1,325,646	42,028,845	60,725,594
Less: Disposals during the year	-	(599,492)	-	(671,087)	(4,930,475)	(5,628)	-	-	(6,206,682)	(7,461,990)
Transfers	-	-	-	-	-	-	-	-	-	-
Balance, end 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
<b>Net book value of tangible capital assets</b>	64,936,682	405,041,967	7,689,829	565,233,490	110,455,567	24,070,057	31,927,786	25,444,193	1,234,799,571	1,214,214,473

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Debenture Debt**  
December 31, 2019

Schedule 2

Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding	2019			2018		
				Sinking Funds Available	Bond Premium	Sinking Fund Requirement in 2020	Sinking Funds Available	Bond Premium	Sinking Fund Requirement in 2019
		\$	\$	\$	\$	\$	\$	\$	\$
Dec. 2020	6.840%	7,000,000	7,000,000	7,153,099	-	175,000	6,589,596	219,631	175,000
June 2021	7.380%	15,000,000	15,000,000	14,640,425	311,746	375,000	13,660,187	316,770	375,000
Apr. 2022	7.250%	16,500,000	16,500,000	14,231,339	153,945	412,500	13,214,372	166,063	412,500
Feb. 2023	6.680%	11,000,000	11,000,000	10,249,517	549,014	275,000	9,872,127	130,206	275,000
Feb. 2024	6.162%	25,000,000	25,000,000	19,135,609	552,385	625,000	17,810,476	271,514	625,000
June 2025	5.534%	18,000,000	18,000,000	12,654,034	460,784	450,000	11,841,504	162,822	450,000
Mar. 2026	5.300%	25,000,000	25,000,000	15,314,094	393,202	625,000	13,823,887	227,475	625,000
Dec. 2026	4.975%	35,000,000	35,000,000	25,661,324	938,790	875,000	24,372,459	335,614	875,000
Dec. 2027	5.400%	15,000,000	15,000,000	6,200,455	-	375,000	5,432,783	104,699	375,000
Nov. 2029	5.539%	27,000,000	27,000,000	8,481,217	179,544	675,000	7,522,252	110,331	675,000
Aug. 2031	4.622%	70,000,000	70,000,000	17,849,993	602,610	1,750,000	15,634,105	381,431	1,750,000
Dec. 2033	4.500%	60,000,000	60,000,000	10,403,299	525,217	1,500,000	7,871,754	286,607	1,500,000
Mar. 2036	4.215%	120,000,000	120,000,000	8,870,888	875,934	3,000,000	6,836,088	846,356	3,000,000
		444,500,000	444,500,000	170,845,293	5,543,171	11,112,500	154,481,590	3,559,519	11,112,500

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 2025 and 2026, there are debt recoverable charges from the Province of Newfoundland and Labrador of \$422,540 and \$2,248,977 respectively, for a total of \$2,671,517. (Note 10)



**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Long-Term Debt**  
 December 31, 2019

Schedule 3

	Date of Maturity	Interest Rate	Amount Issued	2019	Principal Requirement	2018	Principal Requirement
				Amount Outstanding	in 2020	Amount Outstanding	in 2019
			\$	\$	\$	\$	\$
<b>Capital Lease</b>							
Cisco Phone Equipment	Nov. 2022	2.037%	170,560	98,604	33,468	135,064	33,468
Canlease Office Trailer	Nov. 2021	12.975%	39,544	19,554	8,728	28,281	8,728
			210,104	118,158	42,196	163,345	42,196

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Mortgages - Urban Living**  
**Non-Profit Housing**  
**December 31, 2019**

Schedule 4

	Date of Maturity	Interest Rate	Amount Issued	2019 Amount Outstanding	2018 Amount Outstanding
			\$	\$	\$
<b>Newfoundland &amp; Labrador Housing Corporation</b>					
Hamlyn Road	Aug. 1, 2022	2.040%	2,207,290	312,933	425,862
Infill 1987	Apr. 1, 2023	2.040%	2,070,285	362,808	466,813
Gear Street - Infill 1988	Sept. 1, 2025	2.040%	1,929,560	546,349	634,814
Brookfield Road	Dec. 1, 2025	2.040%	2,203,600	643,727	743,349
Cochrane Street	Nov. 1, 2027	1.710%	745,887	259,435	291,413
Infill 1990	Nov. 1, 2026	1.640%	1,628,008	506,704	576,249
Campbell Avenue	Feb. 1, 2028	1.620%	968,952	362,247	401,958
Infill 1992	Dec. 1, 2028	2.040%	1,682,553	581,573	639,662
<b>Canada Mortgage and Housing Corporation</b>					
Carter's Hill	Jan. 1, 2020	1.390%	1,406,630	7,373	95,211
Infill 1985	Apr. 1, 2021	2.260%	880,530	69,265	120,568
Carter's Hill - Sebastian Court	Aug. 1, 2021	1.800%	2,031,175	195,969	311,953
Hamilton Avenue - Riverhead Towers	Feb. 1, 2019	1.920%	3,736,230	-	36,239
Fahey's Row - Infill 1983	May 1, 2019	1.820%	962,163	-	25,062
Alexander Street - Hamilton Avenue	June 1, 2019	1.820%	1,920,998	-	59,657
Carnell Street - Larkin Square	Jan. 1, 2020	1.120%	1,910,065	-	118,631
			17,754,470	3,848,383	4,947,441
<b>Current portion</b>				<b>791,770</b>	<b>1,098,386</b>

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, 2019

Schedule 5

	2019	2018
	\$	\$
<b>Taxation</b>		
Real property and business	168,538,784	163,835,881
Water	31,276,937	29,789,640
Utility	6,290,359	6,042,916
Accommodation	3,121,586	3,268,588
	<b>209,227,666</b>	<b>202,937,025</b>
<b>Grants in lieu of taxes</b>		
Government of Canada	4,855,048	4,977,084
Government of Canada agencies	982,806	945,958
Water tax grant	2,975,713	2,852,760
	<b>8,813,567</b>	<b>8,775,802</b>
<b>Grants and transfers</b>		
Government of Canada		
Capital grant	5,378,416	11,876,248
St. John's Transportation Commission	194,500	196,234
Gas tax funding	4,711,922	4,597,994
Other federal grants	1,393,900	1,073,926
Government of Newfoundland and Labrador		
Gas tax funding	831,153	831,153
Municipal capital grant	12,168,887	17,553,146
Capital Grant - Non-Profit Housing	44,030	71,022
Recovery of debt charges	688,172	419,652
Rental housing projects	1,124,499	1,187,974
Other provincial grants	363,853	259,882
City of Mount Pearl and Town of Paradise		
Capital contribution	191,500	349,947
City of Mount Pearl and Town of Paradise		
Public transit contribution	1,408,895	1,392,521
Capital contribution from Developers	14,550,986	4,061,097
Other grants	3,003,926	1,189,760
	<b>46,054,639</b>	<b>45,060,556</b>
<b>Sales of goods and services</b>		
Environmental health services		
Water sales - commercial and shipping	6,952,233	6,840,926
Tipping fees	10,852,224	10,816,351
Recycling materials	671,810	711,199
Regional Fire recovery	11,871,825	11,517,579

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Revenues**  
Year ended December 31, 2019

Schedule 5 (continued)

	2019	2018
	\$	\$
<b>Sales of goods and services (continued)</b>		
Environmental health services (continued)		
Regional Water recovery	6,822,717	6,868,018
Regional Waste Water recovery	759,036	953,342
Other	2,246,054	3,566,220
General government services	1,004,090	990,193
Transportation services		
Parking meters	590,551	818,126
Parking permits	300,837	259,639
Other	7,675	88,415
Third party charges	253,878	217,393
Sale of land	21,321	370,103
Recreation, parks and tourism	2,108,222	2,040,976
St. John's Sports & Entertainment Ltd.	7,545,130	6,708,249
Railway Coastal Museum	282,952	279,217
Other general services	1,133,501	1,074,566
	<b>53,424,056</b>	<b>54,120,512</b>
<b>Other revenue from own sources</b>		
Interest on tax arrears	2,024,376	2,530,724
Interest earned on portfolio investments	7,401,620	7,037,204
Fines	1,497,540	1,892,692
Construction and other permits	3,347,406	4,822,831
Interest earned	1,505,046	1,452,712
Business and amusement licenses	147,403	139,536
Rents, concessions and franchises	87,089	85,461
Apartment rentals	2,960,963	3,018,849
St. John's Transportation Commission		
Passenger fares	6,485,334	6,127,194
Charters	151,178	38,661
Transit advertising	43,337	188,602
Sundry	90,226	133,269
Civic assessments	90,332	32,525
Sub - division assessments	101,256	70,915
	<b>25,933,106</b>	<b>27,571,175</b>
<b>Total revenue</b>	<b>343,453,034</b>	<b>338,465,070</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenditures**  
Year ended December 31, 2019

Schedule 6

	2019	2018
	\$	\$
		(As Adjusted - See Note 2)
<b>General government services</b>		
Legislative	902,952	921,363
General government	24,587,574	24,987,992
Engineering services	8,116,025	7,216,158
Pensions and employee benefits	7,531,576	4,865,338
Employee future benefits	11,626,014	11,655,677
Other general government	475,699	405,309
	<b>53,239,840</b>	<b>50,051,837</b>
<b>Fiscal services</b>		
Interest on debenture debt	22,418,650	22,446,365
Non-Profit Housing mortgage interest	82,484	102,438
St. John's Transportation Commission interest	208,854	228,593
Interest on temporary bank loans	4,925	5,001
Other debt charges	65,367	63,483
	<b>22,780,280</b>	<b>22,845,880</b>
<b>Transportation services</b>		
Road transport		
Administration	2,787,856	2,451,830
Fleet services	1,383,070	1,426,262
Snow clearing	15,242,096	15,758,293
Streets, roads and sidewalks	12,297,119	12,162,671
Maintenance depot	1,340,156	1,255,988
Traffic services	1,801,915	1,776,074
Street cleaning	237,180	234,341
Street lighting	4,430,361	4,298,410
St. John's Transportation Commission	25,969,336	24,656,500
Parking meters	320,818	424,433
	<b>65,809,907</b>	<b>64,444,802</b>
<b>Protective services</b>		
Fire protection	32,575,724	31,224,113
Protective inspections	3,564,810	3,223,931
Traffic enforcement	1,596,403	2,001,327
Animal and pest control	1,322,412	1,321,090
	<b>39,059,349</b>	<b>37,770,461</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenditures**  
Year ended December 31, 2019

Schedule 6 (continued)

	2019	2018
	\$	\$
<b>Environmental health services</b>		
Water supply and distribution	15,878,400	15,573,734
Regional Water system	6,633,471	6,399,135
Regional Waste Water system	3,868,453	3,190,184
Regional Robin Hood Bay landfill	12,775,008	14,680,107
Garbage, waste collection and disposal	6,599,241	5,506,585
	<b>45,754,573</b>	<b>45,349,745</b>
<b>Recreation and cultural services</b>		
Parks and open spaces	10,879,616	9,825,815
Recreation	8,867,569	8,698,659
St. John's Sports & Entertainment Ltd.	9,774,997	9,212,592
Railway Coastal Museum	369,042	379,194
Destination St. John's	1,609,184	1,609,184
Other recreation and cultural services	2,309,802	2,286,878
	<b>33,810,210</b>	<b>32,012,322</b>
<b>Environmental development services</b>		
Environmental planning and zoning	1,638,521	1,479,746
Housing and real estate	3,861,051	4,021,760
Other environmental development services	2,031,174	2,290,914
	<b>7,530,746</b>	<b>7,792,420</b>
<b>Amortization and allowances</b>		
Allowance for uncollectible accounts	924,983	2,551,391
Allowance for obsolete inventory	18,714	86,685
Loss on disposal fixed assets	997,603	1,139,765
Amortization	42,028,845	60,725,594
Amortization of Sinking Fund Premium	1,005,039	791,117
	<b>44,975,184</b>	<b>65,294,552</b>
<b>Total expenditures</b>	<b>312,960,089</b>	<b>325,562,019</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Segmented Information**  
 Year ended December 31, 2019

	General Government Services						Recreation and Environmental Services		Amortization and Allowances		Consolidated	
	Government Services	Fiscal Services	Transportation Services	Protective Services	Environmental Health Services	Cultural Services	Development Services	2019	2018	2019	2018	
<b>Revenue (Schedule 5)</b>												
Taxation	206,106,080	-	-	-	-	3,121,586	-	-	-	209,227,666	202,937,025	
Grants in lieu of taxes	8,813,567	-	-	-	-	-	-	-	-	8,813,567	8,775,802	
Grants and transfers	40,699,172	992,683	1,603,395	3,069	-	304,317	2,452,003	-	-	46,054,639	45,060,556	
Sales of goods and services	10,230,312	-	573,686	11,694,997	20,850,084	10,003,832	71,145	-	-	53,424,056	54,120,512	
Other revenue from own sources	11,863,000	-	6,826,883	3,857,441	294,750	-	3,091,032	-	-	25,933,106	27,571,175	
	<b>277,712,131</b>	<b>992,683</b>	<b>9,003,964</b>	<b>15,555,507</b>	<b>21,144,834</b>	<b>13,429,735</b>	<b>5,614,180</b>	<b>-</b>	<b>-</b>	<b>343,453,034</b>	<b>338,465,070</b>	
<b>Expenditure (Schedule 6)</b>												
Personnel	45,655,263	-	33,439,811	35,845,030	16,958,258	19,561,638	3,434,178	-	-	154,894,178	149,721,398	
Contractual Services	6,637,221	-	19,811,724	2,122,521	19,788,239	6,448,168	2,981,795	-	-	57,789,668	53,371,820	
Materials & Supplies	785,901	-	12,627,456	949,875	7,295,779	4,488,852	37,091	-	-	26,184,954	27,799,330	
Capital Out of Revenue	111,837	-	17,296	11,226	507,582	56,835	8,843	-	-	713,619	511,787	
Grants & Subsidies	9,625	-	(86,380)	76,584	-	1,336,647	1,035,492	-	-	2,371,968	3,101,761	
Financial Charges	-	22,780,280	-	-	-	1,936,525	831	-	-	24,717,636	24,705,770	
Other	39,993	-	-	54,113	1,204,715	(18,455)	32,516	-	-	46,288,066	66,350,153	
	<b>53,239,840</b>	<b>22,780,280</b>	<b>65,809,907</b>	<b>39,059,349</b>	<b>45,754,573</b>	<b>33,810,210</b>	<b>7,530,746</b>	<b>44,975,184</b>	<b>44,975,184</b>	<b>312,960,089</b>	<b>325,562,019</b>	
Excess of revenues over expenditures	224,472,291	(21,787,597)	(56,805,943)	(23,503,842)	(24,609,739)	(20,380,475)	(1,916,566)	(44,975,184)		30,492,945	12,903,051	
Accumulated surplus, beginning of year										736,998,080	724,095,029	
Accumulated surplus, end of year (Note 15)										<b>767,491,025</b>	<b>736,998,080</b>	

(As Adjusted - See Note 2)

**CITY OF ST. JOHN'S**  
**Consolidated PSAB Budget**  
Year ended December 31, 2019

Schedule 8

	City	St. John's Transportation Commission	St. John's Sports & Entertainment Ltd.	Adopted Budget	Consolidating Entries and PSAB Adjustments (Page 39)	Consolidated Budget
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Taxation	206,888,000	-	-	206,888,000	(1,624,745)	205,263,255
Grants in lieu of taxes	8,911,000	-	-	8,911,000	-	8,911,000
Grants and transfers	31,635,767	17,968,300	2,904,396	52,508,463	(10,987,481)	41,520,982
Sales of goods and services	43,231,343	-	9,358,673	52,590,016	2,203,457	54,793,473
Other revenue from own sources	14,010,912	7,995,690	-	22,006,602	6,189,200	28,195,802
	<u>304,677,022</u>	<u>25,963,990</u>	<u>12,263,069</u>	<u>342,904,081</u>	<u>(4,219,569)</u>	<u>338,684,512</u>
<b>Expenditures</b>						
General government services	42,712,729	-	-	42,712,729	7,222,051	49,934,780
Fiscal services	38,300,261	237,900	-	38,538,161	(13,476,611)	25,061,550
Transportation services	55,259,329	25,726,090	-	80,985,419	(15,880,878)	65,104,541
Protective services	31,783,187	-	-	31,783,187	7,935,588	39,718,775
Environmental health services	75,375,465	-	-	75,375,465	(25,551,113)	49,824,352
Recreation and cultural services	25,897,121	-	12,263,069	38,160,190	(259,743)	37,900,447
Environmental development services	15,018,921	-	-	15,018,921	(8,049,833)	6,969,088
Amortization and allowances	20,330,009	-	-	20,330,009	24,046,439	44,376,448
	<u>304,677,022</u>	<u>25,963,990</u>	<u>12,263,069</u>	<u>342,904,081</u>	<u>(24,014,100)</u>	<u>318,889,981</u>
<b>Excess of revenue over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,794,531</b>	<b>19,794,531</b>

Council approved the City's 2019 budget on December 10, 2018



**CITY OF ST. JOHN'S**  
**Consolidating Entries and PSAB Adjustments**  
Year ended December 31, 2019

Schedule 8 (continued)

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<b>Revenues</b>	
1. Eliminate transfers from reserves	(1,188,421)
2. Eliminate grants to SJSE	(3,403,200)
3. Eliminate grants to SJTC	(18,756,537)
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	(5,086,487)
7. Eliminate tipping fees paid by City entities	(2,182,575)
8. Eliminate general government charges	(2,704,564)
9. Eliminate debt charges recoverable	(23,973,989)
10 Record provincial capital grants	12,212,917
11 Record federal capital grants	5,378,416
12 Record other capital grants	3,003,926
13 Record capital contribution from developers	14,550,986
14 Record recovery of fire protection services	11,192,762
15 Record interest earned on sinking funds	7,401,621
16 Record gain on sale of capital assets	21,321
	<u>(4,219,569)</u>
<b>Expenses</b>	
1. Eliminate transfers from reserves	(3,427,679)
2. Eliminate grants to SJSE	(3,403,200)
3. Eliminate grants to SJTC	(18,756,537)
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	(5,086,487)
7. Eliminate tipping fees paid by City entities	(2,182,575)
8. Eliminate general government charges	(2,704,564)
9. Eliminate debt charges recoverable	(22,848,767)
10 Eliminate capital expenditures	(10,328,845)
11 Eliminate sinking fund payments	(13,176,611)
12 Eliminate principal payments on LTD	(1,175,564)
13 Eliminate recovery of fire protection services	11,192,762
14 Record amortization of capital assets	42,028,845
15 Record employee post retirement benefits	6,540,867
	<u>(24,014,100)</u>
<b>Excess of revenues over expenditures</b>	<u><u>19,794,531</u></u>