

The City of Saint John

The City of Saint John

Consolidated Financial Statements

December 31, 2018

The City of Saint John
December 31, 2018

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The City of Saint John (the "City"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, and accumulated surplus, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2018, and the results of its operations, its accumulated surplus, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Chartered Professional Accountants
Saint John, NB
June 6, 2019

The City of Saint John
Consolidated Statement of Financial Position
As at December 31, 2018


	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents (Note 4)	54,488,474	28,972,730
Accounts receivable (Note 5), (Note 6) and (Note 7)	14,928,028	16,754,191
Investment in energy services (Note 8)	50,801,000	29,687,000
Other investments (Note 9)	98,227,006	101,975,857
	218,444,508	177,389,778
Financial liabilities		
Accounts payable and accrued liabilities (Note 10)	153,921,929	30,134,834
Deferred revenue	1,350,102	1,631,334
Deferred government transfers (Note 11)	45,327,274	31,534,608
Post employment benefits and compensated absences (Note 13)	117,842,785	114,846,827
Long-term debt (Note 12)	230,759,530	241,041,285
	549,201,620	419,188,888
Net debt	(330,757,112)	(241,799,110)
Non-financial assets		
Inventory	4,971,338	1,463,962
Prepays	588,601	643,058
Tangible capital assets (Note 20)	1,023,433,031	915,734,659
	1,028,992,970	917,841,679
Accumulated surplus	698,235,858	676,042,569
Contingencies (Note 14)		
Commitments (Note 15)		

Approved by:


 Don Darling, Mayor


 David Merrithew, Chair of Finance Committee




 Jonathan Taylor
 Common Clerk

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, 2018

	2018 Budget (Unaudited) (Note 2) \$	2018 \$	2017 \$
Revenues			
Property taxes	121,319,088	123,443,042	122,979,450
Unconditional grant	16,603,206	15,659,510	19,328,372
Financial assistance	4,717,196	4,556,010	-
Other revenue from own sources (Note 25)	25,086,270	23,679,812	24,679,313
Water and sewer revenue (Note 16)	44,504,000	44,590,627	42,667,479
Miscellaneous revenue	311,000	421,081	865,927
Contributions from others (Note 25)	1,371,876	12,239,375	21,193,684
Income from energy services	-	21,114,000	-
	213,912,636	245,703,457	231,714,225
Expenses			
General government services (Note 25)	42,310,658	48,894,496	35,844,645
Protective services (Note 25)	54,285,593	53,478,337	52,470,573
Transportation services (Note 25)	39,249,909	47,324,451	46,488,052
Water and sewer services (Note 25)	47,804,000	40,332,566	35,819,969
Environmental health services (Note 25)	3,764,178	3,429,828	3,281,736
Environmental development services (Note 25)	17,954,811	18,792,023	18,184,695
Recreational and cultural services (Note 25)	10,245,838	11,258,467	10,889,117
Loss from energy services	-	-	8,152,000
	215,614,987	223,510,168	211,130,787
Annual surplus (deficit)	(1,702,351)	22,193,289	20,583,438
Accumulated surplus, beginning of year	-	676,042,569	655,459,131
Accumulated surplus, end of year	-	698,235,858	676,042,569

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, 2018

	2018	2017
	\$	\$
Annual surplus	22,193,289	20,583,438
Acquisition of tangible capital assets (Note 20)	(152,540,310)	(49,799,937)
Loss on disposal of tangible capital assets (Note 20)	1,148,028	980,829
Proceeds on sale of tangible capital assets	1,428,448	349,239
Amortization of tangible capital assets (Note 20)	38,825,114	36,358,075
(Increase) decrease in inventory	(3,507,376)	(15,447)
(Increase) decrease in prepaids	54,457	(96,394)
Tangible capital assets adjustment related to land held for resale (Note 20)	3,440,348	-
Decrease in net assets	(111,151,291)	(12,223,635)
Net debt, beginning of year	(241,799,110)	(250,158,913)
Net debt, end of the year	(330,757,112)	(241,799,110)

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, 2018

	2018	2017
	\$	\$
Operating transactions		
Annual surplus	22,193,289	20,583,438
Items not involving cash		
Amortization of tangible capital assets (Note 20)	38,825,114	36,358,075
Loss on disposal of tangible capital assets	1,148,028	980,829
Tangible capital assets adjustment related to land held for resale	3,440,348	-
Change in investment in Energy Services	(21,114,000)	8,152,000
Change in non-cash assets and liabilities		
Accounts receivable	1,826,161	(5,007,861)
Inventory	(3,507,376)	(15,447)
Prepays	54,457	(96,394)
Accounts payable and accrued liabilities	123,787,095	5,910,785
Deferred revenue	(281,232)	(22,298)
Deferred government transfers	13,792,666	17,798,585
Other Post employment liabilities	2,995,958	(3,236,441)
	183,160,508	81,405,271
Capital transactions		
Acquisitions of tangible capital assets (Note 20)	(152,540,310)	(49,799,937)
Proceeds on sale of tangible capital assets	1,428,450	349,239
	(151,111,860)	(49,450,698)
Financing transactions		
Repayment of long-term debt	(24,861,755)	(18,743,985)
Proceeds from long-term debt	14,580,000	53,000,000
Repayment of bank loan	-	(56,454)
	(10,281,755)	34,199,561
Investing transaction		
Investments (Note 9)	3,748,851	(93,627,866)
Net increase (decrease) in cash and cash equivalents	25,515,744	(27,473,732)
Cash and cash equivalents, beginning of year	28,972,730	56,446,462
Cash and cash equivalents, end of year	54,488,474	28,972,730

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, 2018

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 Public Sector Accounting Standards ("PSAS") 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. Develop Saint John
8. Harbour Station Commission
9. Saint John Aquatic Centre Commission
10. Saint John Trade and Convention Centre
11. Saint John Energy
12. Lord Beaverbrook Rink
13. Saint John Police Commission
14. Saint John Free Public Library
15. Saint John Jeux Canada Games Foundation, Inc.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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 PSAS. 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 11, 2017 and the revised budget was approved by Council on March 26, 2018 and the Minister of Local Government on January 28, 2018. 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, 2018

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, 2018

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:

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, 2018

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, road and street 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, 2018

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, 2018, the balance of the bridge financing credit facility was zero (2017 - zero) and the balance of the operating line of credit was zero (2017 - 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 2018, the City has complied with these limitations.

4. Cash and cash equivalents

Cash and cash equivalents consists of the following:

	Dec 31, 2018	Dec 31, 2017
	\$	\$
Unrestricted cash	46,604,352	24,993,221
Restricted cash		
Airspace 2049 fund	27,205	16,733
Land sub-division fund	74,243	54,455
Saint John Non-Profit Housing future development fund	52,447	51,495
Deposits on contracts	1,197,214	1,116,478
Gas Tax	6,533,013	2,740,348
	54,488,474	28,972,730

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

5. Accounts receivable

Accounts receivable consist of the following:

	Dec 31, 2018	Dec 31, 2017
	\$	\$
Water and sewer charges to ratepayers	7,644,637	7,460,420
Other	4,245,858	3,698,457
Due from the Province of New Brunswick (Note 7)	3,001,876	1,655,173
Due from the Federal Government and its agencies (Note 6)	1,751,208	5,441,570
Allowance for doubtful accounts	(1,715,549)	(1,501,429)
	14,928,030	16,754,191

6. Due from the Federal Government and its agencies

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

	Dec 31, 2018	Dec 31, 2017
	\$	\$
Clean Waste Water Funding	799,133	2,067,081
Canada Revenue Agency HST receivable	856,099	3,289,747
Other	95,976	84,742
	1,751,208	5,441,570

7. Due from the Province of New Brunswick

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

	Dec 31, 2018	Dec 31, 2017
	\$	\$
Clean Waste Water Funding	395,216	1,029,341
Financial Assistance	1,566,473	-
Department of Transportation	272,255	-
Dep of Public Safety -Flood 2018	502,000	-
Other	265,932	625,832
	3,001,876	1,655,173

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

8. Investment in energy services

Change in equity in Saint John Energy:

	Dec 31, 2018	Dec 31, 2017
	\$	\$
Investment at the beginning of year	29,687,000	37,839,000
Net earnings (loss)	21,114,000	(8,152,000)
Investment at end of year	50,801,000	29,687,000

9. Other investments

Other investments consist of the following:

	Dec 31, 2018	Dec 31, 2017
	\$	\$
GIC	90,229,783	93,433,972
Canada Games Foundation investments	6,869,070	7,369,602
Other investments	1,128,153	1,172,283
Total other investments	98,227,006	101,975,857

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 Scotiatrust 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, 2018

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	Dec 31, 2018	Dec 31, 2017
	\$	\$
Trade payables	143,148,213	20,084,554
Other	181,487	87,217
Payroll	7,242,808	6,680,326
Conferences and holdings	1,085,925	994,986
Deposits	1,318,585	1,297,889
Interest payable	685,928	714,280
Due to Pension Fund	258,983	222,865
Canada Revenue Agency	-	52,717
	153,921,929	30,134,834

11. Deferred government transfers

Deferred government transfers consist of the following:

	Dec 31, 2018	Dec 31, 2017
	\$	\$
Gas tax funding	6,533,014	2,740,348
Contribution from Regional Development Corporation	38,794,260	28,794,260
	45,327,274	31,534,608

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, 2018

12. Long-term debt

Debentures consist of the following:

Year of Issue	Interest Rate %	Term (Years)	2018 Annual Payment \$	2018 \$	2017 \$
New Brunswick Municipal Finance Corporation Debentures					
2008	3.300 to 4.850	10	3,397,000	-	3,397,000
2008	3.300 to 4.850	10	1,375,000	-	1,375,000
2008	2.100 to 5.550	15	367,000	1,830,000	2,197,000
2008	2.100 to 5.550	15	175,000	1,750,000	1,925,000
2008	2.100 to 5.550	15	100,000	500,000	600,000
2009	0.950 to 5.000	10	933,000	5,603,000	6,536,000
2009	0.950 to 5.000	10	75,000	825,000	900,000
2009	0.950 to 5.000	10	100,000	600,000	700,000
2009	1.000 to 4.500	10	567,000	3,397,000	3,964,000
2009	1.000 to 4.500	10	250,000	2,750,000	3,000,000
2009	1.000 to 4.500	10	333,000	2,003,000	2,336,000
2010	1.500 to 4.550	10	1,000,000	7,000,000	8,000,000
2010	1.500 to 4.550	10	250,000	3,000,000	3,250,000
2011	1.650 to 4.250	10	1,667,000	15,331,000	16,998,000
2011	1.650 to 4.250	10	700,000	9,100,000	9,800,000
2011	1.350 to 3.450	10	300,000	2,400,000	2,700,000
2011	1.350 to 3.450	10	350,000	4,550,000	4,900,000
2011	2.060	15	200,000	2,600,000	2,800,000
2012	1.350 to 3.550	15	767,000	6,898,000	7,665,000
2012	1.350 to 3.800	20	425,000	5,950,000	6,375,000
2012	1.350 to 3.550	15	300,000	2,700,000	3,000,000
2013	1.350 to 3.700	15	687,000	6,865,000	7,552,000
2013	1.350 to 4.000	20	550,000	8,250,000	8,800,000
2013	1.350 to 4.000	20	360,000	7,200,000	7,560,000
2014	2.000	20	500,000	8,000,000	8,500,000
2014	1.150 to 3.900	15	707,000	7,772,000	8,479,000
2014	1.200 to 3.700	15	1,055,000	3,720,000	4,775,000
2014	1.200 to 3.700	20	668,000	6,008,000	6,676,000
2014	1.150 to 3.900	15	27,000	292,000	319,000
2014	1.200 to 2.150	5	56,000	56,000	112,000
2015	0.950 to 3.250	15	500,000	6,000,000	6,500,000
2015	1.050 to 3.650	15	607,000	2,549,000	3,156,000
2015	0.950 to 3.500	20	175,000	2,975,000	3,150,000
2015	1.050 to 3.150	20	175,000	1,225,000	1,400,000
2015	1.050 to 3.650	15	107,000	879,000	986,000
2016	1.200 to 3.550	15	1,034,000	6,102,000	7,136,000
2016	1.450 to 3.500	15	400,000	5,200,000	5,600,000

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

12. Long-term debt (Continued)

Year of Issue	Interest Rate %	Term (Years)	2018 Annual Payment \$	2018 \$	2017 \$
2016	1.450 to 3.750	20	200,000	3,600,000	3,800,000
2016	1.200 to 2.950	10	400,000	3,200,000	3,600,000
2016	1.200 to 3.550	15	127,000	1,046,000	1,173,000
2017	1.200 to 3.300	15	333,000	4,667,000	5,000,000
2017	1.650 to 3.200	15	513,000	3,387,000	3,900,000
2017	1.650 to 3.400	30	1,500,000	43,500,000	45,000,000
2017	1.650 to 2.900	10	350,000	3,150,000	3,500,000
2017	1.650 to 3.200	15	101,000	1,069,000	1,170,000
2018	2.550 to 3.550	15	-	10,500,000	-
2018	2.100 to 3.000	5	-	2,830,000	-
2018	2.100 to 3.450	10	-	1,250,000	-
			24,763,000	230,079,000	240,262,000
OTHER DEBENTURES					
Canada Mortgage and Housing Debentures					
2009	3.97	15	98,755	680,530	779,285
Total debentures			24,861,755	230,759,530	241,041,285

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:

	\$
2019	33,864,675
2020	25,886,752
2021	38,956,990
2022	12,753,396
2023	13,161,000
Thereafter	106,136,717
Total	230,759,530

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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 (\$133,892 in 2018).

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, 2018

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, 2018. 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, 2017 and current period benefit cost for the following year are based on an actuarial valuation conducted as at December 31, 2017. The accrued benefit obligation as at December 31, 2018 and current period benefit cost for the following year are based on an actuarial valuation conducted as at December 31, 2017 and extrapolated to December 31, 2018, using assumptions effective for December 31, 2018. 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:

	Dec 31, 2018	Dec 31, 2017
Discount rate	6.05%	6.05%
Inflation rate	2.25%	2.25%
Salary increase	3%	3%
Mortality: CPM-2014 mortality table with adjustments factors	0	0

The Expected Average Remaining Service Life (EARSL) is 12 years. During the year, the City made pension contributions of \$20,562,689 (2017 - \$18,853,033).

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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.

	Dec 31, 2018 \$	Dec 31, 2017 \$
City share of accrued benefit liability, beginning of year	89,300,000	114,600,000
City share of current period benefit cost	6,300,000	5,800,000
City share of past service cost	13,000,000	2,700,000
Interest cost	5,700,000	6,600,000
Less City contributions	(20,600,000)	(18,800,000)
Actuarial (gain)/loss	20,400,000	(21,600,000)
City share of accrued benefit liability, end of year	114,100,000	89,300,000
Unamortized actuarial gain/(loss)	(15,700,000)	5,400,000
Pension liability, end of year	98,400,000	94,700,000

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

	Dec 31, 2018 \$	Dec 31, 2017 \$
Current period benefit cost	6,300,000	5,800,000
Past service cost	13,000,000	2,700,000
Interest cost	5,700,000	6,600,000
Amortization of City share of actuarial (gain) loss	(700,000)	1,200,000
Total expense related to Pension	24,300,000	16,300,000

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

13. Post employment benefits and compensated absences (Continued)

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).

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 \$65,375 (2017 - \$64,128) 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, 2018. Previous to that, an actuarial valuation was performed as at December 31, 2017.

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.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

13. Post employment benefits and compensated absences (Continued)

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

	Dec 31, 2018 \$	Dec 31, 2017 \$
Accrued benefit obligation, beginning of year	26,522,427	26,436,668
Current period benefit cost	1,081,400	988,300
Benefit payments	(3,042,243)	(3,062,043)
Interest cost	808,601	902,602
Actuarial loss	279,000	1,256,900
Other employee future benefits, end of year	25,649,185	26,522,427

	Dec 31, 2018 \$	Dec 31, 2017 \$
Main assumptions used for these plans:		
Discount rate	3.46%	3.17%
Salary increase	3%	3%
EARSL	Range from 8 to 23	Range from 10 to 22

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

13. Post employment benefits and compensated absences (Continued)

These benefit plans require no contributions from employees. The benefit liability as at December 31, 2018 includes the following components:

	Dec 31, 2018	Dec 31, 2017
	\$	\$
Accrued benefit obligation (carrying value)		
Retirement allowances	4,517,400	4,048,400
Sick leave	8,330,000	8,407,000
Heart and lung pension	5,133,600	5,270,900
Disability benefits	5,637,600	6,634,800
Contractual top up agreements	1,076,185	1,138,827
Sick leave - Saint John Transit Commission	954,400	1,022,500
	25,649,185	26,522,427
Unamortized actuarial losses	(6,206,400)	(6,375,600)
	19,442,785	20,146,827

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

	Dec 31, 2018	Dec 31, 2017
	\$	\$
Current period benefit cost	1,081,400	988,300
Amortization of actuarial loss	448,200	434,700
	1,529,600	1,423,000
Other employee benefit interest expense	808,601	902,602
Total expense related to other employee future benefits	2,338,201	2,325,602

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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, 2018 amounted to \$108,000 (2017 – \$214,000). 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 67.151% in 2018 (2017 - 67.39%).

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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:

	Dec 31, 2018 \$	Dec 31, 2017 \$
2018 surplus	51,791	-
2017 surplus	532,037	532,037
2016 surplus	179,141	716,564
2015 surplus	322,225	483,337
2014 surplus	507,658	1,015,317
2013 surplus	-	368,782
	1,592,852	3,116,037

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, 2018 was \$484,113 (2017 - \$476,690).

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

19. Funds and reserves

	Water & Sewer Capital Reserve	General Operating Reserve	General Capital Reserve	Transit Capital Reserve	2018 Total	2017 Total
	\$	\$	\$	\$	\$	\$
Assets						
Cash	21,672,723	4,646,089	5,381,167	354,399	32,054,378	17,327,914
Accumulated surplus	21,672,723	4,646,089	5,381,167	354,399	32,054,378	17,327,914
Revenue						
Transfers from Water and Sewerage Utility Operating Fund	7,796,255	-	-	-	7,796,255	6,850,000
Transfers from General Operating Fund	-	1,350,000	3,620,702	-	4,970,702	2,383,000
Transfers from Transit Operating Budget	-	-	-	100,000	100,000	250,000
Interest	300,688	57,732	20,330	4,399	383,149	128,621
	8,096,943	1,407,732	3,641,032	104,399	13,250,106	9,611,621
Expenditures	-	68,420	1,777,342	-	1,845,762	-
Annual surplus	8,096,943	1,339,312	1,863,690	104,399	11,404,344	9,611,621
Balance, beginning of Year	13,575,780	3,306,777	3,617,477	250,000	20,650,034	7,716,293
Balance, end of Year	21,672,723	4,646,089	5,381,167	354,399	32,054,378	17,327,914

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.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

20. Tangible capital assets

	Land	Land Improvements	Leasehold Improvements	Buildings	Vehicles	Machinery & Equipment	Transportation	Water and Wastewater Networks	Assets under Construction	2018 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST										
Balance, beginning 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
Additions and transfers	-	1,116,839	36,027	3,698,630	8,235,124	3,997,669	7,864,034	144,076,661	(16,484,674)	152,540,310
Disposals	759,781	7,261	-	1,235,493	2,371,730	1,639,793	5,185,002	3,272,983	-	14,472,043
Adjustments related to land held for resale	(3,440,348)	-	-	-	-	-	-	-	-	(3,440,348)
Balance, end of year	148,555,584	39,382,392	2,088,230	211,536,430	54,004,612	17,028,050	457,468,116	731,497,516	6,395,438	1,667,956,368
ACCUMULATED AMORTIZATION										
Balance, beginning 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
Amortization during the year	-	1,241,348	51,807	5,368,397	3,834,163	1,431,278	12,227,648	14,670,473	-	38,825,114
Accumulated amortization on disposals	-	7,261	-	932,336	2,251,207	1,462,339	4,479,793	2,762,631	-	11,895,567
Balance, end of year	-	16,889,861	1,628,237	102,976,843	28,500,172	9,863,991	221,421,983	263,242,250	-	644,523,337
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	148,555,584	22,492,531	459,993	108,559,587	25,504,440	7,164,059	236,046,133	468,255,266	6,395,438	1,023,433,031
Consists of:										
General Fund assets	148,555,584	22,492,531	459,993	108,559,587	25,504,440	7,164,059	236,046,133	-	586,834	549,369,161
Water and wastewater assets	-	-	-	-	-	-	-	468,255,266	5,808,604	474,063,870
	148,555,584	22,492,531	459,993	108,559,587	25,504,440	7,164,059	236,046,133	468,255,266	6,395,438	1,023,433,031

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

20. Tangible capital assets (Continued)

	Land	Land Improvements	Leasehold Improvements	Buildings	Vehicles	Machinery & Equipment	Transportation	Water and Wastewater Networks	Assets under Construction	2017 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST										
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
ACCUMULATED AMORTIZATION										
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
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	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
Consists of:										
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	586,861,738
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, 2018

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	2018 Consolidated	2017 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Property taxes	123,443,042	-	-	-	-	-	-	-	123,443,042	122,979,450
Unconditional grant	15,659,510	-	-	-	-	-	-	-	15,659,510	19,328,372
Financial assistance	4,556,010	-	-	-	-	-	-	-	4,556,010	-
Other revenue from own sources	1,272,095	2,906,894	12,142,519	-	-	5,497,334	1,860,970	-	23,679,812	24,679,313
Miscellaneous revenue	244,520	-	50,253	-	-	126,308	-	-	421,081	865,927
Water and sewer revenue	-	-	-	44,590,627	-	-	-	-	44,590,627	42,667,479
Income from energy services	-	-	-	-	-	-	-	21,114,000	21,114,000	-
Contributions from others	1,372,310	480,000	4,890,146	3,124,120	-	743,278	1,629,521	-	12,239,375	21,193,684
	<u>146,547,487</u>	<u>3,386,894</u>	<u>17,082,918</u>	<u>47,714,747</u>	<u>-</u>	<u>6,366,920</u>	<u>3,490,491</u>	<u>21,114,000</u>	<u>245,703,457</u>	<u>231,714,225</u>
Expenses										
Salaries and benefits	21,280,193	47,469,349	20,426,612	11,026,814	1,315,765	8,678,628	4,960,741	-	115,158,102	107,066,287
Goods and services	15,880,862	6,008,988	11,378,072	11,185,097	2,114,063	9,833,844	5,069,337	-	61,470,263	51,758,016
Amortization of tangible assets	7,939,481	-	14,776,318	14,670,473	-	210,591	1,228,251	-	38,825,114	36,357,963
Interest and bank charges	3,793,960	-	327,892	3,450,182	-	68,960	138	-	7,641,132	7,370,880
Debt repayment	-	-	415,557	-	-	-	-	-	415,557	425,641
Loss from energy services	-	-	-	-	-	-	-	-	-	8,152,000
	<u>48,894,496</u>	<u>53,478,337</u>	<u>47,324,451</u>	<u>40,332,566</u>	<u>3,429,828</u>	<u>18,792,023</u>	<u>11,258,467</u>	<u>-</u>	<u>223,510,168</u>	<u>211,130,787</u>
Surplus (deficit) for the year	<u>97,652,991</u>	<u>(50,091,443)</u>	<u>(30,241,533)</u>	<u>7,382,181</u>	<u>(3,429,828)</u>	<u>(12,425,103)</u>	<u>(7,767,976)</u>	<u>21,114,000</u>	<u>22,193,289</u>	<u>20,583,438</u>

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

22. Reconciliation of annual surplus

	General Operating Fund \$	General Capital Fund \$	Water & Sewer Operating Fund \$	Water & Sewer Capital Fund \$	Trust Funds	Controlled Entities \$	Total \$
2018 annual surplus (deficit)	19,979,020	(20,043,619)	19,683,866	(11,546,357)	21,472	14,098,907	22,193,289
Adjustments to annual surplus (deficit) for funding requirements							
Eliminations	(10,235,300)	20,086,070	(14,481,075)	13,638,071	-	6,699,101	15,706,867
Amortization expense	-	21,395,381	-	14,670,473	-	-	36,065,854
Revenue from donated assets	-	(75,201)	-	-	-	-	(75,201)
Second previous year's surplus (deficit)	1,338,515	-	1,217,000	-	-	-	2,555,515
Sick leave expense	(77,000)	-	-	-	-	-	(77,000)
Post employment adjustment	(313,878)	-	-	-	-	-	(313,878)
Pension expense	4,400,000	-	-	-	-	-	4,400,000
Amortization of actuarial gain/loss	(267,500)	-	-	-	-	-	(267,500)
Long-term debt principal repayment	(13,955,000)	-	(6,368,000)	-	-	-	(20,323,000)
Long-term disability Adjustment	(988,772)	-	-	-	-	-	(988,772)
Total adjustments to 2018 annual surplus (deficit)	(20,098,935)	41,406,250	(19,632,075)	28,308,544	-	6,699,101	36,682,885
2018 annual fund surplus (deficit)	(119,915)	21,362,631	51,791	16,762,187	21,472	20,798,008	58,876,174

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

23. Controlled entities operations

	Saint John Transit Commission	Saint John Parking Commission	Develop Saint John	Harbour Station Commission	Aquatic Centre Commission
Total assets	31,509,185	24,320,621	81,112,269	2,147,925	105,628
Total liabilities	16,894,187	10,354,676	50,300	1,339,235	468,863
Accumulated surplus (deficit)	14,614,998	13,965,945	81,061,969	808,690	(363,235)
Total revenues	8,056,774	4,244,217	339,226	3,094,095	1,840,782
Total operating expenses	12,903,818	2,922,084	1,258,150	3,575,975	2,832,142
Annual surplus (deficit)	(4,847,044)	1,322,133	(918,924)	(481,880)	(991,360)

	Trade and Convention Centre	Saint John Energy	Lord Beaverbrook	Saint John Free Public Library	Canada Games Foundation	2018 Consolidated	2017 Consolidated
Total assets	(389,921)	50,801,000	214,043	1,189,200	6,928,758	200,618,676	134,668,910
Total liabilities	103,607	-	55,297	136,718	12,732	29,415,616	27,639,856
Accumulated surplus (deficit)	(493,528)	50,801,000	158,746	1,052,482	6,916,026	171,203,060	107,029,054
Total revenues	537,708	21,114,000	220,143	512,910	-	39,959,855	14,003,587
Total operating expenses	895,266	-	432,771	582,071	458,671	25,860,948	32,396,558
Annual surplus (deficit)	(357,558)	21,114,000	(212,628)	(69,161)	(458,671)	14,098,907	(18,392,971)

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, 2018

24. Reconciliation of funding deficit upon adoption of PSAS

	Special Top- up Agreements	Heart and Lung	Retirement Allowances
	\$	\$	\$
Liabilities at December 31, 2016 as calculated on adoption of PSAS	1,078,100	5,270,900	4,048,400
Amount of December 31, 2016 liabilities funded in current year	(42,600)	(137,300)	469,000
Balance to be funded in future years	1,035,500	5,133,600	4,517,400

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

25. Other revenue and expense details

	2018 Budget (Unaudited) (Note 2)	2018	2017
	\$	\$	\$
REVENUE			
Other revenues from own sources			
General Government Services	4,282,401	1,272,095	1,690,010
Protective services	2,709,222	2,906,894	4,066,614
Transportation services	12,794,186	12,142,519	11,624,053
Environmental development services	3,987,403	5,497,334	5,913,346
Recreational and cultural services	1,313,058	1,860,970	1,385,290
	25,086,270	23,679,812	24,679,313
Contributions from others			
General Government Services	-	1,372,310	139,618
Protective services	-	480,000	-
Transportation services	250,000	4,890,146	3,999,029
Water and sewer services	-	3,124,120	15,700,347
Environmental development services	1,121,876	743,278	706,064
Recreational and cultural services	-	1,629,521	648,626
	1,371,876	12,239,375	21,193,684
EXPENDITURES			
General government services			
Legislative			
Mayor's Office	176,000	180,243	174,056
Common Council	473,203	429,253	442,482
	649,203	609,496	616,538

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

25. Other revenue and expense details (Continued)

	2018 Budget (Unaudited) (Note 2) \$	2018 \$	2017 \$
City Manager			
City Manager	692,386	596,969	651,790
Corporate Planning	592,568	449,352	514,749
Corporate Communications	438,613	386,035	418,512
	1,723,567	1,432,356	1,585,051
Common services			
City Hall Building	1,892,991	1,858,526	2,028,156
Property Assessment	1,318,538	1,341,622	1,336,557
Public Liability Insurance	304,000	310,253	299,930
	3,515,529	3,510,401	3,664,643
Other			
Common Clerk	569,921	555,626	709,056
Human Resources	1,463,712	1,449,039	1,506,203
Finance	1,746,323	2,177,676	2,266,598
City Solicitor	746,406	694,459	674,167
Materials Management	1,115,837	1,117,304	1,112,053
Information Systems and Support	2,273,965	2,032,289	2,436,050
Insurance	149,458	174,396	296,076
Debt Charges	16,710,383	3,794,763	4,202,502
Amortization	-	7,939,482	7,836,803
Post Employment Expenses	10,610,300	13,132,306	6,816,700
Trust Funds	-	-	20,000
Other	1,001,785	10,240,634	2,077,978
Regional Services Commission	34,269	34,269	24,227
	36,422,359	43,342,243	29,978,413
Total general government	42,310,658	48,894,496	35,844,645
Protective services			
Police protection			
Police Operations	15,288,108	15,348,119	15,201,194
Support Services	1,783,689	1,493,241	1,360,438
Administration	1,949,785	2,060,276	2,118,552

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

25. Other revenue and expense details (Continued)

	2018 Budget (Unaudited) (Note 2)	2018	2017
	\$	\$	\$
Stations and Buildings	1,047,368	931,292	943,298
Criminal Investigation	4,465,843	4,437,358	4,311,463
Detention Services	174,000	168,006	279,648
Automotive	980,500	649,076	600,949
	25,689,293	25,087,368	24,815,542
Fire protection			
Fire Operations	22,727,286	22,334,577	21,947,568
Fire Investigation	73,091	57,809	57,163
Fire Prevention	912,700	841,637	920,483
Fire Training	5,601	-	2,605
	23,718,678	23,234,023	22,927,819
Other protective services			
Inspection Services	941,642	856,249	995,049
Enforcement Services	359,531	369,143	239,350
Minimum Standards	261,690	244,084	257,993
Dangerous Buildings	489,955	656,210	520,663
Animal Control	89,996	88,047	87,652
Emergency Measures	307,729	511,845	278,482
Emergency Dispatch Centre	2,427,079	2,431,368	2,348,023
	4,877,622	5,156,946	4,727,212
Total protective services	54,285,593	53,478,337	52,470,573

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

25. Other revenue and expense details (Continued)

	2018 Budget (Unaudited) (Note 2)	2018	2017
	\$	\$	\$
Transportation services			
Public works			
Roads and Sidewalks	15,089,111	12,033,043	12,787,474
Other Drainage Services	2,785,485	2,566,748	2,105,971
Street Lighting	943,000	953,702	969,891
Municipal Operations	525,393	473,443	432,816
Amortization-Transportation	-	12,227,648	12,205,433
Flood 2018	-	480,000	-
	19,342,989	28,734,584	28,501,585
General engineering			
Transportation	533,278	313,527	319,382
Traffic Engineering and Systems	2,348,975	1,922,772	2,256,471
	2,882,253	2,236,299	2,575,853
Parking administration			
Parking Administration	583,943	495,664	522,218
	583,943	495,664	522,218
External controlled entities			
Saint John Transit Commission	12,069,000	12,935,820	12,101,539
Saint John Parking Commission	4,371,724	2,922,084	2,786,857
	16,440,724	15,857,904	14,888,396
Total transportation services	39,249,909	47,324,451	46,488,052

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

25. Other revenue and expense details (Continued)

	2018 Budget (Unaudited) (Note 2)	2018	2017
	\$	\$	\$
Water and sewer services			
Saint John water & wastewater			
Drinking Water	10,483,000	9,732,616	8,347,521
Industrial Water	1,696,000	1,090,946	1,108,621
Wastewater	11,268,000	9,357,067	8,893,315
Infrastructure Management	1,201,000	421,584	444,985
Internal Charges	895,000	265,541	150,619
Fiscal Charges	22,261,000	4,794,339	4,177,956
Amortization	-	14,670,473	12,696,952
Total water and sewer services	47,804,000	40,332,566	35,819,969
Environmental health services			
Sanitary Service	3,764,178	3,429,828	3,281,736
Total environmental health services	3,764,178	3,429,828	3,281,736
Environmental development services			
Research and planning			
Community Planning	1,610,540	1,645,290	1,648,155
Plan SJ	120,000	23,369	265,425
	1,730,540	1,668,659	1,913,580
Administration and geographic information systems (GIS)			
GIS	466,996	429,544	330,799
Carpenter Shop	351,431	313,536	267,888
	818,427	743,080	598,687

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

25. Other revenue and expense details (Continued)

	2018 Budget (Unaudited) (Note 2)	2018	2017
	\$	\$	\$
Economic development			
Growth Reserve	350,000	2,607	170,984
Economic Development Agencies	-	-	-
Market Square Common Area	2,195,207	2,125,694	2,200,552
Regional Economic Development	475,000	475,000	475,000
Regional Facilities	2,027,020	792,585	718,033
Saint John Industrial Parks	-	-	-
	5,047,227	3,395,886	3,564,569
Real estate management			
Property Management	1,323,653	1,436,430	1,095,437
Property Management-Police HO	-	-	-
Real Estate	216,717	662,966	361,730
	1,540,370	2,099,396	1,457,167
Other environmental development services			
City Market	1,084,324	1,075,525	1,061,321
Tourism	1,033,495	1,033,495	1,022,005
Community Development	181,551	214,449	195,511
	2,299,370	2,323,469	2,278,837
External controlled entities			
Saint John Development Corporation	-	-	609,308
Harbour Station Commission	3,351,927	3,575,975	3,760,021
Aquatic Centre Commission	-	2,832,142	2,516,216
Trade and Convention Centre	920,072	895,266	864,678
Saint John Industrial Parks	-	-	621,632
Develop Saint John	2,246,878	1,258,150	-
	6,518,877	8,561,533	8,371,855
Total environmental development services	17,954,811	18,792,023	18,184,695

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

25. Other revenue and expense details (Continued)

	2018 Budget (Unaudited) (Note 2)	2018	2017
	\$	\$	\$
Recreational and cultural services			
Cultural grants			
Other Cultural Grants	2,168,310	1,256,224	1,328,880
	2,168,310	1,256,224	1,328,880
Parks			
Rockwood Park	598,292	461,565	459,239
Parks General Services	2,182,515	2,049,605	2,059,970
	2,780,807	2,511,170	2,519,209
Community services			
Parks and playgrounds	306,691	199,000	205,688
Recreation and parks	331,008	249,944	298,213
Pro Kids	121,183	104,437	99,482
	758,882	553,381	603,383
Other recreational and culture services			
Sports and Recreation	3,320,858	3,491,475	3,285,374
Community Centres	674,401	689,194	843,929
Cultural Affairs	117,030	55,259	111,517
Amortization - Recreation	-	1,228,251	1,202,075
	4,112,289	5,464,179	5,442,895
External controlled entities			
Lord Beaverbrook	425,550	432,771	378,653
Saint John Free Public Library	-	582,071	616,097
Canada Games Foundation	-	458,671	-
	425,550	1,473,513	994,750
Total recreational and cultural services	10,245,838	11,258,467	10,889,117
Saint John Energy	-	-	8,152,000
Total energy services	-	-	8,152,000
TOTAL EXPENDITURES	215,614,987	223,510,168	211,130,787