

The City of Saint John

Consolidated Financial Statements

December 31, 2019

The City of Saint John

Contents

Consolidated Financial Statements	Page
Independent Auditor's Report	3 - 4
Consolidated Statements of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement in Changes in Net Debt	7
Consolidated Statement of Cash Flow	8
Notes to the Consolidated Financial Statements	9-39

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, 2019, 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, 2019, 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.

Deloitte LLP

Chartered Professional Accountants
Saint John, NB
August 4, 2020

The City of Saint John

Consolidated Statement of Financial Position
As at December 31, 2019

	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents (Note 4)	86,821,672	54,488,474
Accounts receivable (Notes 5, 6 & 7)	13,566,770	14,928,028
Investment in energy services (Note 8)	40,755,000	50,801,000
Other investments (Note 9)	8,590,125	98,227,006
	149,733,567	218,444,508
Financial Liabilities		
Accounts payable and accrued liabilities (Note 10)	41,821,720	153,921,929
Deferred revenue	1,114,533	1,350,102
Deferred government transfers (Note 11)	41,864,256	45,327,274
Post-employment benefits and compensated absences (Note 13)	112,178,104	117,842,785
Long-term debt (Note 12)	218,102,854	230,759,530
	415,081,467	549,201,620
Net debt	(265,347,900)	(330,757,112)
Non-financial assets		
Inventory	4,385,067	4,971,338
Prepays	588,163	588,601
Tangible capital assets (Note 20)	1,018,953,533	1,023,433,031
	1,023,926,763	1,028,992,970
Accumulated surplus	758,578,863	698,235,858
Contingencies (Note 14)		
Commitments (Note 15)		

Approved by:

Don Darling, Mayor

David Merrithew, Chair of Finance Committee

Jonathan Taylor, Common Clerk



The City of Saint John

Consolidated Statement of Operations and Accumulated Surplus As at December 31, 2019

	2019 Budget (Unaudited) (Note 2) \$	2019 \$	2018 \$
Revenues			
Property taxes	123,580,880	125,704,831	123,443,042
Unconditional grant	17,353,344	16,279,669	15,659,510
Financial assistance	7,117,402	2,788,061	4,556,010
Other revenue from own sources (Note 26)	24,188,724	24,329,404	23,604,611
Water and sewer revenue (Note 16)	43,770,000	45,592,250	44,590,627
Miscellaneous revenue	321,000	740,887	421,081
Contributions from others (Note 26)	1,346,002	1,654,379	2,877,350
Income from energy services	-	-	21,114,000
	217,677,352	217,089,481	236,266,231
Expenses			
General government services (Note 26)	43,732,002	32,386,324	48,894,496
Protective services (Note 26)	55,637,734	53,891,311	53,478,337
Transportation services (Note 26)	38,680,238	48,805,432	47,324,451
Water and sewer services (Note 26)	49,970,335	46,951,619	40,332,566
Environmental health services (Note 26)	3,722,605	3,264,430	3,429,828
Environmental development services (Note 26)	18,725,999	19,773,933	18,792,023
Recreational and cultural services (Note 26)	10,370,658	10,550,737	11,258,467
Loss from energy services	-	10,046,000	-
	220,839,571	225,669,786	223,510,168
Annual (deficit) surplus before capital contributions	(3,162,219)	(8,580,305)	12,756,063
Government transfers for capital (Note 26)	-	66,720,509	9,279,625
Other contributed assets for capital (Note 26)	-	2,202,801	157,601
Annual surplus	-	60,343,005	22,193,289
Accumulated surplus, beginning of year	-	698,235,858	676,042,569
Accumulated surplus, end of year	-	758,578,863	698,235,858

The City of Saint John

Consolidated Statement of Changes in Net Debt

As at December 31, 2019

	2019	2018
	\$	\$
Annual surplus	60,343,005	22,193,289
Acquisition of tangible capital assets (Note 20)	(37,740,309)	(152,540,310)
Loss on disposal of tangible capital assets (Note 20)	1,355,784	1,148,028
Proceeds on sale of tangible capital assets	211,627	1,428,448
Amortization of tangible capital assets (Note 20)	40,652,396	38,825,114
(Increase) decrease in inventory	586,271	(3,507,376)
(Increase) decrease in prepaids	438	54,457
Tangible capital assets adjustment related to land held for resale (Note 20)	-	3,440,348
Decrease (increase) in net debt	65,409,212	(88,958,002)
Net debt, beginning of year	(330,757,112)	(241,799,110)
Net debt, end of year	(265,347,900)	(330,757,112)

The City of Saint John

Consolidated Statement of Cash Flow

As at December 31, 2019

	2019 \$	2018 \$
Operating transactions		
Annual surplus	60,343,005	22,193,289
Items not involving cash		
Amortization of tangible capital assets (Note 20)	40,652,396	38,825,114
Loss on disposal of tangible capital assets	1,355,784	1,148,028
Tangible capital assets adjustment related to land held for resale	-	3,440,348
Change in investment in Energy Services	10,046,000	(21,114,000)
Change in non-cash assets and liabilities		
Accounts receivable	1,361,258	1,826,161
Inventory	586,271	(3,507,376)
Prepays	438	54,457
Accounts payable and accrued liabilities	(112,100,209)	123,787,095
Deferred revenue	(235,569)	(281,232)
Deferred government transfers	(3,463,018)	13,792,666
Other post-employment liabilities	(5,664,681)	2,995,958
	(7,118,325)	183,160,508
Capital transactions		
Acquisitions of tangible capital assets (Note 20)	(37,740,309)	(152,540,310)
Proceeds on the sale of tangible capital assets	211,627	1,428,450
	(37,528,682)	(151,111,860)
Financing transactions		
Repayment of long-term debt	(21,484,676)	(24,861,755)
Proceeds from long-term debt	8,828,000	14,580,000
	(12,656,676)	(10,281,755)
Investing transactions		
Redemption of investments (Note 9)	89,636,881	3,748,851
Net Increase in cash and cash equivalents	32,333,198	25,515,744
Cash and cash equivalents, beginning of year	54,488,474	28,972,730
Cash and cash equivalents, end of year	86,821,672	54,488,474

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

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 organization 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 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, 2019

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 17, 2018 and the Minister of Local Government on January 17, 2019. 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 eligible criteria have been met.

Expenses

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

Measurement Uncertainty

The preparation of the consolidated financial statements in accordance with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Key components of the consolidated financial statements requiring management to make estimates include: the useful life of tangible capital assets, impairment of tangible capital assets, rates for amortization, allowance for doubtful accounts in respect of receivables and estimates for pension liabilities. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could materially differ from those estimates.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

2. Summary of Significant Accounting Policies (Continued)

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. Restricted cash is not available for use in general operations and is not available for withdrawal as it is legally restricted in accordance with third-party special purpose agreements.

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.

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 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 to 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.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

2. Summary of Significant Accounting Policies (Continued)

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.

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. It also provides street lighting, area lighting and water heater rental services.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

2. Summary of Significant Accounting Policies (Continued)

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.

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, 2019, the balance of the bridge financing credit facility was zero (2018 - zero) and the balance of the operating line of credit was zero (2018 - 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 2019, the City has complied with these limitations.

4. Cash and Cash Equivalents

Cash and cash equivalents consists of the following:

	2019	2018
	\$	\$
Unrestricted cash	42,590,667	7,810,092
Restricted cash		
Airspace 2049 Fund	25,296	27,205
Land sub-division Fund	150,901	74,243
Saint John Non-Profit Housing Future Development Fund	53,613	52,447
Deposits on contracts	1,136,939	1,197,214
Develop Saint John	1,000,000	-
Safe Clean Drinking Water Project	27,794,260	38,794,260
Gas Tax	14,069,996	6,533,013
	86,821,672	54,488,474

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

5. Accounts Receivable

Accounts receivable consist of the following:

	2019	2018
	\$	\$
Water and sewer charges to ratepayers	7,940,040	7,644,637
Other	3,483,072	4,245,857
Due from the Province of New Brunswick	1,475,380	3,001,876
Due from the Federal Government and its agencies	2,387,389	1,751,208
Allowance for doubtful accounts	(1,719,111)	(1,715,550)
	13,566,770	14,928,028

6. Due from the Federal Government and its Agencies

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

	2019	2018
	\$	\$
Clean Waste Water Funding	1,162,249	799,133
Canada Revenue Agency HST Receivable	1,175,952	856,099
Other	49,188	95,976
	2,387,389	1,751,208

7. Due from the Province of New Brunswick

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

	2019	2018
	\$	\$
Clean Waste Water Funding	572,451	395,216
Financial Assistance	-	1,566,473
Department of Transportation	276,333	272,255
Department of Public Safety - Flood 2018	502,000	502,000
Other	124,596	265,932
	1,475,380	3,001,876

8. Investment in Energy Services

Change in equity Saint John Energy:

	2019	2018
	\$	\$
Investment, beginning of year	50,801,000	29,687,000
Net (loss) earnings	(10,046,000)	21,114,000
Investment, end of year	40,755,000	50,801,000

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

9. Other Investments

Other investments consist of the following:

	2019	2018
	\$	\$
GIC	-	90,229,783
Canada Games Foundation investments	7,350,333	6,869,070
Other investments	1,239,792	1,128,153
	8,590,125	98,227,006

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.

10. Accounts payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	2019	2018
	\$	\$
Trade payables	20,996,747	18,711,881
Payables related to the Safe Clean Drinking Water project	10,377,481	124,436,332
Other	201,560	181,487
Payroll	7,139,017	7,242,808
Conferences and holdings	1,007,508	1,085,925
Deposits	1,160,039	1,318,585
Interest payable	643,725	685,928
Due to Pension Fund	295,643	258,983
	41,821,720	153,921,929

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

11. Deferred Government Transfers

Deferred government transfers consist of the following:

	2019	2018
	\$	\$
Gas tax funding	14,069,996	6,533,014
Contribution from Regional Development Corporation	27,794,260	38,794,260
	41,864,256	45,327,274

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.

The 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.

12. Long-Term Debt

Debentures consist of the following:

Year of Issue	Interest Rate %	Term (Years)	2019	2019 \$	2018 \$
			Annual Payment \$		
New Brunswick Municipal Finance Corporation Debentures					
2008	2.10 to 5.55	15	367,000	1,463,000	1,830,000
2008	2.10 to 5.55	15	175,000	1,575,000	1,750,000
2008	2.10 to 5.55	15	100,000	400,000	500,000
2009	0.95 to 5.00	10	5,603,000	-	5,603,000
2009	0.95 to 5.00	10	825,000	-	825,000
2009	0.95 to 5.00	10	600,000	-	600,000
2009	1.00 to 4.50	10	3,397,000	-	3,397,000
2009	1.00 to 4.50	10	2,750,000	-	2,750,000
2009	1.00 to 4.50	10	2,003,000	-	2,003,000
2010	1.50 to 4.55	10	1,000,000	6,000,000	7,000,000
2010	1.50 to 4.55	10	250,000	2,750,000	3,000,000
2011	1.65 to 4.25	10	1,667,000	13,664,000	15,331,000
2011	1.65 to 4.25	10	700,000	8,400,000	9,100,000
2011	1.35 to 3.45	10	300,000	2,100,000	2,400,000
2011	1.35 to 3.45	10	350,000	4,200,000	4,550,000
2011	2.06	15	200,000	2,400,000	2,600,000
2012	1.35 to 3.55	15	767,000	6,131,000	6,898,000
2012	1.35 to 3.80	20	425,000	5,525,000	5,950,000
2012	1.35 to 3.55	15	300,000	2,400,000	2,700,000
2013	1.35 to 3.70	15	687,000	6,178,000	6,865,000

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

12. Long-Term Debt (Continued)

Year of Issue	Interest Rate %	Term (Years)	2019		2018 \$
			Annual Payment \$	2019 \$	
2013	1.35 to 4.00	20	550,000	7,700,000	8,250,000
2013	1.35 to 4.00	20	360,000	6,840,000	7,200,000
2014	2.00	20	500,000	7,500,000	8,000,000
2014	1.15 to 3.90	15	707,000	7,065,000	7,772,000
2014	1.20 to 3.70	15	1,055,000	2,665,000	3,720,000
2014	1.20 to 3.70	20	668,000	5,340,000	6,008,000
2014	1.15 to 3.90	15	27,000	265,000	292,000
2014	1.20 to 2.15	5	56,000	-	56,000
2015	0.95 to 3.25	15	500,000	5,500,000	6,000,000
2015	1.05 to 3.65	15	607,000	1,942,000	2,549,000
2015	0.95 to 3.50	20	175,000	2,800,000	2,975,000
2015	1.05 to 3.15	20	175,000	1,050,000	1,225,000
2015	1.05 to 3.65	15	107,000	772,000	879,000
2016	1.20 to 3.55	15	1,034,000	5,068,000	6,102,000
2016	1.45 to 3.50	15	400,000	4,800,000	5,200,000
2016	1.45 to 3.75	20	200,000	3,400,000	3,600,000
2016	1.20 to 2.95	10	400,000	2,800,000	3,200,000
2016	1.20 to 3.55	15	127,000	919,000	1,046,000
2017	1.20 to 3.30	15	333,000	4,334,000	4,667,000
2017	1.65 to 3.20	15	513,000	2,874,000	3,387,000
2017	1.65 to 3.40	30	1,500,000	42,000,000	43,500,000
2017	1.65 to 2.90	10	350,000	2,800,000	3,150,000
2017	1.65 to 3.20	15	101,000	968,000	1,069,000
2018	2.55 to 3.55	15	700,000	9,800,000	10,500,000
2018	2.10 to 3.00	5	566,000	2,264,000	2,830,000
2018	2.10 to 3.45	10	125,000	1,125,000	1,250,000
2019	2.050 to 2.300	5	-	5,170,000	-
2019	3.41	10	-	1,428,000	-
2019	2.050 to 2.850	10	-	750,000	-
2019	1.950 to 2.100	5	-	1,670,000	-
2019	1.950 to 2.800	15	-	10,230,000	-
2019	1.950 to 2.450	10	-	2,500,000	-
			34,302,000	217,525,000	230,079,000
Other Debentures					
Canada Mortgage and Housing Debentures					
2009	3.97	15	102,675	577,854	680,530
Total Debentures			34,404,675	218,102,854	230,759,530

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

12. Long-Term Debt (Continued)

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	28,781,752
2020	41,851,990
2021	15,715,395
2022	16,175,977
2023	14,102,740
Thereafter	101,475,000
	<hr/> 218,102,854 <hr/>

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

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, 2019

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, 2019. 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, 2018 and current period benefit cost for the following year are based on an actuarial valuation conducted as at December 31, 2018. 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, 2018 and extrapolated to December 31, 2019, using assumptions effective for December 31, 2019. 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:

	2019	2018
Discount rate	5.85%	6.05%
Inflation rate	2.10%	2.25%
Salary increase	2.85%	3.00%
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 \$19,712,340 (2018 - \$20,562,689).

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

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.

	2019	2018
	\$	\$
City share of accrued benefit liability, beginning of year	114,100,000	89,300,000
City share of current period benefit cost	6,000,000	6,300,000
City share of past service cost	1,800,000	13,000,000
Interest cost	6,600,000	5,700,000
Less City contributions	(19,700,000)	(20,600,000)
Actuarial (gain) loss	(29,300,000)	20,400,000
City share of accrued benefit liability, end of year	79,500,000	114,100,000
Unamortized actuarial gain (loss)	14,800,000	(15,700,000)
Pension liability end of year	94,300,000	98,400,000

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

	2019	2018
	\$	\$
Current period benefit cost	6,000,000	6,300,000
Past service cost	1,800,000	13,000,000
Interest cost	6,600,000	5,700,000
Amortization of City share of actuarial (gain) loss	1,200,000	(700,000)
Total expense related to Pension	15,600,000	24,300,000

Other Employee Future Benefits

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

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

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

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 \$66,200 (2018 - \$65,375) 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, 2019. Previous to that, an actuarial valuation was performed as at December 31, 2018.

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:

	2019	2018
	\$	\$
Accrued benefit obligation, beginning of year	25,649,185	26,522,427
Current period benefit cost	1,077,900	1,081,400
Past Service improvement costs, plan ammendments	(1,377,300)	-
Benefit payments	(2,870,300)	(3,042,243)
Interest cost	1,878,985	808,601
Actuarial loss	1,615,800	279,000
Other employee future benefits, end of year	25,974,270	25,649,185

	2019	2018
	\$	\$
Main assumptions used for these plans:		
Discount rate	2.76%	3.46%
Salary increase	3.00%	3.00%
EARSL Range	6 to 24	8 to 23

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

13. Post Employment Benefits and Compensated Absences (Continued)

These benefit plans require no contributions from employees. The benefit liability as at December 31, 2019 includes the following components:

	2019	2018
	\$	\$
Accrued Benefit Obligation (Carrying Value)		
Retirement allowances	4,921,100	4,517,400
Sick leave	9,142,000	8,330,000
Heart and lung pension	4,060,100	5,133,600
Disability benefits	4,754,600	5,637,600
Contractual top up agreements	1,110,604	1,076,185
Sick leave - Saint John Transit Commission	975,900	954,400
	24,964,304	25,649,185
Unamortized actuarial loss	(7,086,200)	(6,206,400)
	17,878,104	19,442,785

The unamortized actuarial losses will be amortized over the 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:

	2019	2018
	\$	\$
Current period benefit cost	1,062,800	1,081,400
Amortization of actuarial loss	822,200	448,200
	1,885,000	1,529,600
Other employee benefit interest expense	1,878,985	808,601
Total expense related to other employee future benefits	3,763,985	2,338,201

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, 2019 amounted to \$2,000,000 (2018 – \$108,000). Based on 2003 population figures, the City is liable for approximately 55% of the Commission's debt.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

14. Contingencies (Continued)

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 67.30% in 2019 (2018 - 67.15%).

16. Water and Sewer Fund Surplus

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:

	2019	2018
	\$	\$
2019 Surplus	196,731	-
2018 Surplus	51,791	51,791
2017 Surplus	399,028	532,037
2016 Surplus	358,282	537,423
2015 Surplus	161,112	322,225
2014 Surplus	-	507,658
	1,166,944	1,951,134

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

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, 2019 was \$476,554 (2018 - \$484,113).

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

19. Statement of Reserves

	Water & Sewer Capital Reserve	General Operating Reserve	General Capital Reserve	2019 Total	2018 Total
Assets					
Cash	1,686,051	4,744,056	6,531,372	12,961,479	31,699,978
Accumulated Surplus	1,686,051	4,744,056	6,531,372	12,961,479	31,699,978
Revenue					
Transfers from Water and Sewerage Utility Operating	542,921	-	-	542,921	7,796,255
Transfers from General Operating Fund	-	770,000	4,054,989	4,824,989	4,970,702
Interest	227,269	111,047	39,778	378,094	378,750
Total Revenues	770,190	881,047	4,094,767	5,746,004	13,145,707
Expenditures	20,756,861	783,080	2,944,562	24,484,503	1,845,762
Annual (Deficit) Surplus	(19,986,671)	97,967	1,150,205	(18,738,499)	11,299,945
Balance, beginning of year	21,672,722	4,646,089	5,381,167	31,699,978	20,400,033
Balance, end of year	1,686,051	4,744,056	6,531,372	12,961,479	31,699,978

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

19. Statement of Reserves (Continued)

Council Resolutions regarding transfers to and from reserves

Moved by Deputy Mayor McAlary, seconded by Councillor Sullivan: RESOLVED that as recommended by the City Manager in the submitted report M&C 2018-350: 2019 General Operating Budget, Council approve the following:

- \$350,000 from the General Operating Fund to the Growth Reserve Fund to support the City's growth initiatives;
- \$500,000 from the General Operating Fund to the Capital Reserve Fund to fund infrastructure deficit;
- \$300,000 from the General Operating Fund to the Operating Reserve Fund to support a Restructuring Plan.

Moved by Deputy Mayor McAlary, seconded by Councillor Sullivan: RESOLVED that the recommendation set out in each consent agenda item respectively with the exclusion of item 5.11 which has been moved to item 14.1 for discussion be approved:

5.10 That as recommended by the City Manager in the submitted report M&C 2019-351: Reserves, Common Council approve the transfer of:

- \$120,000 from the General Operating Fund to an Operating Reserve to cover the cost of finishing the City's website project;
- \$80,000 from the General Operating Fund to the General Capital Reserve to fund a Solid Waste Pilot Project;
- \$290,244 from the General Operating Fund to the General Capital Reserve to fund two Saint John Fire projects (CAER Initiative and Industrial Hygiene);
- Approve the "Reserve Schedule A" included in the report

I hereby certify that the above are true and exact copies of resolutions adopted at the meetings of Common Council on December 17, 2018 and December 19, 2019.



Jonathan Taylor
Common Clerk
City of Saint John



AUG 13. 2020

Date

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

20. Tangible Capital Assets

	Land	Land Improvements	Leasehold Improvements	Buildings	Vehicles	Machinery & Equipment	Transportation	Water & Wastewater Networks	Assets under Construction	2019 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST										
Balance, beginning of year	148,555,584	39,382,396	2,088,228	211,536,430	54,004,613	17,028,050	457,468,117	731,497,517	6,395,432	1,667,956,367
Additions and transfers	7,581	1,309,792	-	335,087	2,342,685	480,268	9,091,495	22,270,968	1,902,433	37,740,309
Disposals	166,000	-	-	134,194	2,191,045	156,268	6,961,312	3,782,556	-	13,391,375
Adjustments related to land held for resale	-	-	-	-	-	-	-	-	-	-
Balance, end of year	148,397,165	40,692,188	2,088,228	211,737,323	54,156,253	17,352,050	459,598,300	749,985,929	8,297,865	1,692,305,301
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	16,889,861	1,628,237	102,976,844	28,500,172	9,863,991	221,421,983	263,242,250	-	644,523,338
Amortization for the year	-	1,287,909	54,544	5,330,367	3,772,748	1,496,459	12,112,854	16,562,363	-	40,617,244
Accumulated amortization on disposals	-	-	-	132,374	2,123,579	148,892	6,057,064	3,362,057	-	11,823,966
Adjustments	-	-	-	-	-	35,152	-	-	-	35,152
Balance, end of year	-	18,177,770	1,682,781	108,174,837	30,149,341	11,246,710	227,477,773	276,442,556	-	673,351,768
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	148,397,165	22,514,418	405,447	103,562,486	24,006,912	6,105,340	232,120,527	473,543,373	8,297,865	1,018,953,533
Consists of:										
General Fund assets	148,397,165	22,514,418	405,447	103,562,486	24,006,912	6,105,340	232,120,527	-	5,221,057	542,333,352
Water and Wastewater assets	-	-	-	-	-	-	-	473,543,373	3,076,808	476,620,181
	148,397,165	22,514,418	405,447	103,562,486	24,006,912	6,105,340	232,120,527	473,543,373	8,297,865	1,018,953,533

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

20. Tangible Capital Assets (Continued)

	Land	Land Improvements	Leasehold Improvements	Buildings	Vehicles	Machinery & Equipment	Transportation	Water & 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	-	617,593,791
Amortization for 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	459,992	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, 2019

21. Segment Disclosure

	General Government Services	Protective Services	Transportation Services	Water & Sewer Services	Environmental Health Services	Environmental Development Services	Recreational & Cultural Services	Energy Services	2019 Consolidated	2018 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES										
Property taxes	125,704,831	-	-	-	-	-	-	-	125,704,831	123,443,042
Unconditional grant	16,279,669	-	-	-	-	-	-	-	16,279,669	15,659,510
Financial assistance	2,788,061	-	-	-	-	-	-	-	2,788,061	4,556,010
Other revenue from own sources	1,503,397	3,229,252	11,882,285	-	-	6,085,926	1,628,544	-	24,329,404	23,604,611
Miscellaneous revenue	651,047	-	28,049	-	-	61,791	-	-	740,887	421,081
Water & sewer revenue	-	-	-	45,592,250	-	-	-	-	45,592,250	44,590,627
Income from energy services	-	-	-	-	-	-	-	-	-	21,114,000
Contributions from others	436,411	38,434	253,762	-	-	925,772	-	-	1,654,379	2,877,350
	147,363,416	3,267,686	12,164,096	45,592,250	-	7,073,489	1,628,544	-	217,089,481	236,266,231
EXPENSES										
Salaries and benefits	12,065,037	47,739,933	21,016,344	12,080,485	1,262,919	8,959,916	5,104,155	-	108,228,789	115,158,102
Goods and services	8,874,036	6,151,378	12,347,977	15,038,991	2,001,511	10,487,427	4,171,653	-	59,072,973	61,470,263
Amortization of tangible assets	7,854,068	-	14,679,549	16,562,363	-	246,452	1,274,812	-	40,617,244	38,825,114
Interest and bank charges	3,593,183	-	761,562	3,269,780	-	80,138	117	-	7,704,780	8,056,689
Loss from energy services	-	-	-	-	-	-	-	10,046,000	10,046,000	-
	32,386,324	53,891,311	48,805,432	46,951,619	3,264,430	19,773,933	10,550,737	10,046,000	225,669,786	223,510,168
SURPLUS FOR THE YEAR	114,977,092	(50,623,625)	(36,641,336)	(1,359,369)	(3,264,430)	(12,700,444)	(8,922,193)	(10,046,000)	(8,580,305)	12,756,063

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

22. Reconciliation of Annual Surplus

	General Operating Fund \$	General Capital Fund \$	Water & Sewer Operating Fund \$	Water & Sewer Capital Fund \$	Trust Funds \$	Controlled Entities \$	Total \$
2019 Annual Surplus (Deficit)	37,384,262	(20,354,808)	15,190,749	47,683,620	116,244	(19,677,062)	60,343,005
Adjustments to annual surplus (deficit) for funding requirements							
Elimination of revenues and expenses between funds	(17,567,851)	22,039,088	(9,607,018)	36,931,511	-	9,351,631	41,147,361
Amortization expense	-	21,580,367	-	16,562,363	-	-	38,142,730
Revenue from donated assets	-	(1,225,004)	-	-	-	-	(1,225,004)
Second previous year's surplus	86,557	-	981,000	-	-	-	1,067,557
Sick leave expense	812,000	-	-	-	-	-	812,000
Post employment adjustment	(1,710,500)	-	-	-	-	-	(1,710,500)
Pension expense	(5,300,000)	-	-	-	-	-	(5,300,000)
Amortization of actuarial gain/loss	2,009,400	-	-	-	-	-	2,009,400
Long-term debt principal repayment	(15,116,676)	-	(6,368,000)	-	-	-	(21,484,676)
Long-term disability adjustment	(812,164)	-	-	-	-	-	(812,164)
Total adjustments to 2019 annual surplus (deficit)	(37,599,234)	42,394,451	(14,994,018)	53,493,874	-	9,351,631	52,646,704
2019 Annual Fund Surplus (deficit)	(214,971)	22,039,643	196,731	101,177,494	116,244	(10,325,431)	112,989,709

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

23. Controlled Entities Operations

	Saint John Transit Commission \$	Saint John Parking Commission \$	Develop Saint John \$	Harbour Station Commission \$	Aquatic Centre Commission \$	Trade and Convention Centre \$
Total assets	30,440,798	23,816,860	81,412,649	1,751,273	322,371	(389,921)
Total liabilities	15,260,378	9,771,487	574,615	952,508	468,483	103,606
Accumulated surplus (deficit)	15,180,420	14,045,373	80,838,034	798,765	(146,112)	(493,527)
Total revenues	4,743,710	4,341,337	765,689	2,622,820	2,107,855	826,757
Total operating expenses	13,229,626	2,943,867	1,810,618	3,193,038	2,882,411	928,574
Annual surplus (deficit)	(8,485,916)	1,397,470	(1,044,929)	(570,218)	(774,556)	(101,817)

	Saint John Energy \$	Lord Beaverbrook \$	Saint John Free Public Library \$	Canada Games Foundation \$	2019 Consolidated \$	2018 Consolidated \$
Total assets	40,755,000	243,604	1,253,246	7,391,338	186,997,218	200,618,676
Total liabilities	-	56,975	55,910	11,607	27,255,569	29,415,616
Accumulated surplus (deficit)	40,755,000	186,629	1,197,336	7,379,731	159,741,649	171,203,060
Total revenues	-	251,562	258,427	463,705	16,381,862	39,959,855
Total operating expenses	10,046,000	441,468	583,322	-	36,058,924	25,860,948
Annual surplus (deficit)	(10,046,000)	(189,906)	(324,895)	463,705	(19,677,062)	14,098,907

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 the modified equity method

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

24. Reconciliation of Funding Deficit Upon Adoption of PSAS

On January 1, 2017 the City adopted the use of PSAS. As a result, certain liabilities relating to employment benefits had to restated to reflect the adoption of the standards.

	Special Top-up Agreements \$	Heart and Lung \$	Retirement Allowances \$
Liabilities at December 31, 2016 as calculated on adoption of PSAS	1,035,500	5,133,600	4,517,400
Amount of December 31, 2016 liabilities funded in current year	54,700	(1,073,500)	403,700
Balance to be funded in future years	1,090,200	4,060,100	4,921,100

25. Subsequent Event

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time. While the City is unable to reliably estimate the impact, the length or the severity of these developments at this time, the City does not expect that the financial impact will have a material effect on the financial results and condition of the City in future periods.

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

26. Other Revenue and Expense Details

	2019 Budget (Unaudited) (Note 2) \$	2019 \$	2018 \$
REVENUE			
Other Revenues from Own Sources			
General government services	3,229,557	1,503,397	1,196,894
Protective services	2,621,888	3,229,252	2,906,894
Transportation services	12,824,910	11,882,285	12,142,519
Environmental development services	4,145,961	6,085,926	5,497,334
Recreational and cultural services	1,366,408	1,628,544	1,860,970
	24,188,724	24,329,404	23,604,611
Contributions from Others			
General government Services	-	436,411	1,372,310
Protective services	-	38,434	480,000
Transportation services	250,000	253,762	281,762
Environmental development services	1,096,002	925,772	743,278
	1,346,002	1,654,379	2,877,350
Government Transfers for Capital			
Infrastructure Canada - gas tax funding	-	2,512,951	1,446,615
Federal/Provincial clean waste water funding	-	2,204,137	3,029,571
Infrastructure Canada - SCDW	-	48,495,681	-
Infrastructure Canada - public transit funding	-	-	3,256,318
Regional Development Corporation	-	13,090,484	1,378,769
Other	-	417,256	168,352
	-	66,720,509	9,279,625
Other Contributed Assets for Capital			
Donated assets	-	1,225,004	75,201
Federation of Canadian Municipalities	-	923,767	82,400
Other	-	54,030	-
	-	2,202,801	157,601

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

26. Other Revenue and Expense Details (Continued)

	2019 Budget (Unaudited) (Note 2) \$	2019 \$	2018 \$
EXPENDITURES			
General Government Services			
Legislative			
Mayor's office	210,318	190,070	180,243
Common Council	534,190	478,157	429,253
	744,508	668,227	609,496
City Manager			
City manager	680,822	673,380	596,969
Corporate planning	607,996	536,453	449,352
Corporate communications	445,602	388,016	386,035
	1,734,420	1,597,849	1,432,356
Common Services			
City hall building	1,225,384	943,723	1,858,526
Property assessment	1,343,078	1,366,162	1,341,622
Public liability insurance	304,000	348,372	310,253
	2,872,462	2,658,257	3,510,401
Other			
Common clerk	583,705	569,140	555,626
Human resources	1,520,515	1,512,655	1,449,039
Finance	1,748,875	2,406,614	2,177,676
City solicitor	804,192	656,969	694,459
Materials management	1,113,424	1,171,860	1,117,304
Information systems and support	2,512,414	2,247,593	2,032,289
Insurance	203,081	165,201	174,396
Debt charges	18,252,781	3,593,183	3,794,763
Amortization	-	7,854,068	7,939,482
Post employment expenses	9,574,000	5,495,738	13,132,306
Other	2,030,151	1,751,496	10,240,634
Regional Services Commission	37,474	37,474	34,269
	38,380,612	27,461,991	43,342,243
Total General Government Services	43,732,002	32,386,324	48,894,496

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

26. Other Revenue and Expense Details (Continued)

	2019 Budget (Unaudited) (Note 2) \$	2019 \$	2018 \$
Protective Services			
Police Protection			
Police operations	15,741,734	15,129,893	15,348,119
Support services	1,981,054	1,573,891	1,493,241
Administration	1,773,555	1,995,988	2,060,276
Stations and buildings	1,047,368	923,036	931,292
Criminal investigations	4,432,850	4,570,677	4,437,358
Detention services	174,000	170,874	168,006
Automotive	907,978	611,968	649,076
	26,058,539	24,976,327	25,087,368
Fire Protection			
Fire operations	23,624,764	22,944,949	22,334,577
Fire investigation	73,294	60,268	57,809
Fire prevention	900,805	842,833	841,637
	24,598,863	23,848,050	23,234,023
Other Protective Services			
Inspection services	907,579	934,812	856,249
Enforcement services	367,769	434,824	369,143
Minimum standards	273,810	264,241	244,084
Dangerous buildings	510,788	410,743	656,210
Animal control	89,348	89,632	88,047
Emergency measures	333,939	384,867	511,845
Emergency dispatch centre	2,497,099	2,547,815	2,431,368
	4,980,332	5,066,934	5,156,946
Total Protective Services	55,637,734	53,891,311	53,478,337
Transportation Services			
Public Works			
Roads and sidewalks	16,121,443	13,208,362	12,033,043
Other drainage services	2,635,935	2,693,469	2,566,748
Street lighting	971,000	949,174	953,702
Municipal operations	541,256	504,727	473,443
Amortization	-	12,112,854	12,227,648
Flood 2018	-	-	480,000
	20,269,634	29,468,586	28,734,584

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

26. Other Revenue and Expense Details (Continued)

	2019 Budget (Unaudited) (Note 2) \$	2019 \$	2018 \$
General Engineering			
Transportation	553,919	550,711	313,527
Traffic engineering and systems	2,292,512	2,082,029	1,922,772
	2,846,431	2,632,740	2,236,299
Parking Administration			
Parking administration	617,565	506,135	495,664
	617,565	506,135	495,664
External Controlled Entities			
Saint John Transit Commission	10,375,560	13,254,104	12,935,820
Saint John Parking Commission	4,571,048	2,943,867	2,922,084
	14,946,608	16,197,971	15,857,904
Total Transportation Services	38,680,238	48,805,432	47,324,451
Water and Sewer Services			
Saint John Water & Wastewater			
Drinking water	17,149,000	14,107,169	9,732,616
Industrial water	2,583,000	1,511,160	1,090,946
Wastewater	11,054,000	9,288,025	9,357,067
Infrastructure management	820,000	702,471	421,584
Internal charges	905,000	185,823	265,541
Fiscal charges	17,459,335	4,594,608	4,794,339
Amortization	-	16,562,363	14,670,473
Total Water and Sewer Services	49,970,335	46,951,619	40,332,566
Environmental Health Services			
Sanitary Services	3,722,605	3,264,430	3,429,828
Total Environmental Health Services	3,722,605	3,264,430	3,429,828

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

26. Other Revenue and Expense Details (Continued)

	2019 Budget (Unaudited) (Note 2) \$	2019 \$	2018 \$
Environmental Development Services			
Research and Planning			
Community planning	1,668,857	1,459,226	1,645,290
Succeed and stay	-	123,571	-
Plan SJ	120,048	53,648	23,369
	1,788,905	1,636,445	1,668,659
Administration and Geographic Information Systems (GIS)			
GIS	380,821	333,335	429,544
Carpenter shop	357,107	200,841	313,536
	737,928	534,176	743,080
Economic Development			
Growth reserve	350,000	42,500	2,607
Market Square common area	2,182,993	2,506,897	2,125,694
Regional economic development	475,000	475,000	475,000
Regional facilities	2,200,262	974,399	792,585
	5,208,255	3,998,796	3,395,886
Real Estate Management			
Property management	1,436,427	2,030,414	1,436,430
Real estate	268,384	262,074	662,966
	1,704,811	2,292,488	2,099,396
Other Environmental Development Services			
City Market	986,126	1,196,384	1,075,525
Tourism	1,033,495	1,033,495	1,033,495
Community development	190,936	267,508	214,449
	2,210,557	2,497,387	2,323,469
External Controlled Entities			
TD Station Commission	3,740,692	3,193,038	3,575,975
Aquatic Centre Commission	-	2,882,411	2,832,142
Trade and Convention Centre	930,356	928,574	895,266
Develop Saint John	2,404,495	1,810,618	1,258,150
	7,075,543	8,814,641	8,561,533
Total Environmental Development Services	18,725,999	19,773,933	18,792,023

The City of Saint John
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

26. Other Revenue and Expense Details (Continued)

	2019 Budget (Unaudited) (Note 2) \$	2019 \$	2018 \$
Recreational and Cultural Services			
Cultural Grants			
Other cultural grants	2,177,234	1,281,063	1,256,224
	2,177,234	1,281,063	1,256,224
Parks			
Rockwood Park	590,039	575,602	461,565
Parks general services	2,179,716	1,891,702	2,049,605
	2,769,755	2,467,304	2,511,170
Community Services			
Parks and playgrounds	309,178	208,259	199,000
Recreation and parks	265,628	228,906	249,944
Pro Kids	122,371	109,863	104,437
	697,177	547,028	553,381
Other Recreational and Cultural Services			
Sports and recreation	3,529,263	3,638,307	3,491,475
Community centres	653,332	677,854	689,194
Cultural affairs	108,347	103,284	55,259
Amortization	-	1,274,812	1,228,251
	4,290,942	5,694,257	5,464,179
Externally Controlled Entities			
Lord Beaverbrook Rink	435,550	441,468	432,771
Saint John Free Public Library	-	583,322	582,071
Canada Games Foundation	-	(463,705)	458,671
	435,550	561,085	1,473,513
Total Recreational and Cultural Services	10,370,658	10,550,737	11,258,467
TOTAL EXPENDITURES	220,839,571	215,623,786	223,510,168