

The City of Saint John

The City of Saint John

Consolidated Financial Statements

December 31, 2016

The City of Saint John

December 31, 2016

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Independent Auditor's Report

To His Worship The Mayor and Members of Common Council of
The City of Saint John

We have audited the accompanying financial statements of The City of Saint John ("City"), which comprise the consolidated statements of financial position as at December 31, 2016 and the consolidated statements of operations and accumulated surplus, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

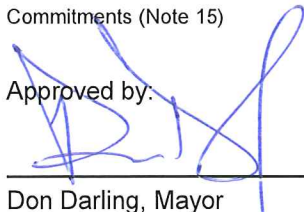

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The City of Saint John as at December 31, 2016 and the results of its operations, changes in its net debt, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Deloitte LLP". The word "Deloitte" is written in a cursive style, and "LLP" is written in a simpler, blocky font.

Chartered Professional Accountants
July 10, 2017

The City of Saint John
Consolidated Statement of Financial Position
As at December 31, 2016

	December 31, 2016	December 31, 2015 Restated (Note 8)
	\$	\$
Financial assets		
Cash and cash equivalents (Note 4)	56,446,462	28,879,337
Accounts receivable (Note 5), (Note 6) and (Note 7)	11,746,330	15,934,184
Investment in Energy Services (Note 8)	37,839,000	33,543,000
Other investments (Note 9)	8,347,991	7,913,047
	114,379,783	86,269,568
Financial liabilities		
Accounts payable and accrued liabilities (Note 10)	24,224,049	29,484,048
Deferred revenue	1,653,632	1,801,578
Deferred government transfers (Note 11)	13,736,023	1,098,153
Post employment benefits and compensated absences (Note 13)	118,083,268	123,690,809
Bank loan payable (Note 3)	56,454	108,582
Long term debt (Note 12)	206,785,270	221,444,436
	364,538,696	377,627,606
Net debt	(250,158,913)	(291,358,038)
Non-financial assets		
Inventory	1,448,515	1,469,832
Prepays	546,664	1,098,292
Tangible capital assets (Note 20)	903,622,865	928,272,092
	905,618,044	930,840,216
Accumulated surplus	655,459,131	639,482,178
Contingencies (Note 14)		
Commitments (Note 15)		
Approved by:		
		
Don Darling, Mayor		
	David Merrithew, Chair of Finance Committee	

The accompanying notes are an integral part of these consolidated financial statements.

The City of Saint John

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2016

	2016 Budget (Unaudited) (Note 2)	2016	2015 (Restated Note 8)
	\$	\$	\$
Revenues			
Property taxes	120,141,178	120,141,178	118,325,922
Unconditional grant	19,923,206	19,923,206	20,935,308
Other revenue from own sources (Note 25)	21,797,617	24,123,864	25,125,562
Water and sewer revenue (Note 16)	40,552,000	39,944,867	37,745,373
Miscellaneous revenue	896,844	1,298,956	1,571,153
Contributions from others (Note 25)	725,000	9,050,932	11,921,225
Income from energy services	-	4,296,000	5,096,000
	204,035,845	218,779,003	220,720,543
Expenses			
General Government Services (Note 25)	41,993,592	36,676,361	32,062,629
Protective services (Note 25)	50,686,402	49,623,256	48,947,307
Transportation services (Note 25)	37,787,264	46,435,416	49,906,075
Water and sewer services (Note 25)	43,947,000	34,986,997	34,612,882
Environmental health services (Note 25)	3,629,410	3,208,944	3,262,654
Environmental development services (Note 25)	18,303,935	21,479,934	20,030,186
Recreational and cultural services (Note 25)	9,958,863	10,391,142	10,034,747
	206,306,466	202,802,050	198,856,480
Annual surplus	(2,270,621)	15,976,953	21,864,063
Accumulated surplus, beginning of year	-	639,482,178	617,618,115
Accumulated surplus, end of year	(2,270,621)	655,459,131	639,482,178

The accompanying notes are an integral part of these consolidated financial statements.

The City of Saint John
Consolidated Statement of Changes in Net Debt
For the year ended December 31, 2016

	2016	2015
		(Restated Note 8)
	\$	\$
Annual surplus	15,976,953	21,864,063
Acquisition of tangible capital assets (Note 20)	(28,264,006)	(39,412,548)
Loss on disposal of tangible capital assets (Note 20)	2,314,456	2,646,875
Proceeds on sale of tangible capital assets	749,717	270,562
Amortization of tangible capital assets (Note 20)	36,097,310	37,054,444
Decrease (increase) in inventory	21,317	(70,583)
Decrease in prepaids	551,628	739,497
Tangible capital assets adjustments (Note 20)	13,751,750	-
Increase in net assets	25,222,172	1,228,247
Net debt, beginning of year	(291,358,038)	(314,450,348)
Net debt, end of the year	(250,158,913)	(291,358,038)

The accompanying notes are an integral part of these consolidated financial statements.

The City of Saint John
Consolidated Statement of Cash Flow
For the year ended December 31, 2016

	2016	2015 (Restated Note 8)
	\$	\$
Operating transactions		
Annual surplus	15,976,953	21,864,063
Items not involving cash		
Amortization of tangible capital assets (Note 20)	36,097,310	37,054,444
Loss on disposal of tangible capital assets	2,314,456	2,646,875
Adjustments related to Non Profit Housing	1,125,094	-
Adjustments related to Parking Commission tangible capital assets	239,846	-
Change in investment in Energy Services	(4,296,000)	(5,096,000)
Change in non-cash assets and liabilities		
Accounts receivable	4,187,854	10,870,234
Inventory	21,317	(70,583)
Prepays	551,628	739,497
Accounts payable and accrued liabilities	(5,259,999)	237,248
Deferred revenue	(147,946)	(3,892)
Deferred government transfers	12,637,870	(1,834,934)
Other post employment liabilities	(5,607,541)	(7,684,091)
	57,840,842	58,722,861
Capital transactions		
Acquisitions of tangible capital assets (Note 20)	(28,264,006)	(39,412,548)
Proceeds on sale of tangible capital assets	749,717	270,562
	(27,514,289)	(39,141,986)
Financing transactions		
Repayment of long-term debt	(17,772,356)	(18,150,848)
Proceeds from long-term debt	15,500,000	14,000,000
Repayment of bank loan	(52,128)	(48,133)
	(2,324,484)	(4,198,981)
Investing transactions		
Investments (Note 9)	(434,944)	142,663
Net increase in cash and cash equivalents	27,567,125	15,524,557
Cash and cash equivalents, beginning of year	28,879,337	13,354,780
Cash and cash equivalents, end of year	56,446,462	28,879,337

The accompanying notes are an integral part of these consolidated financial statements.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

1. Purpose of the organization

The City of Saint John (the "City") was incorporated by royal charter in 1785. As a municipality, the City is exempt from income taxes under Section 149(1)(c) of the Canadian Income Tax Act. The City has the following vision statement, "We are energized, engaged people committed to working together to provide services that are responsive to Community needs and delivered in a sustainable, cost effective way."

2. Summary of significant accounting policies

The consolidated financial statements of the City are the representations of the City's management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Chartered Professional Accountants of Canada Public Sector Accounting Board ("PSAB").

Significant aspects of the accounting policies adopted by the City are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in net debt and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the City and which are owned or controlled by the City.

Interdepartmental and organizational transactions and balances are eliminated.

The focus of PSAB financial statements is on the financial position of the City and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the City.

The entities included in the consolidated financial statements, having the same year end as the City, are as follows:

1. The City of Saint John General Operating Fund
2. The City of Saint John Capital and Loan Fund
3. The City of Saint John Water and Sewerage Utility Operating Fund
4. The City of Saint John Water and Sewerage Utility – Capital and Loan Fund
5. Saint John Parking Commission
6. Saint John Transit Commission
7. Saint John Development Corporation
8. Saint John Industrial Parks Inc.
9. Harbour Station Commission
10. Saint John Aquatic Centre Commission
11. Saint John Trade and Convention Centre
12. Saint John Energy
13. Lord Beaverbrook Rink
14. Saint John Police Commission
15. Saint John Free Public Library
16. Saint John Jeux Canada Games Foundation, Inc.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

2. Summary of significant accounting policies [Cont'd]
Investment in Energy Services

The City's investment in Saint John Energy is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by Public Sector Accounting Standards ("PSAS") for government business enterprises. Under the modified equity basis of accounting, the business enterprise's accounting principles are not adjusted to conform with those of the City and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of Saint John Energy in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account.

Budget

The budget figures contained in these financial statements were approved by Council on December 17, 2015 and the Minister of Local Government on February 1, 2016. The budget is unaudited and does not include elimination of inter-organizational revenues and expenses with controlled entities.

Revenue recognition

Unrestricted revenue and other sources of revenue are recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Other revenue is recorded when it is earned.

Property taxes, which are authorized by Council, are recognized as revenues in the period for which the taxes are levied.

Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Expenses

Expenses are recorded on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Measurement uncertainty

The preparation of the consolidated financial statements in accordance with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Key components of the consolidated financial statements requiring management to make estimates include: the useful life of tangible capital assets, impairment of tangible capital assets, rates for amortization, allowance for doubtful accounts in respect of receivables and estimates for pension liabilities.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

2. Summary of significant accounting policies [Cont'd]

Measurement uncertainty [Cont'd]

financial statements. Actual results could materially differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Tangible capital assets

Tangible capital assets are non-financial assets having a physical substance that:

- Are held for use by the City in the production or supply of goods and services, for rentals to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible assets;
- Have useful lives extending beyond one year and are intended to be used on a continual basis;
- Have a minimum value of \$5,000 for individual assets; or \$25,000 for pooled assets; and
- Are not intended for sale in the ordinary course of operations.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

2. Summary of significant accounting policies [Cont'd]

Tangible capital assets [Cont'd]

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Assets that fall below the threshold amounts are expensed for accounting purposes. The cost of the tangible capital asset is amortized on a straight line over the estimated useful life as follows:

Asset Type	Years
Equipment and light machinery	3-25
Furniture and office equipment	5-15
Information technology equipment and software	1-15
Land	N/A
Land improvements	5-100
Leasehold improvements	Term of lease
Municipal buildings	10-70
Transportation	5-50
Motor vehicles and mobile equipment	5-20
Water and wastewater networks	5-100

In the year of acquisition and the year of disposal, one half of the annual amortization expense is recognized.

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that there is impairment in the value of the assets and the reduction in the value can be objectively estimated and it is expected to be permanent. The net write-downs are accounted for as expenses in the statement of operations.

Donated or contributed assets are recorded at fair market value at the date of construction or donation. In some circumstances, replacement cost may be used.

Segmented information

The City provides a wide range of services to its residents. For management reporting purposes, operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by service areas as follows:

General government services

This segment is responsible for the overall governance and financial administration of the City. This includes Council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

2. Summary of significant accounting policies [Cont'd]

Segmented information [Cont'd]

Protective services

This segment is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

Transportation services

This segment is responsible for common services, roads and streets maintenance, street lighting, traffic services, parking and other transportation related functions.

Water and sewer services

This segment is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

Environmental health services

This segment is responsible for the provision of waste collection and disposal.

Environmental development services

This segment is responsible for planning and zoning, community development, tourism and other municipal development and promotion services.

Recreation and cultural services

This segment is responsible for the maintenance and operation of recreational and cultural facilities, including the swimming pool, arenas, parks and playgrounds and other recreational and cultural facilities.

Energy services

This segment comprises a non-generating distribution utility that supplies electricity to municipal, residential, general service and industrial customers through 12 interconnection supply points and substations located in the City of Saint John. It also provides street lighting, area lighting and water heater rental services.

Inventory

Inventory consists mainly of parts and materials and is valued at the lower of cost and net replacement cost with cost being determined on the first in, first out basis.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

2. Summary of significant accounting policies [Cont'd]
Post employment benefits

The City recognizes its obligations under post-employment benefit plans and the related costs, as disclosed in Note 13. Where appropriate, the City has undertaken actuarial valuations.

3. Bank loan payable

The City has credit facilities with the Bank of Nova Scotia. According to the terms and conditions of the commitment letter signed between the City and the Bank of Nova Scotia, the City can borrow up to \$6 million to fund general operations and \$25 million to assist in financing capital expenditures pending fall-in of long term financing. The interest rate for the credit facilities is the Bank's prime lending rate less 0.5% per annum with interest payable monthly. As at December 31, 2016, the balance of the bridge financing credit facility was zero (2015 - zero) and the balance of the operating line of credit was zero (2015 - zero).

As prescribed in the Municipalities Act, borrowing to finance General Fund operations is limited to 4% of the City's operating budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2016, the City has complied with these limitations.

4. Cash and cash equivalents

Cash and cash equivalents consists of the following:

	December 31, 2016	December 31, 2015
	\$	\$
Unrestricted cash	34,499,652	21,191,635
Restricted cash		
Contribution from Regional Development Corporation for the Safe Clean Drinking Water Project	12,237,041	-
Reserve for capital purchase	5,716,293	2,830,000
Airspace 2049 fund	17,833	20,766
Land sub-division fund	41,259	58,961
Saint John Non-Profit Housing future development fund	50,926	50,457
Deposits on contracts	384,476	532,370
Gas Tax	1,498,982	1,098,152
Saint John Non-Profit Housing replacement reserve	-	3,045,345
Saint John Non-Profit Housing subsidy surplus reserve	-	51,651
General Operating Reserve	2,000,000	-
	56,446,462	28,879,337

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

5. Accounts receivable

Accounts receivable consist of the following:

	December 31, 2016	December 31, 2015
	\$	\$
Water and sewer charges to ratepayers	6,851,225	7,913,606
Other	3,500,688	5,624,308
Due from the Province of New Brunswick (Note 7)	1,574,671	1,847,604
Due from the Federal Government and its agencies (Note 6)	1,474,546	2,376,281
Allowance for doubtful accounts	(1,654,800)	(1,827,615)
	11,746,330	15,934,184

6. Due from the Federal Government and its agencies

Amounts due from the Federal Government and its agencies consist of the following:

	December 31, 2016	December 31, 2015
	\$	\$
Atlantic Canada Opportunities Agency	784,054	665,939
Canada Revenue Agency HST receivable	657,740	1,545,373
Other	32,752	164,969
	1,474,546	2,376,281

7. Due from the Province of New Brunswick

Amounts due from the Province of New Brunswick consists of the following:

	December 31, 2016	December 31, 2015
	\$	\$
Other	825,266	829,202
Regional Development Corporation - Barge terminal	513,840	884,901
Dept. of Public Safety	235,565	133,501
	1,574,671	1,847,604

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

8. Investment in energy services

Change in equity in Saint John Energy:

	2016	2015
		(Restated)
	\$	\$
Equity at beginning of year as previously reported	-	44,916,864
Adjustment due to change in accounting policy	-	(16,469,864)
Restated equity	33,543,000	28,447,000
Net earnings	4,296,000	5,096,000
Equity at end of year	37,839,000	33,543,000

Effective January 1, 2016, Saint John Energy elected to change, on a retroactive basis, its accounting policy for the Saint John Energy Shared Risk Plan ("SJE SRP") to comply with the requirements for defined benefit plans ("DBP") under IFRS IAS-19 Employee Benefits. As a result of accounting for the SJE SRP as a DBP, Saint John Energy's regulatory balances as of January 1, 2015 and December 31, 2015 were restated.

9. Other investments

Other investments consist of the following:

	December 31,	December 31,
	2016	2015
	\$	\$
Canada Games Foundation investments	7,312,494	6,943,151
Other investments	1,035,497	969,896
Total other investments	8,347,991	7,913,047

The investments of the Canada Games Foundation (the "Foundation") are held in the custody of Scotiabank and CIBC Mellon. The Foundation's investment strategy is to hold high quality corporate or Government bonds and liquid equity investments which bear no unusual credit or interest rate risk. Fair values of investments in fixed income securities and equities are determined using year end quoted market prices.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	December 31, 2016	December 31, 2015
	\$	\$
Trade payables	15,133,300	21,717,142
Payroll	6,352,448	5,190,743
Conferences and holdings	786,900	610,973
Deposits	782,385	906,006
Interest payable	703,306	738,700
Due to Pension Fund	197,889	137,052
Other	195,729	158,522
Canada Revenue Agency	72,092	24,910
	24,224,049	29,484,048

11. Deferred government transfers

Deferred government transfers consist of the following:

	December 31, 2016	December 31, 2015
	\$	\$
Gas tax funding	1,498,982	1,098,153
Contribution from Regional Development Corporation	12,237,041	-
	13,736,023	1,098,153

As per the Gas Tax Funding Agreement, funding received as part of the Gas Tax Funding program is recorded as revenue in the year during which related expenditures are incurred. Amounts that have not been spent are recorded as deferred government transfers on the Consolidated Statement of Financial Position.

Contribution from Regional Development Corporation was related to the Safe Clean Drinking Water Project. The money will be used toward the Saint John West Milestone and substantial completion payments in the future.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

12. Long term debt

Debentures consist of the following:

Year of Issue	Interest Rate %	Term (Years)	2016 Annual Payment \$	2016 \$	2015 \$
New Brunswick Municipal Finance Corporation Debentures					
2006	4.150 to 4.450	10	733,000	-	4,403,000
2006	4.150 to 4.450	10	400,000	-	4,400,000
2006	4.300 to 4.450	10	60,000	-	360,000
2007	4.450 to 4.850	10	380,000	2,280,000	2,660,000
2007	4.450 to 4.850	10	350,000	3,850,000	4,200,000
2007	4.450 to 4.850	10	33,000	203,000	236,000
2008	3.300 to 4.850	10	567,000	3,964,000	4,531,000
2008	3.300 to 4.850	10	125,000	1,500,000	1,625,000
2008	2.100 to 5.550	15	367,000	2,564,000	2,931,000
2008	2.100 to 5.550	15	175,000	2,100,000	2,275,000
2008	2.100 to 5.550	15	100,000	700,000	800,000
2009	0.950 to 5.000	10	933,000	7,469,000	8,402,000
2009	1.000 to 4.500	10	75,000	975,000	1,050,000
2009	0.950 to 5.000	10	100,000	800,000	900,000
2009	1.000 to 4.500	10	567,000	4,531,000	5,098,000
2009	0.950 to 5.000	10	250,000	3,250,000	3,500,000
2009	1.000 to 4.500	10	333,000	2,669,000	3,002,000
2010	1.500 to 4.550	10	1,000,000	9,000,000	10,000,000
2010	1.500 to 4.550	10	250,000	3,500,000	3,750,000
2011	1.650 to 4.250	10	1,667,000	18,665,000	20,332,000
2011	1.650 to 4.250	10	700,000	10,500,000	11,200,000
2011	1.350 to 3.450	10	300,000	3,000,000	3,300,000
2011	1.350 to 3.450	10	350,000	5,250,000	5,600,000
2011	2.060	20	200,000	3,000,000	3,200,000
2012	1.350 to 3.550	15	767,000	8,432,000	9,199,000
2012	1.350 to 3.550	15	425,000	6,800,000	7,225,000
2012	1.350 to 3.550	15	300,000	3,300,000	3,600,000
2013	1.350 to 3.700	15	687,000	8,239,000	8,926,000
2013	1.350 to 4.000	20	550,000	9,350,000	9,900,000
2013	1.350 to 4.000	20	360,000	7,920,000	8,280,000
2014	2.000	20	500,000	9,000,000	9,500,000
2014	1.150 to 3.900	15	707,000	9,186,000	9,893,000
2014	1.200 to 3.700	15	1,055,000	5,830,000	6,885,000
2014	1.200 to 3.700	20	668,000	7,344,000	8,012,000
2014	1.150 to 3.900	15	27,000	346,000	373,000
2014	1.200 to 2.150	5	56,000	168,000	224,000
2015	0.950 to 3.250	15	500,000	7,000,000	7,500,000
2015	1.050 to 3.650	15	607,000	3,763,000	4,370,000

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

12. Long term debt [Cont'd]

Year of Issue	Interest Rate %	Term (Years)	2016 Annual Payment \$	2016 \$	2015 \$
2015	0.950 to 3.500	20	175,000	3,325,000	3,500,000
2015	1.050 to 3.150	20	175,000	1,575,000	1,750,000
2015	1.050 to 3.650	15	107,000	1,093,000	1,200,000
2016	1.200 to 3.550	15	-	8,170,000	-
2016	1.450 to 3.500	15	-	6,000,000	-
2016	1.450 to 3.750	20	-	4,000,000	-
2016	1.200 to 2.950	10	-	4,000,000	-
2016	1.200 to 3.550	15	-	1,300,000	-
			17,681,000	205,911,000	208,092,000
OTHER DEBENTURES					
Canada Mortgage and Housing Debentures					
2009	3.97	15	91,356	874,270	965,626
Total debentures			17,772,356	206,785,270	209,057,626

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

12. Long term debt [Cont'd]

In total, long term debt consists of:

	December 31, 2016	December 31, 2015
	\$	\$
Debtures	206,785,270	209,057,626
Mortgages	-	12,386,810
Total long term debt	206,785,270	221,444,436

During the year, Non-Profit Housing was determined to no longer be an entity under the City's control and therefore is no longer consolidated. The corresponding assets, debt and transactions for the statement of operations are no longer consolidated in these financial statements.

The aggregate amount of principal repayments required in each of the next five years and thereafter to meet provisions of long term debt, assuming maturity debt is renewed at terms comparable to those currently in effect, is as follows:

	\$
2017	24,313,984
2018	22,064,755
2019	30,216,675
2020	21,698,752
2021	34,768,990
Thereafter	73,722,114

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

13. Post employment benefits and compensated absences

City of Saint John Shared Risk Plan

The City of Saint John Pension Plan (Former CSJ Plan) was converted to the City of Saint John Shared Risk Plan ("CSJ SRP") effective January 1, 2013 (the conversion date). The purpose of the CSJ SRP is to provide secure benefits to members of the plan without an absolute guarantee but with a risk focused management approach delivering a high degree of certainty that base benefits can be met in the vast majority of potential future economic scenarios. These objectives are achieved through the development of a risk management framework that adheres to the legislated criteria, results in a low probability that base benefits will be reduced, and sets out the specific steps to be taken should the Plan's funded ratio fall below, or exceed, specified thresholds. These steps, when the Plan is underfunded, include the cessation of indexation of benefits, increasing contribution rates (to a predetermined maximum), reducing certain ancillary benefits, and ultimately reducing base benefits. When the Plan has excess funding, previous benefit reductions can be reversed, indexing is fully implemented, and various other potential increases can be implemented, including a decrease in contribution rates (to a predetermined maximum).

Shared risk plans are legislated under the provincial Pension Benefits Act (PBA) which contains a number of requirements that must be met in order to qualify for registration by the Office of the Superintendent of Pensions. The Plan is also subject to the Income Tax Act. The Plan is administered by a Board of Trustees which includes 4 individuals nominated by the City and 4 individuals nominated by each of the four unions.

The assets of the Plan are held by RBC Investor and Treasury Services which acts as custodian of the Plan. The assets of the Plan are managed by various investment managers who have discretionary investment authority within the investment mandates given to them by the Plan's Board of Trustees. The performance of the Plan relative to its benchmarks is measured on a regular basis.

For service prior to the conversion date, the Plan provides for pensions at the rate of 2% per year of service times the average of the three consecutive years of service having the highest salary at the time of conversion. For service after the conversion date, the pension accrual for each year of service is 1.8% times the salary (excluding overtime pay) earned during the relevant year to a certain maximum salary that is indexed every year (\$128,383 in 2016).

Pension benefits accrued before the conversion date are payable without reduction when the member's age and service equal at least 85 (or at age 65, if earlier). Pension benefits accrued after the conversion date are payable without reduction at age 60 for employees in the International Association of Fire Fighters and Saint John Police Association and at age 65 for all other employees. Pension benefits can be paid as early as age 55 with a reduction.

Shared risk plans extinguish all accrued rights to automatic future indexing. These automatic adjustments have been replaced by indexing as permitted by the Plan's funding policy, which is contingent on the SRP performance.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

13. Post employment benefits and compensated absences [Cont'd]

City of Saint John Shared Risk Plan [Cont'd]

The initial required employee contributions are equal to 12% of earnings for employees in the International Association of Fire Fighters and Saint John Police Association and employee contributions of 9% of earnings for other employees. Members in public safety occupations who accept a non-union position will have a one-time opportunity to elect to continue to contribute at the higher rate. The City makes initial required employer contributions of 15.2% and 11.4% of earnings (representing about 126.7% of employee contribution rates) for each of these groups. The initial contribution rates for both the employees and the City is subject to change as a result of the triggering mechanism and limitations imposed by the Plan's funding policy. Also, since April 1, 2013, the City is required to make contributions of 17% of earnings for a period of 15 years, or when the Plan achieves a minimum funded ratio of 150% (as calculated under the legislation) using a 15-year open group method (no less than 10 years of payment must be made). The City has no other financial obligation other than to make contributions at the above rates, and within the limits found under the Plan's funding policy.

In the event of a wind-up of the Plan in the five years following the conversion date, the Plan would be wound up under the provisions of the Former CSJ Plan. All assumptions relating to the CSJ SRP have been made on the basis of an on-going Plan and the City does not foresee a wind-up of the Plan.

Actuarial valuations

Actuarial valuations for the Plan are conducted annually by the Board of Trustees for regulatory purposes. In turn, the actuarial valuations for accounting purposes are based on these figures (with adjustments). The most recent actuarial valuation was prepared as at January 1, 2016. The actuarial valuations for accounting purposes are based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases, employee turnover and mortality. The accrued benefit obligation as at December 31, 2015 and current period benefit cost for the following year are based on an actuarial valuation conducted as at December 31, 2015. The accrued benefit obligation as at December 31, 2016 and current period benefit cost for the following year are based on an actuarial valuation conducted as at December 31, 2015 and extrapolated to December 31, 2016, using assumptions effective for December 31, 2016. The assumptions used reflect management's best estimates. The following summarizes the major assumptions in the accounting valuations and extrapolations at the various effective dates:

	December 31, 2015	December 31, 2016
Discount Rate	5.95	6.10
Inflation rate	2.25	2.25
Salary increase	3.00	3.00
Mortality: CPM-2014 mortality table with adjustments factors	0	0

The Expected Average Remaining Service Life (EARSL) is 13 years. During the year, the City made pension contributions of \$18,570,307 (2015 - \$18,349,337).

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

13. Post employment benefits and compensated absences [Cont'd]

City of Saint John Shared Risk Plan [Cont'd]

The following table reflects the City's share of the accrued benefit liability, which equals to the full portion of the Accumulated Benefit Obligation ("ABO") related to the temporary contributions and 55.9% of the remaining portion of the ABO net of Plan assets because funding contributions are shared at 55.9% by the City and 44.1% by employees, before taking into account the additional temporary contribution of 17% of earnings.

	2016	2015
	\$	\$
City share of accrued benefit liability, beginning of year	114,100,000	103,900,000
City share of current period benefit cost	5,400,000	5,000,000
Interest cost	6,600,000	6,100,000
Less City contributions	(18,600,000)	(18,300,000)
Actuarial loss/(gain)	7,100,000	17,400,000
City share of accrued benefit liability, end of year	114,600,000	114,100,000
Unamortized actuarial (loss)/gain	(17,400,000)	(11,000,000)
Pension liability, end of year	97,200,000	103,100,000

The following table reflects the City share of pension related expenses:

Current period benefit cost	5,400,000	5,000,000
Interest cost	6,600,000	6,100,000
Amortization of City share of actuarial loss/(gain)	700,000	(600,000)
Total expense related to Pension	12,700,000	10,500,000

Other employee future benefits

The City provides for the payment of retirement allowances to retiring employees in accordance with the terms of the various collective agreements and Municipal policy. The retirement allowance is based on the member's final annual salary and years of service at retirement. Employees upon retirement from the City are entitled to a retirement allowance equal to one month's pay, to a maximum of six months, for every five years of service. The program has been amended to provide certain employees with a payout option prior to retirement. Accepting the early payout option eliminates further accumulation of retirement allowance entitlement for those employees.

The City also provides for employee sick leave. Unused sick leave accumulates to a maximum number of hours which varies by employment agreement. Under this program, employees are not entitled to a cash payment in lieu of sick leave when they leave the City's employment except as described below with respect to the retirement both outside workers (local 18) and firefighters (local 771).

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

13. Post employment benefits and compensated absences [Cont'd]

Other employee future benefits [Cont'd]

Upon retirement, members of Local 18 and 771 will be eligible to receive 10% of their regular rate of pay for accumulated sick leave credits in excess of 1,760 hours or 2,280 hours respectively.

For employees of the City of Saint John Fire department, who are unable to work due to heart disease or permanent injury to the lungs, the City pays certain amounts to disabled firefighters or their survivor spouse as a result of the provisions of an Act of the Legislature, known as the Act respecting the Saint John Firefighters's Association.

As at January 1, 2013, the City's pension plan was converted to a shared risk model. As part of the conversion, the City assumed the obligation for paying existing disability pensions, that had been granted under the old plan, until disabled members reach the age of 65. On a go forward basis, disability coverage is now provided for employees through a long term disability program administered by an insurance carrier.

Finally there are specific agreements that obligate the City to pay top up pensions to certain individuals. During the year, the City made payments of \$62,833 (2015 - \$61,670) related thereto.

Valuation techniques and assumptions

Actuarial valuations of the above benefits are completed for accounting purposes using the projected benefit method prorated on services. The last actuarial valuation of the post-employment benefit plans was conducted as at December 31, 2016. Previous to that, an actuarial valuation was performed as at December 31, 2015.

The above benefit plans are unfunded and as such, there are no applicable assets. Benefits are paid out of general revenue as they become due.

A reconciliation of the accrued benefit obligation for these plans, along with the main assumptions used for disclosure and expense calculations are as follows:

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	26,580,309	23,675,400
Current period benefit cost	992,100	748,900
Past service improvement costs, plan amendments	1,244,000	1,720,509
Benefit payments	(3,178,843)	(3,346,400)
Interest cost	892,302	776,500
Actuarial loss	(93,200)	3,005,400
Other employee future benefits, end of year	26,436,668	26,580,309

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

13. Post employment benefits and compensated absences [Cont'd]

	2016	2015
	\$	\$
Main assumptions used for these plans:		
Discount rate	3.56%	3.51%
Salary increase	3.00%	3.00%
EARSL	Range from 10 to 23	Range from 10 to 24

These benefit plans require no contributions from employees. The benefit liability as at December 31, 2016 includes the following components:

	December 31,	December 31,
	2016	2015
	\$	\$
Accrued benefit obligation (carrying value)		
Retirement allowances	3,744,300	3,916,200
Sick leave	7,732,200	7,832,000
Heart and lung pension	5,036,900	4,763,700
Disability benefits	7,863,300	7,997,200
Contractual top up agreements	1,121,668	1,152,009
Sick leave - Saint John Transit Commission	938,300	919,200
	26,436,668	26,580,309
Unamortized actuarial losses	(5,553,400)	(5,989,500)
	20,883,268	20,590,809

The unamortized actuarial losses will be amortized over the expected average remaining service life ("EARSL") of the related employee groups starting in the next fiscal year. EARSL is determined separately for each benefit program.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

13. Post employment benefits and compensated absences [Cont'd]

The total expense related to other employee benefits described above includes the following components:

	2016	2015
	\$	\$
Current period benefit cost	992,100	748,900
Amortization of actuarial loss	342,900	216,400
	1,335,000	965,300
Other employee benefit interest expense	892,302	776,500
Total expense related to other employee future benefits	2,227,302	1,741,800

14. Contingencies

In accordance with the Clean Environment Act, the City is also liable for a pro rata share of the debentures and other long term debt issued on behalf of the Fundy Solid Waste Commission ("Commission"). The portion attributable to the City is determined on the basis of its percentage of total population within all participating municipalities and unincorporated areas. The total of such debt outstanding at December 31, 2016 amounted to \$712,000 (2015 – \$1,200,000). Based on 2003 population figures, the City is liable for approximately 55% of the Commission's debt.

The City is, from time to time, subject to various investigations, claims, and legal proceedings covering matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the consolidated financial position or operating results of the City. Legal proceedings were filed against the City of Saint John, the Saint John Police Commission and the Saint John Police Department in December 2013 related to the alleged activity of a former employee/police officer. The relief sought has not been quantified in the documents filed with the court and therefore the City is not in a position to estimate the amount of potential liability, if any, in this matter.

15. Commitments

Greater Saint John Regional Facilities Commission

During 1998, the Greater Saint John Regional Facilities Commission ("Regional Facilities Commission") was created by an Act of the Legislative Assembly of New Brunswick. Under the provisions of the Act, the Regional Facilities Commission has the authority to determine the annual amount of total municipal contribution to be made towards the operation of five regional facilities: the Saint John Aquatic Centre Commission, Harbour Station Commission, the Saint John Trade and Convention Centre, the Imperial Theatre and the Saint John Arts Centre. Under the provisions of the Act, the City's contribution is its pro rata share of the Regional Facilities Commission's operating budget based on the tax bases of the participating municipalities of the Town of Quispamsis, the Town of Rothesay, the Town of Grand Bay-Westfield and the City of Saint John. The City's contribution is 67.30% in 2016 (2015: 67.81%).

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

16. Water and Sewer fund surplus/deficit

The Municipalities Act requires Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of four Operating Budgets commencing with the second ensuing year; the balance of the surplus/deficit at the end of the year consists of:

	2016	2015
	\$	\$
2016 surplus	716,564	-
2015 surplus	644,449	644,449
2014 surplus	1,522,975	2,030,633
2013 surplus	737,565	1,106,347
2012 surplus	126,276	252,552
2011 surplus	-	10,792
	3,747,829	4,044,773

17. Water cost transfer

The City's water cost transfer for fire protection is within the maximum allowable by Regulation 81-195 under the Municipalities Act, based upon the applicable percentage of water system expenditures for the population.

18. Funds held in trust

Funds administered by the City for the benefit of external parties are not included in the consolidated financial statements. The amount administered as at December 31, 2016 was \$477,329 (2015 - \$476,797).

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

19. Funds and reserves

	Water & Sewer Capital Reserve	General Operating Reserve	2016 Total	2015 Total
Assets				
Cash	5,716,293	2,000,000	7,716,293	2,830,000
Accumulated surplus	5,716,293	2,000,000	7,716,293	2,830,000
Revenue				
Transfers from Water and Sewerage Utility Operating Fund	2,855,000	-	2,855,000	21,448
Transfers from General Operating Fund	-	2,000,000	2,000,000	25,052
Interest	31,293	-	31,293	-
Annual surplus	2,886,293	2,000,000	4,886,293	46,500
Balance, beginning of Year	2,830,000	-	2,830,000	2,783,500
Balance, end of Year	5,716,293	2,000,000	7,716,293	2,830,000

The City received funding from the Canada – New Brunswick Municipal Rural Infrastructure Program between 2001 and 2006 to assist with the cost of construction of water and sewerage assets. The agreements require the City to maintain replacement reserve funds, which can only be used to pay for the cost of replacement of specified capital items, unless otherwise approved by the Minister of Environment and Local Government.

On November 24, 2014, Common Council passed a resolution to authorize the establishment of a capital reserve fund for the Water and Sewerage Utility. In 2016, the Water and Sewerage Utility Operating Fund contributed \$ 2,855,000 to the reserve fund (2015: \$ Nil).

On December 12, 2016, Common Council passed a resolution to authorize the establishment of a General Operating reserve fund. In 2016, the General Operating Fund contributed \$2,000,000 to the reserve fund.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

20. Tangible capital assets

	Land \$	Land Improvements \$	Leasehold Improvements \$	Buildings \$	Vehicles \$	Machinery & Equipment \$	Transportation \$	Water and Wastewater Networks \$	Assets under Construction \$	2016 Total \$
COST										
Balance, beginning of year	153,968,473	37,631,630	1,705,871	229,632,975	49,013,434	13,895,515	444,370,276	558,431,710	23,714,673	1,512,364,557
Additions and transfers	1,874,654	836,802	346,332	1,314,947	3,752,395	1,208,438	8,528,667	5,862,852	4,538,919	28,264,006
Disposals	1,737,245	387,324	-	1,454,626	4,259,606	697,757	3,950,226	3,268,827	-	15,755,611
Adjustments - Saint John Non-Profit Housing and Saint John Parking Commission	1,273,743	-	-	30,678,603	17,410	147,394	-	-	353,802	32,470,952
Balance, end of year	152,832,139	38,081,108	2,052,203	198,814,693	48,488,813	14,258,802	448,948,717	561,025,735	27,899,790	1,492,402,000
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	13,622,300	1,495,608	108,902,438	26,785,996	8,112,827	195,506,336	229,666,960	-	584,092,465
Amortization during the year	-	1,227,479	31,753	5,104,361	3,366,352	1,693,820	12,246,795	12,426,750	-	36,097,310
Accumulated amortization on disposals	-	332,631	-	1,339,844	4,128,063	697,757	3,150,141	3,043,002	-	12,691,438
Adjustments - Saint John Non-Profit Housing and Saint John Parking Commission	-	-	-	18,657,744	17,410	44,048	-	-	-	18,719,202
Balance, end of year	-	14,517,148	1,527,361	94,009,211	26,006,875	9,064,842	204,602,990	239,050,708	-	588,779,135
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	152,832,139	23,563,960	524,842	104,805,482	22,481,938	5,193,960	244,345,727	321,975,027	27,899,790	903,622,865
Consists of:										
General Fund assets	152,832,139	23,563,960	524,842	104,805,482	22,481,938	5,193,960	244,345,727	-	16,393,567	570,141,615
Water and wastewater assets	-	-	-	-	-	-	-	321,975,027	11,506,223	333,481,250
	152,832,139	23,563,960	524,842	104,805,482	22,481,938	5,193,960	244,345,727	321,975,027	27,899,790	903,622,865

Opening balances of some asset classes have been adjusted and reclassified to reflect proper classification of assets. All tangible capital assets information was migrated to a new software system in 2016, which has resulted in assets being accounted for accurately in proper asset classes. There was no change in the opening net book value of assets as stated on the 2015 Consolidated Financial Statements.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

20. Tangible capital assets [Cont'd]

	Land \$	Land Improvements \$	Leasehold Improvements \$	Buildings \$	Vehicles \$	Machinery & Equipment \$	Transportation \$	Water and Wastewater Networks \$	Assets under Construction \$	2015 Total \$
COST										
Balance, beginning of year	151,836,750	35,890,458	1,610,979	228,552,630	46,607,780	12,548,410	438,794,891	551,768,285	15,924,182	1,483,534,365
Additions and transfers	539,973	3,932,708	94,892	1,724,743	4,523,067	1,240,702	11,745,240	7,820,732	7,790,491	39,412,548
Disposals	37,294	562,989	-	212,791	2,117,413	1,955,909	6,169,855	1,158,602	-	12,214,853
Balance, end of year	152,339,429	39,260,177	1,705,871	230,064,582	49,013,434	11,833,203	444,370,276	558,430,415	23,714,673	1,510,732,060
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	12,428,429	1,483,544	102,289,543	25,725,255	7,612,583	187,176,108	217,987,478	-	554,702,940
Amortization during the year	-	1,403,616	12,064	5,908,773	3,124,721	1,800,783	12,345,409	12,459,078	-	37,054,444
Accumulated amortization on disposals	-	289,569	-	193,163	2,063,998	1,955,909	4,015,181	779,596	-	9,297,416
Balance, end of year	-	13,542,476	1,495,608	108,005,153	26,785,978	7,457,457	195,506,336	229,666,960	-	582,459,968
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	152,339,429	25,717,701	210,263	122,059,429	22,227,456	4,375,746	248,863,940	328,763,455	23,714,673	928,272,092
Consists of:										
General Fund assets	152,339,429	25,717,701	210,263	122,059,429	22,227,456	4,375,746	248,863,940	-	7,106,185	582,900,149
Water and Wastewater assets	-	-	-	-	-	-	-	328,763,455	16,608,488	345,371,943
	152,339,429	25,717,701	210,263	122,059,429	22,227,456	4,375,746	248,863,940	328,763,455	23,714,673	928,272,092

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

21. Segment disclosure

	General Government Services	Protective services	Transportation services	Water and sewer services	Environmental health services	Environmental development services	Recreational and cultural services	Energy services	2016 Consolidated	2015 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Property taxes	120,141,178	-	-	-	-	-	-	-	120,141,178	118,325,922
Unconditional grant	19,923,206	-	-	-	-	-	-	-	19,923,206	21,033,980
Other revenue from own sources	1,472,244	3,220,969	10,707,783	100	-	7,406,069	1,316,699	-	24,123,864	25,125,562
Miscellaneous revenue	1,048,495	2,623	3,000	4,469	-	48,776	191,593	-	1,298,956	1,472,481
Water and sewer revenue	-	-	-	39,944,867	-	-	-	-	39,944,867	37,745,373
Income from energy services	-	-	-	-	-	-	-	4,296,000	4,296,000	5,096,000
Contributions from others	598,838	141,734	3,514,251	1,695,965	-	2,435,308	664,836	-	9,050,932	11,921,225
	143,183,961	3,365,326	14,225,034	41,645,401	-	9,890,153	2,173,128	4,296,000	218,779,003	220,720,543
Expenses										
Salaries and benefits	12,514,708	44,722,985	20,129,561	10,484,819	1,140,141	7,903,920	4,684,490	-	101,580,624	95,978,551
Goods and services	12,091,312	4,900,271	10,894,054	9,502,214	2,068,803	13,458,239	4,492,043	-	57,406,936	57,563,147
Amortization of tangible assets	7,740,108	-	14,678,753	12,426,750	-	37,317	1,214,382	-	36,097,310	36,834,524
Interest and bank charges	4,330,233	-	285,483	2,573,214	-	80,458	227	-	7,269,615	8,015,003
Debt repayment	-	-	447,565	-	-	-	-	-	447,565	465,255
	36,676,361	49,623,256	46,435,416	34,986,997	3,208,944	21,479,934	10,391,142	-	202,802,050	198,856,480
Surplus (deficit) for the year	106,507,600	(46,257,930)	(32,210,382)	6,658,404	(3,208,944)	(11,589,781)	(8,218,014)	4,296,000	15,976,953	21,864,063

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

22. Reconciliation of annual surplus

	General Operating Fund	General Capital Fund	Water & Sewer Operating Fund	Water & Sewer Capital Fund	Controlled Entities	Total
	\$	\$	\$	\$	\$	\$
2016 annual surplus (deficit)	33,876,798	(20,614,722)	18,186,044	(10,730,786)	(4,740,381)	15,976,953
Adjustments to annual surplus (deficit) for funding requirements						
Eliminations	(13,661,997)	19,641,666	(13,627,896)	14,260,566	12,835,844	19,448,183
Amortization expense	-	21,201,285	-	12,426,750	-	33,628,035
Revenue from donated assets	-	(447,279)	-	-	-	(447,279)
Second previous year's surplus (deficit)	(799,546)	-	1,014,000	-	-	214,454
Sick leave expense	(99,800)	-	-	-	-	(99,800)
Post employment adjustment	89,700	-	-	-	-	89,700
Pension expense	(6,600,000)	-	-	-	-	(6,600,000)
Amortization of actuarial gain/loss	1,031,900	-	-	-	-	1,031,900
Long-term debt principal repayment	(11,428,357)	-	(4,668,000)	-	-	(16,096,357)
Disability expense	(1,070,183)	-	(187,584)	-	-	(1,257,767)
Total adjustments to 2016 annual surplus (deficit)	(32,538,283)	40,395,672	(17,469,480)	26,687,316	12,835,844	29,911,069
2016 annual fund surplus (deficit)	1,338,515	19,780,950	716,564	15,956,530	8,095,463	45,888,022

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

23. Controlled entities operations

	Saint John Transit Commission	Saint John Parking Commission	Saint John Development Corporation	Saint John Industrial Parks	Harbour Station Commission	Aquatic Centre Commission
	\$	\$	\$	\$	\$	\$
Total assets	28,197,158	25,131,669	31,081,110	12,612,887	1,699,616	75,952
Total liabilities	15,270,073	11,164,738	393,041	302,972	979,450	299,251
Accumulated surplus (deficit)	12,927,085	13,966,931	30,688,069	12,309,915	720,166	(223,299)
Total revenues	4,448,389	2,496,235	207,358	3,655,251	3,085,459	1,781,765
Total operating expenses	12,674,913	2,520,268	459,304	248,064	3,555,462	2,496,244
Annual surplus (deficit)	(8,226,524)	(24,033)	(251,946)	3,407,187	(470,003)	(714,479)

	Trade and Convention Centre	Energy Services	Lord Beaverbrook	Saint John Free Public Library	Canada Games Foundation	2016 Consolidated	2015 Consolidated
	\$	\$	\$	\$	\$	\$	\$
Total assets	(414,714)	37,839,000	227,373	637,349	7,335,829	144,423,229	174,811,557
Total liabilities	103,607	-	55,285	51,790	13,079	28,633,285	45,125,955
Accumulated surplus (deficit)	(518,321)	37,839,000	172,088	585,559	7,322,750	115,789,944	129,685,602
Total revenues	537,263	4,296,000	213,124	144,801	191,593	21,057,238	26,124,591
Total operating expenses	875,208	-	377,974	655,776	-	23,863,213	27,302,837
Annual surplus (deficit)	(337,945)	4,296,000	(164,850)	(510,975)	191,593	(2,805,975)	(1,178,246)

The above noted entities are included in the consolidated financial statements.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

24. Reconciliation of funding deficit upon adoption of PSAS

	Special Top- up Agreements	Heart and Lung	Retirement Allowances
	\$	\$	\$
Liabilities at December 31, 2015 as calculated on adoption of PSAS	1,051,800	4,763,700	3,916,200
Amount of December 31, 2015 liabilities funded in current year	(10,700)	273,200	(171,900)
Balance to be funded in future years	1,041,100	5,036,900	3,744,300

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

25. Revenue and expense support

	2016 Budget (Unaudited) (Note 2)	2016	2015
	\$	\$	\$
REVENUE			
Other revenues from own sources			
General Government Services	2,503,033	1,472,244	1,725,470
Protective services	2,985,768	3,220,969	3,009,669
Transportation services	9,908,895	10,707,783	9,872,260
Water and sewer services	-	100	950
Environmental development services	5,151,994	7,406,069	9,161,114
Recreational and cultural services	1,247,927	1,316,699	1,356,099
	21,797,617	24,123,864	25,125,562
Contributions from others			
General Government Services	-	598,838	145,914
Protective services	-	141,734	-
Transportation services	230,000	3,514,251	5,354,085
Water and sewer services	-	1,695,965	2,120,301
Environmental development services	495,000	2,435,308	4,255,124
Recreational and cultural services	-	664,836	45,801
	725,000	9,050,932	11,921,225
EXPENDITURES			
General government services			
Legislative			
Mayor's Office	167,583	162,577	151,239
Common Council	382,350	361,075	405,537
	549,933	523,652	556,776

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

25. Revenue and expense support [Cont'd]

	2016 Budget (Unaudited) (Note 2)	2016	2015
	\$	\$	\$
City Manager			
City Manager	665,994	595,268	508,043
Corporate Planning	368,849	357,046	344,381
Corporate Communications	456,889	418,434	474,608
	1,491,732	1,370,748	1,327,032
Common services			
City Hall Building	1,878,337	1,758,192	1,644,784
Property Assessment	1,305,736	1,305,736	1,286,007
Public Liability Insurance	295,000	299,766	650,678
	3,479,073	3,363,694	3,581,469
Other			
Common Clerk	642,938	618,921	653,864
Human Resources	1,517,345	1,378,081	1,328,698
Finance	1,695,452	2,293,238	2,384,112
City Solicitor	739,942	648,991	614,262
Materials Management	1,048,413	1,137,391	1,074,103
Information Systems and Support	2,201,626	2,460,000	2,399,676
Insurance	269,215	275,413	260,345
Debt Charges	16,031,173	4,330,234	4,517,470
Amortization	-	7,740,108	6,760,846
Post Employment Expenses	10,455,415	4,463,273	735,286
Other	1,842,954	6,044,236	5,827,605
Regional Services Commission	28,381	28,381	41,085
	36,472,854	31,418,267	26,597,352
Total general government	41,993,592	36,676,361	32,062,629
Protective services			
Police protection			
Police Operations	13,877,241	14,264,880	13,520,928
Support Services	1,973,614	1,604,170	1,811,955
Administration	1,930,568	2,096,097	1,991,525
Stations and Buildings	922,500	980,584	1,019,278

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

25. Revenue and expense support [Cont'd]

	2016 Budget (Unaudited) (Note 2)	2016	2015
	\$	\$	\$
Criminal Investigation	4,422,436	4,531,840	4,604,536
Detention Services	323,000	296,332	332,341
Automotive	770,400	375,014	426,923
	24,219,759	24,148,917	23,707,486
Fire protection			
Fire Operations	20,645,762	20,109,287	19,867,945
Fire Investigation	75,776	62,928	61,459
Fire Prevention	992,364	939,896	927,635
Fire Training	7,500	-	434
	21,721,402	21,112,111	20,857,473
Other protective services			
Inspection Services	998,077	991,493	942,421
Enforcement Services	192,001	200,328	191,638
Minimum Standards	246,683	226,547	261,724
Dangerous Buildings	426,499	268,701	335,936
Animal Control	85,342	85,698	83,260
Emergency Measures	316,239	270,869	267,860
Emergency Dispatch Centre	2,480,400	2,318,592	2,299,509
	4,745,241	4,362,228	4,382,348
Total protective services	50,686,402	49,623,256	48,947,307

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

25. Revenue and expense support [Cont'd]

	2016 Budget (Unaudited) (Note 2)	2016	2015
	\$	\$	\$
Transportation services			
Public works			
Roads and Sidewalks	13,783,699	11,600,133	14,598,373
Other Drainage Services	2,765,440	2,411,079	2,075,798
Street Lighting	937,300	875,820	984,480
Municipal Operations	524,659	468,525	387,036
Amortization-Transportation	-	12,246,795	12,345,409
	18,011,098	27,602,352	30,391,096
Fleet			
Maintenance and Repair	1,583,263	684,167	1,365,609
Fleet Administration	-	292,353	371,874
	1,583,263	976,520	1,737,483
General engineering			
Transportation	501,353	274,397	214,740
Traffic Engineering and Systems	2,090,525	1,842,550	1,916,187
	2,591,878	2,116,947	2,130,927
Parking administration			
Parking Administration	602,655	544,415	460,815
	602,655	544,415	460,815
External controlled entities			
Saint John Transit Commission	11,767,197	12,674,913	12,292,944
Saint John Parking Commission	3,231,173	2,520,269	2,892,810
	14,998,370	15,195,182	15,185,754
Total transportation services	37,787,264	46,435,416	49,906,075

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

25. Revenue and expense support [Cont'd]

	2016 Budget (Unaudited) (Note 2)	2016	2015
	\$	\$	\$
Water and sewer services			
Saint John water & wastewater			
Drinking Water	9,690,000	7,662,509	7,750,061
Industrial Water	1,634,000	1,431,177	890,143
Wastewater	10,132,000	9,054,542	8,451,057
Infrastructure Management	1,278,000	420,872	613,615
Internal Charges	650,000	54,636	244,969
Fiscal Charges	20,563,000	3,936,511	4,203,961
Amortization	-	12,426,750	12,459,076
Total water and sewer services	43,947,000	34,986,997	34,612,882
Environmental health services			
Sanitary Service	3,629,410	3,208,944	3,262,654
Total environmental health services	3,629,410	3,208,944	3,262,654
Environmental development services			
Research and planning			
Community Planning	1,253,108	1,128,910	1,149,514
Plan SJ	282,742	297,090	314,532
	1,535,850	1,426,000	1,464,046
Administration and geographic information systems (GIS)			
GIS	364,834	379,882	273,120
Carpenter Shop	389,014	264,601	378,034
	753,848	644,483	651,154

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

25. Revenue and expense support [Cont'd]

	2016 Budget (Unaudited) (Note 2)	2016	2015
	\$	\$	\$
Economic development			
Market Square Common Area	2,333,116	2,202,210	2,148,960
Regional Economic Development	475,000	475,000	475,000
Regional Facilities	2,161,629	754,144	714,951
Saint John Industrial Parks	270,000	-	-
	5,239,745	3,431,354	3,338,911
Real estate management			
Property Management	1,136,755	1,098,390	949,820
Property Management-Police HO	-	1,304	-
Real Estate	319,604	258,254	268,245
	1,456,359	1,357,948	1,218,065
Other environmental development services			
City Market	1,034,283	940,682	1,013,744
Tourism	965,600	1,020,234	993,324
Community Development	231,905	190,397	186,819
	2,231,788	2,151,313	2,193,887
External controlled entities			
Saint John Development Corporation	770,615	459,304	1,848,651
Harbour Station Commission	3,207,098	3,555,462	3,215,423
Aquatic Centre Commission	2,671,427	2,496,244	2,571,782
Trade and Convention Centre	-	875,208	773,552
Non Profit Housing	-	4,834,554	2,478,577
Saint John Industrial Parks	437,205	248,064	276,138
	7,086,345	12,468,836	11,164,123
Total environmental development services	18,303,935	21,479,934	20,030,186

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2016

25. Revenue and expense support [Cont'd]

	2016 Budget (Unaudited) (Note 2)	2016	2015
	\$	\$	\$
Recreational and cultural services			
Cultural grants			
Cherry Brook Zoo	50,000	50,000	-
Other Cultural Grants	2,004,260	1,242,284	1,240,841
	2,054,260	1,292,284	1,240,841
Parks			
Rockwood Park	556,204	500,824	482,964
Parks General Services	2,083,221	1,837,986	1,658,772
	2,639,425	2,338,810	2,141,736
Community services			
Parks and playgrounds	286,965	231,354	196,737
Recreation and parks	326,824	295,774	314,819
Pro Kids	100,489	104,015	94,927
	714,278	631,143	606,483
Other recreational and culture services			
Sports and Recreation	3,115,330	3,018,743	3,054,002
Community Centres	906,052	754,765	844,554
Cultural Affairs	119,688	107,264	103,390
Amortization - Recreation	-	1,214,383	1,090,781
	4,141,070	5,095,155	5,092,727
External controlled entities			
Lord Beaverbrook	409,830	377,974	390,845
Saint John Free Public Library	-	655,776	562,115
	409,830	1,033,750	952,960
Total recreational and cultural services	9,958,863	10,391,142	10,034,747
TOTAL EXPENDITURES	206,306,466	202,802,050	198,856,480