

**The City of Saint John**

# **The City of Saint John**

**Consolidated Financial Statements**

**December 31, 2017**

# The City of Saint John

December 31, 2017

## CONTENTS

	<u>Page</u>
<b>Consolidated Financial Statements</b>	
Independent Auditor's Report	3 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flow	8
Notes to the Consolidated Financial Statements	9 - 40

## 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, 2017 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

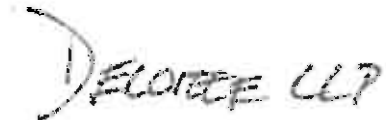
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2017 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 signature is written in a cursive, slightly slanted style.

Chartered Professional Accountants  
July 9, 2018

The City of Saint John  
 Consolidated Statement of Financial Position  
 As at December 31, 2017


	December 31, 2017	December 31, 2016
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	28,972,730	56,446,462
Accounts receivable (Note 5), (Note 6) and (Note 7)	16,754,191	11,746,330
Investment in energy services (Note 8)	29,687,000	37,839,000
Other investments (Note 9)	101,975,857	8,347,991
	<b>177,389,778</b>	<b>114,379,783</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (Note 10)	30,134,834	24,224,049
Deferred revenue	1,631,334	1,653,632
Deferred government transfers (Note 11)	31,534,608	13,736,023
Post employment benefits and compensated absences (Note 13)	114,846,827	118,083,268
Bank loan payable (Note 3)	-	56,454
Long term debt (Note 12)	241,041,285	206,785,270
	<b>419,188,888</b>	<b>364,538,696</b>
<b>Net debt</b>	<b>(241,799,110)</b>	<b>(250,158,913)</b>
<b>Non-financial assets</b>		
Inventory	1,463,962	1,448,515
Prepays	643,058	546,664
Tangible capital assets (Note 20)	915,734,659	903,622,865
	<b>917,841,679</b>	<b>905,618,044</b>
<b>Accumulated surplus</b>	<b>676,042,569</b>	<b>655,459,131</b>

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, 2017

	2017 Budget (Unaudited) (Note 2)	2017	2016
	\$	\$	\$
<b>Revenues</b>			
Property taxes	120,853,074	<b>122,979,450</b>	120,141,178
Unconditional grant	20,225,932	<b>19,328,372</b>	19,923,206
Other revenue from own sources (Note 26)	24,979,320	<b>24,679,313</b>	24,123,864
Water and sewer revenue (Note 16)	41,985,000	<b>42,667,479</b>	39,944,867
Miscellaneous revenue	705,600	<b>865,927</b>	1,298,956
Contributions from others (Note 26)	589,182	<b>21,193,684</b>	9,050,932
Income from energy services	-	-	4,296,000
	<b>209,338,108</b>	<b>231,714,225</b>	218,779,003
<b>Expenses</b>			
General government services (Note 26)	43,558,884	<b>35,844,645</b>	35,580,902
Protective services (Note 26)	51,464,243	<b>52,470,573</b>	50,718,715
Transportation services (Note 26)	37,667,466	<b>46,488,052</b>	46,435,416
Water and sewer services (Note 26)	45,250,000	<b>35,819,969</b>	34,986,997
Environmental health services (Note 26)	3,760,728	<b>3,281,736</b>	3,208,944
Environmental development services (Note 26)	19,051,802	<b>18,184,695</b>	21,479,934
Recreational and cultural services (Note 26)	10,213,056	<b>10,889,117</b>	10,391,142
Loss from energy services	-	<b>8,152,000</b>	-
	<b>210,966,179</b>	<b>211,130,787</b>	202,802,050
<b>Annual surplus (deficit)</b>	<b>(1,628,071)</b>	<b>20,583,438</b>	15,976,953
Accumulated surplus, beginning of year	-	<b>655,459,131</b>	639,482,178
<b>Accumulated surplus, end of year</b>	-	<b>676,042,569</b>	655,459,131

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, 2017

	2017	2016
	\$	\$
<b>Annual surplus</b>	<b>20,583,438</b>	15,976,953
Acquisition of tangible capital assets (Note 20)	<b>(49,799,937)</b>	(28,264,006)
Loss on disposal of tangible capital assets (Note 20)	<b>980,829</b>	2,314,456
Proceeds on sale of tangible capital assets	<b>349,239</b>	749,717
Amortization of tangible capital assets (Note 20)	<b>36,358,075</b>	36,097,310
(Increase) decrease in inventory	<b>(15,447)</b>	21,317
(Increase) decrease in prepaids	<b>(96,394)</b>	551,628
Tangible capital assets adjustments (Note 20)	-	13,751,750
<b>(Decrease)/Increase in net assets</b>	<b>(12,223,635)</b>	25,222,172
<b>Net debt, beginning of year</b>	<b>(250,158,913)</b>	(291,358,038)
<b>Net debt, end of the year</b>	<b>(241,799,110)</b>	(250,158,913)

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, 2017

	2017	2016
	\$	\$
<b>Operating transactions</b>		
Annual surplus	20,583,438	15,976,953
<b>Items not involving cash</b>		
Amortization of tangible capital assets (Note 20)	36,358,075	36,097,310
Loss on disposal of tangible capital assets	980,829	2,314,456
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	8,152,000	(4,296,000)
<b>Change in non-cash assets and liabilities</b>		
Accounts receivable	(5,007,861)	4,187,854
Inventory	(15,447)	21,317
Prepays	(96,394)	551,628
Accounts payable and accrued liabilities	5,910,785	(5,259,999)
Deferred revenue	(22,298)	(147,946)
Deferred government transfers	17,798,585	12,637,870
Other post employment liabilities	(3,236,441)	(5,607,541)
	<b>81,405,271</b>	<b>57,840,842</b>
<b>Capital transactions</b>		
Acquisitions of tangible capital assets (Note 20)	(49,799,937)	(28,264,006)
Proceeds on sale of tangible capital assets	349,239	749,717
	<b>(49,450,698)</b>	<b>(27,514,289)</b>
<b>Financing transactions</b>		
Repayment of long-term debt	(18,743,985)	(17,772,356)
Proceeds from long-term debt	53,000,000	15,500,000
Repayment of bank loan	(56,454)	(52,128)
	<b>34,199,561</b>	<b>(2,324,484)</b>
<b>Investing transaction</b>		
Investments (Note 9)	(93,627,866)	(434,944)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(27,473,732)</b>	<b>27,567,125</b>
Cash and cash equivalents, beginning of year	56,446,462	28,879,337
<b>Cash and cash equivalents, end of year</b>	<b>28,972,730</b>	<b>56,446,462</b>

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, 2017**

**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, 2017**

**2. Summary of significant accounting policies (Continued)**

**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 12, 2016 and the Minister of Local Government on January 30, 2017. 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.

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**2. Summary of significant accounting policies (Continued)**

**Measurement uncertainty (Continued)**

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 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, 2017

**2. Summary of significant accounting policies (Continued)**

**Tangible capital assets (Continued)**

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:

<b>Asset Type</b>	<b>Years</b>
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 <b>Lease</b>
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, 2017**

**2. Summary of significant accounting policies (Continued)**

**Segmented information (Continued)**

**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, 2017

**2. Summary of significant accounting policies (Continued)**

**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, 2017, the balance of the bridge financing credit facility was zero (2016 - zero) and the balance of the operating line of credit was zero (2016 - 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 temporarily finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2017, the City has complied with these limitations.

**4. Cash and cash equivalents**

Cash and cash equivalents consists of the following:

	December 31, 2017	December 31, 2016
	\$	\$
Unrestricted cash	24,993,221	34,499,652
<b>Restricted cash</b>		
Contribution from Regional Development Corporation for the Safe Clean Drinking Water Project	-	12,237,041
Reserve for capital purchase	-	5,716,293
Airspace 2049 fund	16,733	17,833
Land sub-division fund	54,455	41,259
Saint John Non-Profit Housing future development fund	51,495	50,926
Deposits on contracts	1,116,478	384,476
Gas Tax	2,740,348	1,498,982
General Operating Reserve	-	2,000,000
	<b>28,972,730</b>	<b>56,446,462</b>

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**5. Accounts receivable**

Accounts receivable consist of the following:

	December 31, 2017	December 31, 2016
	\$	\$
Water and sewer charges to ratepayers	7,460,420	6,851,225
Other	3,698,457	3,500,688
Due from the Province of New Brunswick (Note 7)	1,655,173	1,574,671
Due from the Federal Government and its agencies (Note 6)	5,441,570	1,474,546
Allowance for doubtful accounts	(1,501,429)	(1,654,800)
	<b>16,754,191</b>	<b>11,746,330</b>

**6. Due from the Federal Government and its agencies**

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

	December 31, 2017	December 31, 2016
	\$	\$
Clean Waste Water Funding	2,067,081	-
Atlantic Canada Opportunities Agency	-	784,054
Canada Revenue Agency HST receivable	3,289,747	657,740
Other	84,742	32,752
	<b>5,441,570</b>	<b>1,474,546</b>

**7. Due from the Province of New Brunswick**

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

	December 31, 2017	December 31, 2016
	\$	\$
Clean Waste Water Funding	1,029,341	-
Other	625,832	825,266
Regional Development Corporation - Barge terminal	-	513,840
Dept. of Public Safety	-	235,565
	<b>1,655,173</b>	<b>1,574,671</b>

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**8. Investment in energy services**

Change in equity in Saint John Energy:

	2017	2016
	\$	\$
Investment at the beginning of year	37,839,000	33,543,000
Net (loss) earnings	(8,152,000)	4,296,000
<b>Investment at end of year</b>	<b>29,687,000</b>	<b>37,839,000</b>

**9. Other investments**

Other investments consist of the following:

	December 31, 2017	December 31, 2016
	\$	\$
City of Saint John GIC	93,433,972	-
Canada Games Foundation investments	7,369,602	7,312,494
Other investments	1,172,283	1,035,497
<b>Total other investments</b>	<b>101,975,857</b>	<b>8,347,991</b>

Investments of the City of Saint John are held with the Bank of Nova Scotia and consist of 2 year term redeemable GICs issued by the Bank of Scotia which fall within the scope of the City's Investment Policy. It is the policy of the City to invest funds to provide the optimal blend of investment returns and principal protection while meeting the City's daily cash flow and liquidity demands.

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, 2017

**10. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities consist of the following:

	December 31, 2017	December 31, 2016
	\$	\$
Trade payables	20,084,554	15,133,300
Other	87,217	195,729
Payroll	6,680,326	6,352,448
Conferences and holdings	994,986	786,900
Deposits	1,297,889	782,385
Interest payable	714,280	703,306
Due to Pension Fund	222,865	197,889
Canada Revenue Agency	52,717	72,092
	<b>30,134,834</b>	<b>24,224,049</b>

**11. Deferred government transfers**

Deferred government transfers consist of the following:

	December 31, 2017	December 31, 2016
	\$	\$
Gas tax funding	2,740,348	1,498,982
Contribution from Regional Development Corporation	28,794,260	12,237,041
	<b>31,534,608</b>	<b>13,736,023</b>

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 substantial completion payments in the future.

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**12. Long term debt**

Debentures consist of the following:

Year of Issue	Interest Rate %	Term (Years)	2017 Annual Payment \$	2017 \$	2016 \$
<b>New Brunswick Municipal Finance Corporation Debentures</b>					
2007	4.450 to 4.850	10	2,280,000	-	2,280,000
2007	4.450 to 4.850	10	3,850,000	-	3,850,000
2007	4.450 to 4.850	10	203,000	-	203,000
2008	3.300 to 4.850	10	567,000	<b>3,397,000</b>	3,964,000
2008	3.300 to 4.850	10	125,000	<b>1,375,000</b>	1,500,000
2008	2.100 to 5.550	15	367,000	<b>2,197,000</b>	2,564,000
2008	2.100 to 5.550	15	175,000	<b>1,925,000</b>	2,100,000
2008	2.100 to 5.550	15	100,000	<b>600,000</b>	700,000
2009	0.950 to 5.000	10	933,000	<b>6,536,000</b>	7,469,000
2009	1.000 to 4.500	10	75,000	<b>900,000</b>	975,000
2009	0.950 to 5.000	10	100,000	<b>700,000</b>	800,000
2009	1.000 to 4.500	10	567,000	<b>3,964,000</b>	4,531,000
2009	0.950 to 5.000	10	250,000	<b>3,000,000</b>	3,250,000
2009	1.000 to 4.500	10	333,000	<b>2,336,000</b>	2,669,000
2010	1.500 to 4.550	10	1,000,000	<b>8,000,000</b>	9,000,000
2010	1.500 to 4.550	10	250,000	<b>3,250,000</b>	3,500,000
2011	1.650 to 4.250	10	1,667,000	<b>16,998,000</b>	18,665,000
2011	1.650 to 4.250	10	700,000	<b>9,800,000</b>	10,500,000
2011	1.350 to 3.450	10	300,000	<b>2,700,000</b>	3,000,000
2011	1.350 to 3.450	10	350,000	<b>4,900,000</b>	5,250,000
2011	2.060	20	200,000	<b>2,800,000</b>	3,000,000
2012	1.350 to 3.550	15	767,000	<b>7,665,000</b>	8,432,000
2012	1.350 to 3.550	15	425,000	<b>6,375,000</b>	6,800,000
2012	1.350 to 3.550	15	300,000	<b>3,000,000</b>	3,300,000
2013	1.350 to 3.700	15	687,000	<b>7,552,000</b>	8,239,000
2013	1.350 to 4.000	20	550,000	<b>8,800,000</b>	9,350,000
2013	1.350 to 4.000	20	360,000	<b>7,560,000</b>	7,920,000
2014	2.000	20	500,000	<b>8,500,000</b>	9,000,000
2014	1.150 to 3.900	15	707,000	<b>8,479,000</b>	9,186,000
2014	1.200 to 3.700	15	1,055,000	<b>4,775,000</b>	5,830,000
2014	1.200 to 3.700	20	668,000	<b>6,676,000</b>	7,344,000
2014	1.150 to 3.900	15	27,000	<b>319,000</b>	346,000
2014	1.200 to 2.150	5	56,000	<b>112,000</b>	168,000
2015	0.950 to 3.250	15	500,000	<b>6,500,000</b>	7,000,000
2015	1.050 to 3.650	15	607,000	<b>3,156,000</b>	3,763,000
2015	0.950 to 3.500	20	175,000	<b>3,150,000</b>	3,325,000
2015	1.050 to 3.150	20	175,000	<b>1,400,000</b>	1,575,000

The City of Saint John  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2017

12. Long term debt (Continued)

Year of Issue	Interest Rate %	Term (Years)	2017 Annual Payment \$	2017 \$	2016 \$
2015	1.050 to 3.650	15	107,000	986,000	1,093,000
2016	1.200 to 3.550	15	1,034,000	7,136,000	8,170,000
2016	1.450 to 3.500	15	400,000	5,600,000	6,000,000
2016	1.450 to 3.750	20	200,000	3,800,000	4,000,000
2016	1.200 to 2.950	10	400,000	3,600,000	4,000,000
2016	1.200 to 3.550	15	127,000	1,173,000	1,300,000
2017	1.200 to 3.300	15	-	5,000,000	-
2017	1.650 to 3.200	15	-	3,900,000	-
2017	1.650 to 3.400	30	-	45,000,000	-
2017	1.650 to 2.900	10	-	3,500,000	-
2017	1.650 to 3.200	15	-	1,170,000	-
			24,219,000	240,262,000	205,911,000
<b>OTHER DEBENTURES</b>					
<b>Canada Mortgage and Housing Debentures</b>					
2009	3.97	15	94,984	779,285	874,270
<b>Total debentures</b>			24,313,984	241,041,285	206,785,270

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:

	\$
2018	24,856,755
2019	32,957,675
2020	24,495,752
2021	37,565,990
2022	11,429,396
Thereafter	109,735,717
<b>Total</b>	<b>241,041,285</b>

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2017**

**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 (\$132,455 in 2017).

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, 2017

**13. Post employment benefits and compensated absences (Continued)**

**City of Saint John Shared Risk Plan (Continued)**

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, 2017. 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, 2016 and current period benefit cost for the following year are based on an actuarial valuation conducted as at December 31, 2016. The accrued benefit obligation as at December 31, 2017 and current period benefit cost for the following year are based on an actuarial valuation conducted as at December 31, 2016 and extrapolated to December 31, 2017, using assumptions effective for December 31, 2017. 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, 2017	December 31, 2016
Discount Rate	6.05%	5.95%
Inflation rate	2.25%	2.25%
Salary increase	3%	3%
Mortality: CPM-2014 mortality table with adjustments factors		

The Expected Average Remaining Service Life (EARSL) is 12 years. During the year, the City made pension contributions of \$18,853,033 (2016 - \$18,570,307).

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**13. Post employment benefits and compensated absences (Continued)**

**City of Saint John Shared Risk Plan (Continued)**

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.

	2017	2016
	\$	\$
City share of accrued benefit liability, beginning of year	114,600,000	114,100,000
City share of current period benefit cost	5,800,000	5,400,000
City share of past service cost	2,700,000	-
Interest cost	6,600,000	6,600,000
Less City contributions	(18,800,000)	(18,600,000)
Actuarial (gain)/loss	(21,600,000)	7,100,000
<b>City share of accrued benefit liability, end of year</b>	<b>89,300,000</b>	<b>114,600,000</b>
Unamortized actuarial gain/(loss)	5,400,000	(17,400,000)
<b>Pension liability, end of year</b>	<b>94,700,000</b>	<b>97,200,000</b>

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

Current period benefit cost	5,800,000	5,400,000
Past service cost	2,700,000	-
Interest cost	6,600,000	6,600,000
Amortization of City share of actuarial loss	1,200,000	700,000
<b>Total expense related to Pension</b>	<b>16,300,000</b>	<b>12,700,000</b>

**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, 2017

**13. Post employment benefits and compensated absences (Continued)**

**Other employee future benefits (Continued)**

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 \$64,128 (2016 - \$62,833) 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, 2017. Previous to that, an actuarial valuation was performed as at December 31, 2016.

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:

	2017	2016
	\$	\$
Accrued benefit obligation, beginning of year	26,436,668	26,580,309
Current period benefit cost	988,300	992,100
Past service improvement costs, plan amendments	-	1,244,000
Benefit payments	(3,062,043)	(3,178,843)
Interest cost	902,602	892,302
Actuarial loss (gain)	1,256,900	(93,200)
<b>Other employee future benefits, end of year</b>	<b>26,522,427</b>	<b>26,436,668</b>

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**13. Post employment benefits and compensated absences (Continued)**

	2017 \$	2016 \$
<b>Main assumptions used for these plans:</b>		
Discount rate	3.17%	3.56%
Salary increase	3%	3.00%
EARSL	Range from 10 to 22	Range from 10 to 23

These benefit plans require no contributions from employees. The benefit liability as at December 31, 2017 includes the following components:

	December 31, 2017 \$	December 31, 2016 \$
<b>Accrued benefit obligation (carrying value)</b>		
Retirement allowances	4,048,400	3,744,300
Sick leave	8,407,000	7,732,200
Heart and lung pension	5,270,900	5,036,900
Disability benefits	6,634,800	7,863,300
Contractual top up agreements	1,138,827	1,121,668
Sick leave - Saint John Transit Commission	1,022,500	938,300
	<b>26,522,427</b>	26,436,668
Unamortized actuarial losses	<b>(6,375,600)</b>	(5,553,400)
	<b>20,146,827</b>	20,883,268

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, 2017

**13. Post employment benefits and compensated absences (Continued)**

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

	2017	2016
	\$	\$
Current period benefit cost	988,300	992,100
Amortization of actuarial loss	434,700	342,900
	1,423,000	1,335,000
Other employee benefit interest expense	902,602	892,302
<b>Total expense related to other employee future benefits</b>	<b>2,325,602</b>	<b>2,227,302</b>

**14. Contingencies**

In accordance with the Regional Service Delivery Act and the General Regulation thereunder, the City is also liable for a pro rata share of the debentures and other long term debt issued on behalf of the Fundy Region 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, 2017 amounted to \$214,000 (2016 – \$712,000). 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 filed in December 2013 remain outstanding against the city of Saint John with respect 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. Legal proceedings were filed against the city of Saint John in early 2018 relating to the water supplied by the Municipal water system to some of its customers. 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 the 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 67.39% in 2017 (2016: 67.30%).

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**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:

	2017	2016
	\$	\$
2017 surplus	532,037	-
2016 surplus	716,564	716,564
2015 surplus	483,337	644,449
2014 surplus	1,015,317	1,522,975
2013 surplus	368,782	737,565
2012 surplus	-	126,276
	<b>3,116,037</b>	<b>3,747,829</b>

**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, 2017 was \$476,690 (2016 - \$477,329).

The City of Saint John  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2017

19. Funds and reserves

	Water & Sewer Capital Reserve	General Operating Reserve	General Capital Reserve	Transit Capital Reserve	2017 Total	2016 Total
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Cash	12,671,137	3,306,777	1,100,000	250,000	17,327,914	7,716,293
<b>Accumulated surplus</b>	<b>12,671,137</b>	<b>3,306,777</b>	<b>1,100,000</b>	<b>250,000</b>	<b>17,327,914</b>	<b>7,716,293</b>
<b>Revenue</b>						
Transfers from Water and Sewerage Utility Operating Fund	6,850,000	-	-	-	6,850,000	2,855,000
Transfers from General Operating Fund	-	1,283,000	1,100,000	-	2,383,000	2,000,000
Transfers from Transit Operating Budget	-	-	-	250,000	250,000	-
Interest	104,844	23,777	-	-	128,621	31,293
<b>Annual surplus</b>	<b>6,954,844</b>	<b>1,306,777</b>	<b>1,100,000</b>	<b>250,000</b>	<b>9,611,621</b>	<b>4,886,293</b>
Balance, beginning of Year	5,716,293	2,000,000	-	-	7,716,293	2,830,000
Balance, end of Year	12,671,137	3,306,777	1,100,000	250,000	17,327,914	7,716,293

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 December 12, 2017, Common Council passed a resolution to authorize the establishment of a General Capital reserve fund and a Transit Building reserve fund and approved the transfer of \$1,100,000 to the General Capital reserve and \$250,000 to the Transit Building reserve in the same year.

The City of Saint John  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2017

20. Tangible capital assets

	Land	Land Improvements	Leasehold Improvements	Buildings	Vehicles	Machinery & Equipment	Transportation	Water and Wastewater Networks	Assets under Construction	2017 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>										
Balance, beginning 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
Additions and transfers	411,099	268,251	-	10,911,285	2,345,569	1,103,509	9,528,546	30,251,356	(5,019,678)	49,799,937
Disposals	487,525	76,545	-	652,685	2,693,164	692,137	3,688,179	583,253	-	8,873,488
Balance, end of year	152,755,713	38,272,814	2,052,203	209,073,293	48,141,218	14,670,174	454,789,084	590,693,838	22,880,112	1,533,328,449
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning 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
Amortization during the year	-	1,215,171	49,069	5,147,036	3,521,954	1,522,347	12,205,600	12,696,898	-	36,358,075
Accumulated amortization on disposals	-	76,545	-	615,465	2,611,613	692,137	3,134,462	413,198	-	7,543,420
Balance, end of year	-	15,655,774	1,576,430	98,540,782	26,917,216	9,895,052	213,674,128	251,334,408	-	617,593,790
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>										
	152,755,713	22,617,040	475,773	110,532,511	21,224,002	4,775,122	241,114,956	339,359,430	22,880,112	915,734,659
<b>Consists of:</b>										
General Fund assets	152,755,713	22,617,040	475,773	110,532,511	21,224,002	4,775,122	241,114,956	-	3,366,621	556,861,738
Water and wastewater assets	-	-	-	-	-	-	-	339,359,430	19,513,491	358,872,921
	152,755,713	22,617,040	475,773	110,532,511	21,224,002	4,775,122	241,114,956	339,359,430	22,880,112	915,734,659

The City of Saint John  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2017

20. Tangible capital assets (Continued)

	Land	Land Improvements	Leasehold Improvements	Buildings	Vehicles	Machinery & Equipment	Transportation	Water and Wastewater Networks	Assets under Construction	2016 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>										
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
<b>Balance, end of year</b>	<b>152,832,139</b>	<b>38,081,108</b>	<b>2,052,203</b>	<b>198,814,693</b>	<b>48,488,813</b>	<b>14,258,802</b>	<b>448,948,717</b>	<b>561,025,735</b>	<b>27,899,790</b>	<b>1,492,402,000</b>
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	-	13,822,300	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
<b>Balance, end of year</b>	<b>-</b>	<b>14,517,148</b>	<b>1,527,361</b>	<b>94,009,211</b>	<b>26,006,875</b>	<b>9,064,842</b>	<b>204,602,990</b>	<b>239,050,706</b>	<b>-</b>	<b>588,779,135</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>										
	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
<b>Consists of:</b>										
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

The City of Saint John  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2017

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	2017 Consolidated	2016 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Property taxes	122,979,450	-	-	-	-	-	-	-	122,979,450	120,141,178
Unconditional grant	19,328,372	-	-	-	-	-	-	-	19,328,372	19,923,206
Other revenue from own sources	1,690,010	4,066,614	11,624,053	100	-	5,913,246	1,385,290	-	24,679,313	24,123,864
Miscellaneous revenue	357,254	44,313	-	-	-	412,413	51,947	-	865,927	1,298,956
Water and sewer revenue	-	-	-	42,667,479	-	-	-	-	42,667,479	39,944,867
Income from energy services	-	-	-	-	-	-	-	-	-	4,296,000
Contributions from others	139,618	-	3,999,029	15,700,347	-	706,064	648,626	-	21,193,684	9,050,932
	144,494,704	4,110,927	15,623,082	58,367,926	-	7,031,723	2,085,863	-	231,714,225	218,779,003
<b>Expenses</b>										
Salaries and benefits	15,400,986	46,751,389	19,955,416	10,495,314	1,213,759	8,273,936	4,975,487	-	107,066,287	101,580,624
Goods and services	8,505,716	5,719,184	11,264,556	9,712,612	2,067,977	9,776,642	4,711,329	-	51,758,016	57,406,936
Amortization of tangible assets	7,836,803	-	14,561,385	12,696,952	-	60,749	1,202,074	-	36,357,963	36,097,310
Interest and bank charges	4,101,140	-	281,054	2,915,091	-	73,368	227	-	7,370,880	7,269,615
Debt repayment	-	-	425,641	-	-	-	-	-	425,641	447,565
Loss from energy services	-	-	-	-	-	-	-	8,152,000	8,152,000	-
	35,844,645	52,470,573	46,488,052	35,819,969	3,281,736	18,184,695	10,889,117	8,152,000	211,130,787	202,802,050
<b>Surplus (deficit) for the year</b>	108,650,059	(48,359,646)	(30,864,970)	22,547,957	(3,281,736)	(11,152,972)	(8,803,254)	(8,152,000)	20,583,438	15,976,953

The City of Saint John  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2017

22. Reconciliation of annual surplus

	General Operating Fund \$	General Capital Fund \$	Water & Sewer Operating Fund \$	Water & Sewer Capital Fund \$	Trust Funds	Controlled Entities \$	Total \$
2017 annual surplus (deficit)	36,832,507	(21,104,692)	20,215,315	3,003,396	29,883	(18,392,971)	20,583,438
<b>Adjustments to annual surplus (deficit) for funding requirements</b>							
Eliminations	(20,136,939)	20,068,236	(15,979,278)	13,204,503	-	10,497,032	7,653,554
Amortization expense	-	21,244,310	-	12,696,952	-	-	33,941,262
Revenue from donated assets	-	(460,849)	-	-	-	-	(460,849)
Second previous year's surplus (deficit)	416,472	-	1,164,000	-	-	-	1,580,472
Sick leave expense	674,800	-	-	-	-	-	674,800
Post employment adjustment	(1,206,600)	-	-	-	-	-	(1,206,600)
Pension expense	(3,700,000)	-	-	-	-	-	(3,700,000)
Amortization of actuarial gain/loss	1,624,000	-	-	-	-	-	1,624,000
Long-term debt principal repayment	(13,421,000)	-	(4,868,000)	-	-	-	(18,289,000)
Long term disability Adjustment	(996,683)	-	-	-	-	-	(996,683)
<b>Total adjustments to 2017 annual surplus (deficit)</b>	<b>(36,745,950)</b>	<b>40,851,697</b>	<b>(19,683,278)</b>	<b>25,901,455</b>	<b>-</b>	<b>10,497,032</b>	<b>20,820,956</b>
2017 annual fund surplus (deficit)	86,557	19,747,005	532,037	28,904,851	29,883	(7,895,939)	41,404,394

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**23. Controlled entities operations**

	Saint John Transit Commission \$	Saint John Parking Commission \$	Saint John Development Corp Entity \$	Saint John Industrial Parks \$	Harbour Station Commission \$	Aquatic Centre Commission \$
Total assets	26,863,626	24,575,513	30,915,293	12,615,926	1,805,825	253,233
Total liabilities	14,831,863	10,619,047	217,236	179,522	986,632	499,093
<b>Accumulated surplus (deficit)</b>	<b>12,031,763</b>	<b>13,956,466</b>	<b>30,698,057</b>	<b>12,436,404</b>	<b>819,193</b>	<b>(245,860)</b>
<b>Total revenues</b>	<b>4,489,404</b>	<b>2,734,158</b>	<b>341,168</b>	<b>421,018</b>	<b>3,319,358</b>	<b>1,758,475</b>
Total operating expenses	12,091,096	2,786,857	609,308	621,632	3,760,021	2,516,216
<b>Annual surplus (deficit)</b>	<b>(7,601,692)</b>	<b>(52,699)</b>	<b>(288,140)</b>	<b>(200,614)</b>	<b>(440,663)</b>	<b>(757,741)</b>

	Trade and Convention Centre \$	Saint John Energy \$	Lord Beaverbrook \$	Saint John Free Public Library \$	Canada Games Foundation \$	2017 Consolidated \$	2016 Consolidated \$
Total assets	(414,714)	29,687,000	227,373	751,750	7,388,085	134,668,910	144,423,229
Total liabilities	103,607	-	72,282	117,186	13,388	27,639,856	28,633,285
<b>Accumulated surplus (deficit)</b>	<b>(518,321)</b>	<b>29,687,000</b>	<b>155,091</b>	<b>634,564</b>	<b>7,374,697</b>	<b>107,029,054</b>	<b>115,789,944</b>
<b>Total revenues</b>	<b>540,490</b>	<b>-</b>	<b>160,026</b>	<b>187,543</b>	<b>51,947</b>	<b>14,003,587</b>	<b>21,057,238</b>
Total operating expenses	864,678	8,152,000	378,653	616,097	-	32,336,558	23,863,213
<b>Annual surplus (deficit)</b>	<b>(324,188)</b>	<b>(8,152,000)</b>	<b>(218,627)</b>	<b>(428,554)</b>	<b>51,947</b>	<b>(18,332,971)</b>	<b>(2,805,975)</b>

The above noted entities are included in the consolidated financial statements. The results of Saint John Energy are included in the consolidated financial statements using modified equity method.



**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**24. Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation. As a result of the reclassification, expenses for the General Government Services have decreased by \$1,095,459 and expenses for the Protective Services have increased by the same amount.

**25. Reconciliation of funding deficit upon adoption of PSAS**

	<b>Special Top- up Agreements</b>	<b>Heart and Lung</b>	<b>Retirement Allowances</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Liabilities at December 31, 2016 as calculated on adoption of PSAS	1,041,100	5,036,900	3,744,300
Amount of December 31, 2016 liabilities funded in current year	37,000	234,000	304,100
<b>Balance to be funded in future years</b>	<b>1,078,100</b>	<b>5,270,900</b>	<b>4,048,400</b>

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**26. Other Revenue and expense details**

	<b>2017 Budget (Unaudited) (Note 2)</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$
<b>REVENUE</b>			
<b>Other revenues from own sources</b>			
General Government Services	3,304,118	<b>1,690,010</b>	1,472,244
Protective services	3,401,755	<b>4,066,614</b>	3,220,969
Transportation services	11,468,611	<b>11,624,053</b>	10,707,783
Environmental development services	5,535,480	<b>5,913,346</b>	7,406,169
Recreational and cultural services	1,269,356	<b>1,385,290</b>	1,316,699
	<b>24,979,320</b>	<b>24,679,313</b>	24,123,864
<b>Contributions from others</b>			
General Government Services	-	<b>139,618</b>	598,838
Protective services	-	-	141,734
Transportation services	248,882	<b>3,999,029</b>	3,514,251
Water and sewer services	-	<b>15,700,347</b>	1,695,965
Environmental development services	340,300	<b>706,064</b>	2,435,308
Recreational and cultural services	-	<b>648,626</b>	664,836
	<b>589,182</b>	<b>21,193,684</b>	9,050,932
<b>EXPENDITURES</b>			
<b>General government services</b>			
<b>Legislative</b>			
Mayor's Office	185,037	<b>174,056</b>	162,577
Common Council	494,020	<b>442,482</b>	361,075
	<b>679,057</b>	<b>616,538</b>	523,652

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**26. Other Revenue and expense details (Continued)**

	2017 Budget (Unaudited) (Note 2)	2017	2016
	\$	\$	\$
<b>City Manager</b>			
City Manager	666,266	651,790	595,268
Corporate Planning	566,643	514,749	357,046
Corporate Communications	456,889	418,512	418,434
	1,689,798	1,585,051	1,370,748
<b>Common services</b>			
City Hall Building	2,139,261	2,028,156	1,758,192
Property Assessment	1,313,473	1,336,557	1,305,736
Public Liability Insurance	304,000	299,930	299,766
	3,756,734	3,664,643	3,363,694
<b>Other</b>			
Common Clerk	642,938	709,056	618,921
Human Resources	1,514,635	1,506,203	1,378,081
Finance	1,710,083	2,266,598	2,293,238
City Solicitor	739,942	674,167	648,991
Materials Management	1,096,765	1,112,053	1,137,391
Information Systems and Support	2,204,371	2,436,050	2,460,000
Insurance	269,477	296,076	275,413
Debt Charges	16,551,148	4,202,502	4,330,234
Amortization	-	7,836,803	7,740,108
Post Employment Expenses	10,117,000	6,816,700	4,463,273
Trust Funds	-	20,000	25,000
Other	2,562,709	2,077,978	4,923,777
Regional Services Commission	24,227	24,227	28,381
	37,433,295	29,978,413	30,322,808
<b>Total general government</b>	<b>43,558,884</b>	<b>35,844,645</b>	<b>35,580,902</b>
<b>Protective services</b>			
<b>Police protection</b>			
Police Operations	14,900,774	15,201,194	14,264,880
Support Services	1,813,615	1,360,438	1,604,170
Administration	1,990,601	2,118,552	2,096,097

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**26. Other Revenue and expense details (Continued)**

	2017 Budget (Unaudited) (Note 2)	2017	2016
	\$	\$	\$
Stations and Buildings	1,076,693	943,298	980,584
Criminal Investigation	4,168,000	4,311,463	4,531,840
Detention Services	304,000	279,648	296,332
Automotive	516,076	600,949	375,014
	<b>24,769,759</b>	<b>24,815,542</b>	<b>24,148,917</b>
<b>Fire protection</b>			
Fire Operations	20,841,812	21,947,568	21,204,746
Fire Investigation	76,052	57,163	62,928
Fire Prevention	1,016,823	920,483	939,896
Fire Training	2,500	2,605	-
	<b>21,937,187</b>	<b>22,927,819</b>	<b>22,207,570</b>
<b>Other protective services</b>			
Inspection Services	1,076,377	995,049	991,493
Enforcement Services	201,272	239,350	200,328
Minimum Standards	268,998	257,993	226,547
Dangerous Buildings	432,781	520,663	268,701
Animal Control	85,342	87,652	85,698
Emergency Measures	320,983	278,482	270,869
Emergency Dispatch Centre	2,371,544	2,348,023	2,318,592
	<b>4,757,297</b>	<b>4,727,212</b>	<b>4,362,228</b>
<b>Total protective services</b>	<b>51,464,243</b>	<b>52,470,573</b>	<b>50,718,715</b>

The City of Saint John  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2017

26. Other Revenue and expense details (Continued)

	2017 Budget (Unaudited) (Note 2) \$	2017 \$	2016 \$
<b>Transportation services</b>			
<b>Public works</b>			
Roads and Sidewalks	14,960,708	<b>12,787,474</b>	11,600,133
Other Drainage Services	2,647,287	<b>2,105,971</b>	2,411,079
Street Lighting	937,300	<b>969,891</b>	875,820
Municipal Operations	530,240	<b>432,816</b>	468,525
Amortization-Transportation	-	<b>12,205,433</b>	12,246,795
	19,075,535	<b>28,501,585</b>	27,602,352
<b>Fleet</b>			
Fleet	-	-	976,520
<b>General engineering</b>			
Transportation	615,537	<b>319,382</b>	274,397
Traffic Engineering and Systems	2,449,894	<b>2,256,471</b>	1,842,550
	3,065,431	<b>2,575,853</b>	2,116,947
<b>Parking administration</b>			
Parking Administration	602,655	<b>522,218</b>	544,415
	602,655	<b>522,218</b>	544,415
<b>External controlled entities</b>			
Saint John Transit Commission	11,978,906	<b>12,101,539</b>	12,674,913
Saint John Parking Commission	2,944,939	<b>2,786,857</b>	2,520,269
	14,923,845	<b>14,888,396</b>	15,195,182
<b>Total transportation services</b>	<b>37,667,466</b>	<b>46,488,052</b>	<b>46,435,416</b>

The City of Saint John  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2017

26. Other Revenue and expense details (Continued)

	2017 Budget (Unaudited) (Note 2)	2017	2016
	\$	\$	\$
<b>Water and sewer services</b>			
<b>Saint John water &amp; wastewater</b>			
Drinking Water	9,512,000	8,347,521	7,662,509
Industrial Water	1,519,000	1,108,621	1,431,177
Wastewater	10,564,000	8,893,315	9,054,542
Infrastructure Management	1,330,000	444,985	420,872
Internal Charges	750,000	150,619	54,636
Fiscal Charges	21,575,000	4,177,956	3,936,511
Amortization	-	12,696,952	12,426,750
<b>Total water and sewer services</b>	<b>45,250,000</b>	<b>35,819,969</b>	<b>34,986,997</b>
<b>Environmental health services</b>			
Sanitary Service	3,760,728	3,281,736	3,208,944
<b>Total environmental health services</b>	<b>3,760,728</b>	<b>3,281,736</b>	<b>3,208,944</b>
<b>Environmental development services</b>			
<b>Research and planning</b>			
Community Planning	1,470,064	1,648,155	1,128,910
Plan SJ	307,306	265,425	297,090
	1,777,370	1,913,580	1,426,000
<b>Administration and geographic information systems (GIS)</b>			
GIS	348,680	330,799	379,882
Carpenter Shop	335,329	267,888	264,601
	684,009	598,687	644,483

**The City of Saint John**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**26. Other Revenue and expense details (Continued)**

	2017 Budget (Unaudited) (Note 2)	2017	2016
	\$	\$	\$
<b>Economic development</b>			
Growth Reserve	450,000	170,984	-
Economic Development Agencies	507,500	-	-
Market Square Common Area	2,278,546	2,200,552	2,202,210
Regional Economic Development	237,500	475,000	475,000
Regional Facilities	2,040,583	718,033	754,144
Saint John Industrial Parks	135,000	-	-
	<b>5,649,129</b>	<b>3,564,569</b>	<b>3,431,354</b>
<b>Real estate management</b>			
Property Management	1,186,178	1,095,437	1,098,390
Property Management-Police HO	-	-	1,304
Real Estate	339,617	361,730	258,254
	<b>1,525,795</b>	<b>1,457,167</b>	<b>1,357,948</b>
<b>Other environmental development services</b>			
City Market	1,033,746	1,061,321	940,682
Tourism	1,033,495	1,022,005	1,020,234
Community Development	200,289	195,511	190,397
	<b>2,267,530</b>	<b>2,278,837</b>	<b>2,151,313</b>
<b>External controlled entities</b>			
Saint John Development Corporation	635,360	609,308	459,304
Harbour Station Commission	3,295,692	3,760,021	3,555,462
Aquatic Centre Commission	2,845,957	2,516,216	2,496,244
Trade and Convention Centre	-	864,678	875,208
Non Profit Housing	-	-	4,834,554
Saint John Industrial Parks	370,960	621,632	248,064
	<b>7,147,969</b>	<b>8,371,855</b>	<b>12,468,836</b>
<b>Total environmental development services</b>	<b>19,051,802</b>	<b>18,184,695</b>	<b>21,479,934</b>

The City of Saint John  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2017

26. Other Revenue and expense details (Continued)

	2017 Budget (Unaudited) (Note 2) \$	2017 \$	2016 \$
<b>Recreational and cultural services</b>			
<b>Cultural grants</b>			
Other Cultural Grants	2,132,538	1,328,880	1,292,284
	2,132,538	1,328,880	1,292,284
<b>Parks</b>			
Rockwood Park	584,927	459,239	500,824
Parks General Services	2,212,220	2,059,970	1,837,986
	2,797,147	2,519,209	2,338,810
<b>Community services</b>			
Parks and playgrounds	321,347	205,688	231,354
Recreation and parks	317,535	298,213	295,774
Pro Kids	151,280	99,482	104,015
	790,162	603,383	631,143
<b>Other recreational and culture services</b>			
Sports and Recreation	3,093,749	3,285,374	3,018,743
Community Centres	869,068	843,929	754,765
Cultural Affairs	119,688	111,517	107,264
Amortization - Recreation	-	1,202,075	1,214,383
	4,082,505	5,442,895	5,095,155
<b>External controlled entities</b>			
Lord Beaverbrook	410,704	378,653	377,974
Saint John Free Public Library	-	616,097	655,776
	410,704	994,750	1,033,750
<b>Total recreational and cultural services</b>	<b>10,213,056</b>	<b>10,889,117</b>	<b>10,391,142</b>
Saint John Energy	-	8,152,000	-
<b>Total energy services</b>	<b>-</b>	<b>8,152,000</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>210,966,179</b>	<b>211,130,787</b>	<b>202,802,050</b>