

*Consolidated Financial Statements of*

**CITY OF ST. JOHN'S**

*December 31, 2021*

# CITY OF ST. JOHN'S

December 31, 2021

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## Statement of Responsibility

The accompanying consolidated financial statements are the responsibility of the management of the City of St. John's (the "City") and have been prepared in compliance with legislation, and in accordance with public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The City's Audit Committee met with management and its external auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.

BDO Canada LLP, as the City's appointed independent external auditors, has audited the consolidated financial statements. The auditor's report is addressed to the Mayor and Councillors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position, operations, changes in net debt and cash flows of the City in accordance with Canadian public sector accounting standards.



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Mayor



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Deputy City Manager, Finance & Administration



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300 Kenmount Road, Suite 100  
St. John's, NL A1B 3R2

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## Independent Auditor's Report

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His Worship the Mayor and Councillors of the City of St. John's

### Opinion

We have audited the accompanying consolidated financial statements of the City of St. John's (the "City"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2021, and its results of consolidated operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

### Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

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

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

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



## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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

*BDO Canada LLP*

Chartered Professional Accountants

St. John's, Newfoundland and Labrador  
June 28, 2022

# CITY OF ST. JOHN'S

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2021

	Budget 2021	Actual 2021	Actual 2020
	\$	\$	\$
	(Schedule 8)		
<b>Revenues (Schedule 5)</b>			
Taxation	206,809,715	<b>212,942,742</b>	209,648,466
Grants in lieu of taxes	9,199,785	<b>9,493,994</b>	9,129,980
Grants and transfers	25,689,614	<b>33,870,001</b>	41,962,974
Sales of goods and services	49,497,580	<b>48,775,287</b>	44,476,488
Other revenue from own sources	29,760,819	<b>26,001,708</b>	21,537,668
	<b>320,957,513</b>	<b>331,083,732</b>	<b>326,755,576</b>
<b>Expenditures (Schedule 6)</b>			
General government services	47,593,696	<b>56,872,192</b>	56,000,254
Fiscal services	25,310,441	<b>25,566,049</b>	24,355,861
Transportation services	63,884,759	<b>66,118,095</b>	71,091,251
Protective services	33,476,668	<b>38,169,937</b>	37,146,618
Environmental health services	47,369,027	<b>48,115,227</b>	43,782,769
Recreation and cultural services	29,444,866	<b>29,269,056</b>	26,429,309
Environmental development services	9,663,233	<b>6,496,295</b>	6,832,668
Amortization and allowances	49,522,576	<b>48,828,209</b>	45,995,552
	<b>306,265,266</b>	<b>319,435,060</b>	<b>311,634,282</b>
Excess of revenues over expenditures	14,692,247	<b>11,648,672</b>	15,121,294
Accumulated surplus, beginning of year	782,612,319	<b>782,612,319</b>	767,491,025
<b>Accumulated surplus, end of year (Note 14)</b>	<b>797,304,566</b>	<b>794,260,991</b>	<b>782,612,319</b>

See accompanying notes to the consolidated financial statements

**CITY OF ST. JOHN'S**  
**Consolidated Statement of Financial Position**  
As at December 31, 2021

	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	153,245,584	155,020,240
Investments (Note 3)	36,223,631	26,105,768
Accounts receivable - current (Note 4)	44,242,548	56,059,956
Accounts receivable - long-term (Note 5)	327,707	1,475,164
Sinking fund investments (Schedule 2)	201,328,131	193,016,497
	<b>435,367,601</b>	<b>431,677,625</b>
<b>Financial liabilities</b>		
Payables and accruals (Note 6)	70,283,935	60,852,863
Asset retirement obligations (Note 7)	28,384,061	31,962,446
Employee benefits (Note 8)	222,172,349	221,939,060
Debenture debt (Note 9 and Schedule 2)	560,500,000	575,500,000
Long-term debt (Note 10)	5,446,155	7,319,882
	<b>886,786,500</b>	<b>897,574,251</b>
<b>Net debt</b>	<b>(451,418,899)</b>	<b>(465,896,626)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	1,239,502,198	1,242,391,602
Inventory of materials and supplies	3,889,064	3,694,898
Prepaid expenditures	2,288,628	2,422,445
	<b>1,245,679,890</b>	<b>1,248,508,945</b>
<b>Accumulated surplus (Note 14)</b>	<b>794,260,991</b>	<b>782,612,319</b>

Contingencies and commitments (Note 17)

See accompanying notes to the consolidated financial statements

On behalf of Council  


\_\_\_\_\_  
Mayor



\_\_\_\_\_  
Deputy City Manager, Finance & Administration



**CITY OF ST. JOHN'S**  
**Consolidated Statement of Changes in Net Debt**  
Year ended December 31, 2021

	Budget 2021	2021	2020
	\$	\$	\$
<b>Excess of revenues over expenditures</b>	<b>14,692,247</b>	<b>11,648,672</b>	15,121,294
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets and contributed tangible capital assets	(50,924,533)	(42,459,975)	(50,924,533)
Net book value of tangible capital assets disposals/transfers	317,268	1,425,579	317,268
Amortization of tangible capital assets	43,923,800	43,923,800	43,015,234
<b>Decrease (increase) in net book value of tangible capital assets</b>	<b>(6,683,465)</b>	<b>2,889,404</b>	(7,592,031)
<b>Changes in other non-financial assets</b>			
Change in prepaid expenditures	-	133,817	(890,626)
Acquisition of inventory and supplies, net of usage	-	(194,166)	(272,786)
<b>Increase in other non-financial assets</b>	<b>-</b>	<b>(60,349)</b>	(1,163,412)
Decrease in net debt	8,008,782	14,477,727	6,365,851
Net debt, beginning of year	(465,896,626)	(465,896,626)	(472,262,477)
<b>Net debt, end of year</b>	<b>(457,887,844)</b>	<b>(451,418,899)</b>	(465,896,626)

See accompanying notes to the consolidated financial statements

**CITY OF ST. JOHN'S**  
**Consolidated Statement of Cash Flows**  
Year ended December 31, 2021

	2021	2020
	\$	\$
<b>Operating transactions</b>		
Excess of revenues over expenditures	11,648,672	15,121,294
Non-cash charges to operations:		
Amortization of tangible capital assets	43,923,800	43,015,234
Contributed tangible capital assets	(3,408,000)	(4,890,474)
Employee benefits	233,289	7,664,476
Loss on disposal of tangible capital assets	1,248,776	115,837
	<b>53,646,537</b>	<b>61,026,367</b>
Net change in other (Note 15)	<b>17,609,746</b>	<b>(3,614,377)</b>
	<b>71,256,283</b>	<b>57,411,990</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(39,051,975)	(46,034,059)
Proceeds from sale of tangible capital assets	176,803	201,431
	<b>(38,875,172)</b>	<b>(45,832,628)</b>
<b>Financing transactions</b>		
Decrease in long-term accounts receivable	1,147,457	1,455,418
Repayment of debenture debt	(15,000,000)	(7,000,000)
Issuance of debenture debt	-	138,000,000
Repayment of long-term debt	(1,873,727)	(2,345,659)
	<b>(15,726,270)</b>	<b>130,109,759</b>
<b>Investing transactions</b>		
Increase in sinking fund investments	(8,311,634)	(16,628,033)
Increase in investments	(10,117,863)	(19,475,550)
Decrease in investment in rental housing projects	-	15,692
	<b>(18,429,497)</b>	<b>(36,087,891)</b>
(Decrease) increase in cash and cash equivalents	<b>(1,774,656)</b>	<b>105,601,230</b>
Cash and cash equivalents, beginning of year	<b>155,020,240</b>	<b>49,419,010</b>
<b>Cash and cash equivalents, end of year</b>	<b>153,245,584</b>	<b>155,020,240</b>

Supplementary cash flow information (Note 15)

See accompanying notes to the consolidated financial statements

# **CITY OF ST. JOHN'S**

## **Notes to the Consolidated Financial Statements**

**December 31, 2021**

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The City of St. John's (the "City") accounts include revenues and expenses for the City's Urban Living Non-Profit Housing Fund, Regional Fire Department, Regional Waste Water System, Robin Hood Bay Regional Waste Management Facility, and Regional Water Supply System.

### **1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

#### ***Basis of consolidation***

The consolidated financial statements include all the accounts of the City, St. John's Transportation Commission (the "Commission") and St. John's Sports & Entertainment Ltd., which are wholly-owned and operated by the City. Any inter-company transactions have been eliminated on consolidation.

#### ***Revenue recognition***

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated amounts.

Other revenue mainly consists of sales of goods and services which are recognized when significant risks and rewards of ownership have been transferred and there are no significant obligations remaining, sales price is fixed and determinable, persuasive evidence of an arrangement exists and collection is reasonably assured. This usually coincides with the provision of the goods and services.

Interest revenue is recognized as revenue when earned.

#### ***Government Transfers***

When the City is the recipient, government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

When the City is the transferor, government transfers are recognized as an expense in the statement of operations when they are authorized and all eligibility criteria have been met by the recipient.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand, balances with banks (net of overdrafts) and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

*Inventories*

Inventories of material and supplies are carried at the lower of cost and net realizable value.

*Investments in rental housing projects*

Investments in rental housing projects are recorded at cost.

*Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

	Years
Buildings	25-60
Parking spaces - garage	50-75
Vehicles	
Transit buses	7-12
Vehicles	7-20
Computer hardware and software	5
Other	
Machinery and equipment	5-30
Water and waste plants and networks	
Underground networks	75
Sewage treatment plants and lift stations	45
Water pumping stations and reservoirs	45
Flood stations and other infrastructure	45
Waste management facility and infrastructure	10-40
Transportation	
Roads	10-35
Roadbeds	75
Bridges and structures	50

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Contribution of tangible capital assets*

Contributions of tangible capital assets are recorded at fair value at the date of receipt. The contribution is recorded as revenue.

*Assessments*

Assessments for water and sewer installations and street improvements are recorded when work is completed.

*Portfolio investments (sinking funds)*

Sinking funds established for the retirement of debentures are held and administered by a third party and accounted for in the City's records at cost.

*Reserve for snow and ice management*

The City has established a snow and ice management reserve, to a maximum of \$2,000,000, to accumulate funds to be used in years of severe winter conditions.

*Reserve for Civic Centre financing*

The City has established a Civic Centre financing reserve to accumulate its share of revenue received from the accommodation tax. The accommodation tax, which was legislated effective January 1, 1999, represents a four percent room levy on all fixed roof accommodations in the City of St. John's. The funds in the reserve, which are included in accumulated surplus, are used to reduce the debt related to the construction of the St. John's Convention Centre and to pay for capital improvements for the facility.

*Asset Retirement Obligations*

A liability for an asset retirement obligation related to Robin Hood Bay Regional Landfill is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. This obligation is subsequently reviewed each fiscal year and adjusted for the passage of time along with any revisions to the timing or amount required to settle the obligation. Upon initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related long-lived asset. This cost is amortized on the same basis as the related asset.

*Severance and accrued sick leave benefits*

The cost and obligation of severance and accrued non-vesting sick leave benefits earned by employees are actuarially determined using the projected accrued benefit method prorated on service and management's best estimate of assumptions of future service, future benefit usage, salary changes, and retirement ages of those employees.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Severance and accrued sick leave benefits (continued)*

The discount rate used for determining the benefit obligation is the City's cost of borrowing.

Past service costs resulting from changes to these benefits are recognized at the date of amendment.

*Accrued pension benefits*

The cost and obligation of pension benefits, earned by employees and members of Council, are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions of future investment returns for funded plans, salary changes and retirement ages of employees. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

The discount rate used for determining the benefit obligation is the expected rate of return on plan assets or the City's cost of borrowing.

Past service costs resulting from plan amendments are recognized at the date of amendment.

The excess of the net actuarial gain (loss) is amortized over the average remaining service period of active employees which is 14 years for the employee plan and 1 year for the Mayor and Councillors' plan.

*Employee future benefits*

The City provides post-retirement benefits in the form of extended life and health coverage to employees. The cost and obligations of these benefits earned by employees are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions and future claim rates and costs. There is no requirement to fund these future obligations on a current basis.

*Use of estimates*

In preparing the City's financial statements in conformity with PSAS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Items subject to management estimate include allowance for doubtful accounts, useful life of tangible capital assets, impairment of assets, employee future benefits, and closure and post-closure costs related to Robin Hood Bay Landfill. Actual results could differ from these estimates.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Liability for contaminated sites*

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

**2. CASH AND CASH EQUIVALENTS**

	<b>2021</b>	2020
	\$	\$
Cash	<b>92,241,422</b>	100,505,347
Restricted cash deposits:		
Robin Hood Bay post closure costs (Note 7)	<b>10,754,214</b>	14,613,038
Robin Hood Bay equipment replacement	<b>9,072,892</b>	8,775,347
Riverhead waste/water equipment replacement	<b>2,949,357</b>	2,888,039
Advance payments from developers	<b>42,671</b>	42,459
Federal gas tax fund	<b>33,756,529</b>	24,551,053
Urban living affordable housing:		
Tenants' security deposits	<b>110,794</b>	104,638
Replacement reserve fund	<b>4,317,705</b>	3,540,319
	<b>61,004,162</b>	54,514,893
	<b>153,245,584</b>	155,020,240

The City has agreements with Canada Mortgage and Housing Corporation ("CMHC") and Newfoundland and Labrador Housing Corporation ("NLHC") which stipulate that cash be set aside for a replacement reserve fund. As at December 31, 2021 the City held cash of \$4,317,705 (2020 - \$3,540,319).

**3. INVESTMENTS**

	<b>2021</b>	2020
	\$	\$
Government bonds	<b>36,223,631</b>	26,105,768

Government bonds consist of the City of St. John's debentures at coupon rates varying from 2.92% to 4.622% (2020 - 2.92% to 4.622%) with a face value of \$34,446,987 (2020 - \$25,522,987). Maturity dates on the investments in the portfolio range from August 2031 to September 2040.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

**4. ACCOUNTS RECEIVABLE - CURRENT**

	<b>2021</b>	2020
	\$	\$
Taxes	<b>29,437,169</b>	35,652,330
Other governments	<b>14,702,287</b>	15,986,270
Other	<b>13,475,507</b>	15,361,235
Allowance for doubtful accounts	<b>(13,372,415)</b>	(10,939,879)
	<b>44,242,548</b>	56,059,956

**5. ACCOUNTS RECEIVABLE - LONG TERM**

	<b>2021</b>	2020
	\$	\$
Government of Newfoundland and Labrador water and sewer projects	-	937,421
Other Civic assessments	<b>327,707</b>	537,743
	<b>327,707</b>	1,475,164

**6. PAYABLES AND ACCRUALS**

	<b>2021</b>	2020
	\$	\$
Trade	<b>40,172,883</b>	30,093,173
Wages and benefits payable	<b>12,650,848</b>	11,077,218
Deferred revenue	<b>3,095,040</b>	3,540,079
Deposits and prepayments	<b>8,933,971</b>	10,867,326
Accrued interest	<b>5,158,577</b>	5,213,900
Other governments	<b>272,616</b>	61,167
	<b>70,283,935</b>	60,852,863

**7. ASSET RETIREMENT OBLIGATION**

A liability is recognized for future retirement obligations associated with the City's landfill asset. The amount recognized is the net present value of estimated future expenditures required to fund the closure, decommissioning, and post-closure requirements of its landfill. The obligation is calculated using the current estimated costs to retire the asset inflated to the estimated retirement date and discounted to current present value. The retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the landfill. Future retirement expenditures will be charged against the accumulated liability as incurred.



**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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**7. ASSET RETIREMENT OBLIGATION (Continued)**

Estimating asset retirement obligations require estimation of costs many years into the future, inherent in the calculation are numerous assumptions and estimates, including the expected future costs, inflation factors, discount rates and the timing of settlement of obligations. Future revisions to any of these estimates may result in material changes to the asset retirement obligation.

At December 31, 2021, the estimated total undiscounted inflation-adjusted amount required to settle the asset retirement obligation is \$140,566,740. The cash flows are discounted at the rate of 3.2% (2020 - 3.2%) based on the City's long term cost of borrowing. This is estimated by reference to the average of the past three years of the City's estimated net yield on its debenture debt at the end of the fiscal year. The discount rate will only be adjusted when the estimate using current information results in a difference of more than 25 basis points. The landfill is estimated to close in 2072 with the site continuing to be monitored for an additional 30 years post closure.

	<b>2021</b>	2020
	\$	\$
Beginning of year	<b>31,962,446</b>	26,773,810
Liabilities settled	<b>(5,197,457)</b>	(472,714)
Change in discount rate	-	3,280,269
Change in estimates	<b>596,274</b>	1,443,998
Accretion	<b>1,022,798</b>	937,083
End of year	<b>28,384,061</b>	31,962,446

The tipping fees charged by the City to all users include a provision for closure and post-closure costs which is contributed to an interest-bearing account to accumulate the funds that will be required at each closure and post-closure phase. The balance in the account at December 31, 2021 was \$10,754,214 (2020 - \$14,613,038).

**8. EMPLOYEE BENEFITS**

	<b>2021</b>	2020
	\$	\$
Accrued pension benefits (Note 11)	<b>(5,505,979)</b>	6,784,128
Employee future benefits (Note 12)	<b>202,448,696</b>	190,255,824
Severance and sick leave benefits (Note 13)	<b>25,229,632</b>	24,899,108
	<b>222,172,349</b>	221,939,060

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

**9. DEBENTURE DEBT**

	<b>2021</b>	2020
	\$	\$
Debenture debt outstanding (Schedule 2)	<b>560,500,000</b>	575,500,000
Less: debt charges recoverable from the Province of Newfoundland and Labrador	-	937,421
Less: sinking fund investments available (Schedule 2)	<b>201,328,131</b>	193,016,497
	<b>359,171,869</b>	381,546,082

The annual requirements over the next five years and thereafter relating to scheduled sinking funds are as follows:

Year	Sinking fund requirements
	\$
2022	13,806,250
2023	13,600,000
2024	13,012,500
2025	12,475,000
2026	11,937,500
Thereafter	98,450,000

Included in the City's sinking fund investments available are City of St. John's debentures at coupon rates varying between 2.92% to 6.68% (2020 - 2.92% to 7.38%) with a face value of \$174.7M (2020 - \$170.2M). Maturity dates on the investments in the portfolio range from February 2023 to September 2040.

**10. LONG-TERM DEBT**

	<b>2021</b>	2020
	\$	\$
Long-term debt (Schedule 3)	<b>32,583</b>	77,064
Mortgages - Urban living non-profit housing (Schedule 4)	<b>2,330,572</b>	3,052,818
St. John's Transportation Commission	<b>3,083,000</b>	4,190,000
	<b>5,446,155</b>	7,319,882

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

Mortgages of the Urban Living Non-Profit Housing Fund are secured by specific rental properties situated in St. John's and an assignment of rental income.

The Commission has access to a \$15,000,000 credit facility, guaranteed by the City, for capital expenditures. Under the terms of its lending arrangements, the Commission issues banker's acceptances. At December 31, 2021 the outstanding banker's acceptances bore interest at 1.46% and matured on January 28, 2022. The credit facility, which was renewed on February 28, 2022, bears interest at 1.71% and matures on March 30, 2022. At December 31, 2021, the Commission has drawn \$3,083,000 (2020 - \$4,190,000) on the credit facility which is included in long-term debt.

Annual principal repayments over the next five years and thereafter relating to retirement of long-term debt are as follows:

Year	Non-profit housing mortgages
	\$
2022	601,576
2023	456,590
2024	427,536
2025	410,811
2026	220,388
Thereafter	213,671

**11. ACCRUED PENSION BENEFITS**

	2021	2020
	\$	\$
City of St. John's - Employees	<b>(13,787,300)</b>	(333,000)
City of St. John's - Mayor and Councillors	<b>6,524,100</b>	5,717,600
St. John's Transportation Commission	<b>1,757,221</b>	1,399,528
	<b>(5,505,979)</b>	6,784,128

*City of St. John's - Employees*

The City maintains a defined benefit plan for employees hired before January 1, 2015 which provides pension benefits to its employees, members of council and the employees of St. John's Sports & Entertainment Ltd. The City also maintains a Supplementary Executive Retirement Plan (SERP) for non-union employees in respect to earnings in excess of those on which benefits can be provided under the defined benefit provisions. Both plans provide benefits based on length of service and average earnings. With the exception of the International Association of Firefighters Local 1075, employees hired after January 1, 2015 are enrolled in a defined contribution pension plan.

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

An actuarial valuation of the plans was completed as at December 31, 2018 for Council and as at December 31, 2019 for employees and the supplementary plan. All plans were extrapolated to December 31, 2021.

	<b>Employees</b>	<b>Supplementary Plan</b>	<b>2021</b>	<b>2020</b>
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	496,400,400	2,850,400	499,250,800	455,375,100
Current service cost	15,981,600	89,600	16,071,200	15,557,500
Interest cost	24,748,500	76,000	24,824,500	24,941,900
Benefits paid	(18,842,200)	(52,200)	(18,894,400)	(16,290,300)
Actuarial loss (gain)	(52,023,600)	(215,700)	(52,239,300)	19,666,600
<b>Balance, end of year</b>	<b>466,264,700</b>	<b>2,748,100</b>	<b>469,012,800</b>	<b>499,250,800</b>
<i>Plan assets</i>				
Fair value, beginning of year	482,000,000	-	482,000,000	436,618,700
Return on plan assets	32,852,300	-	32,852,300	42,516,200
Benefits paid	(18,842,200)	-	(18,842,200)	(16,238,700)
Employer contributions	27,784,100	-	27,784,100	12,363,800
Employee contributions	6,368,700	-	6,368,700	6,740,000
<b>Fair value, end of year</b>	<b>530,162,900</b>	<b>-</b>	<b>530,162,900</b>	<b>482,000,000</b>
Funded status deficit (surplus)	(63,898,200)	2,748,100	(61,150,100)	17,250,800
Unamortized amounts	47,553,500	(190,700)	47,362,800	(17,583,800)
Accrued benefit liability (asset)	<b>(16,344,700)</b>	<b>2,557,400</b>	<b>(13,787,300)</b>	<b>(333,000)</b>

*Significant assumptions used for 2021*

Discount rate	5.75%	3.05%
Expected long-term rate of return on plan assets	5.75%	0.00%
Rate of compensation increase	1.00%	1.00%
Average remaining service period of active employees	14 years	12 years

*Significant assumptions used for 2020*

Discount rate	5.00%	2.65%
Expected long-term rate of return on plan assets	5.00%	0.00%
Rate of compensation increase	1.00%	1.00%
Average remaining service period of active employees	14 years	12 years

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

	Employees	Supplementary Plan	2021	2020
<i>Net benefit expense of the year</i>				
Current service cost	15,981,600	89,600	16,071,200	15,557,500
Interest cost	24,748,500	76,000	24,824,500	24,941,900
Amortization of losses	3,973,400	364,400	4,337,800	4,848,700
Employee contributions	(6,368,700)	-	(6,368,700)	(6,740,000)
Expected return on plan assets	(24,482,800)	-	(24,482,800)	(24,092,800)
<b>Net benefit expense</b>	<b>13,852,000</b>	<b>530,000</b>	<b>14,382,000</b>	<b>14,515,300</b>

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

	2021	2020
	\$	\$
<i>Accrued benefit obligation</i>		
Balance, beginning of year	6,481,500	6,096,200
Current service cost	155,200	140,600
Interest cost	172,100	191,900
Benefits paid	(284,700)	(286,800)
Actuarial loss (gain)	(271,200)	339,600
<b>Balance, end of year</b>	<b>6,252,900</b>	<b>6,481,500</b>
<b>Unamortized amounts</b>	<b>271,200</b>	<b>(763,900)</b>
<b>Accrued benefit liability</b>	<b>6,524,100</b>	<b>5,717,600</b>

*Significant assumptions used*

Discount rate	3.05%	2.65%
Rate of compensation increase	2.50%	2.50%
Average remaining service period	1 year	1 year

*Net benefit expense of the year*

Current service cost	155,200	140,600
Interest cost	172,100	191,900
Amortization of losses	763,900	424,300
<b>Net benefit expense</b>	<b>1,091,200</b>	<b>756,800</b>

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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

*St. John's Transportation Commission ("Commission")*

The Commission maintains a defined benefit plan which provide pension benefits to its union and non-union employees hired before May 1, 2016. The Commission also maintains a Supplementary Executive Retirement Plan (SERP) for non-union employees in respect to earnings in excess of those on which benefits can be provided under the defined benefit provisions. Both plans provide benefits based on length of service and average earnings. Employees hired after May 1, 2016 are enrolled in a defined contribution pension plan.

An actuarial valuation of the employee plans was completed as at December 31, 2019 and extrapolated to December 31, 2021. The supplementary plan estimate was prepared using the same actuarial assumptions used for the Non-Union plan with the exception of the discount rate.

	<b>Employees</b>	<b>Supplementary</b>	<b>2021</b>	<b>2020</b>
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	<b>62,132,895</b>	<b>196,286</b>	<b>62,329,181</b>	57,163,782
Current service cost	<b>1,908,397</b>	<b>7,137</b>	<b>1,915,534</b>	1,996,114
Interest cost	<b>3,026,943</b>	<b>5,276</b>	<b>3,032,219</b>	2,991,290
Benefits paid	<b>(2,622,388)</b>	-	<b>(2,622,388)</b>	(2,227,630)
Actuarial (gain) loss	<b>(3,298,381)</b>	<b>(96,271)</b>	<b>(3,394,652)</b>	2,405,625
Balance, end of year	<b>61,147,466</b>	<b>112,428</b>	<b>61,259,894</b>	62,329,181
<i>Plan assets</i>				
Fair value, beginning of year	<b>60,179,292</b>	-	<b>60,179,292</b>	56,001,049
Return on plan assets	<b>6,242,301</b>	-	<b>6,242,301</b>	4,016,489
Benefits paid	<b>(2,622,388)</b>	-	<b>(2,622,388)</b>	(2,227,630)
Employer contributions	<b>1,471,745</b>	-	<b>1,471,745</b>	1,539,902
Employee contributions	<b>721,336</b>	-	<b>721,336</b>	849,482
Fair value, end of year	<b>65,992,286</b>	-	<b>65,992,286</b>	60,179,292
Funded status deficit (surplus)	<b>(4,844,820)</b>	<b>112,428</b>	<b>(4,732,392)</b>	2,149,889
Unamortized amounts	<b>6,422,131</b>	<b>67,482</b>	<b>6,489,613</b>	(750,361)
Accrued benefit liability	<b>1,577,311</b>	<b>179,910</b>	<b>1,757,221</b>	1,399,528
<i>Significant assumptions used</i>				
Discount rate	<b>5.20%</b>	<b>3.06%</b>		5.00%
Expected long-term rate of return on plan assets	<b>5.00%</b>	<b>5.00%</b>		5.35%
Rate of compensation increase	<b>2.00%</b>	<b>2.00%</b>		2.00%
Average remaining service period of active employees	<b>13.5 years</b>	<b>6 years</b>		14.2 years

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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

	<b>Employees</b>	<b>Supplementary</b>	<b>2021</b>	<b>2020</b>
	\$	\$	\$	\$
<i>Net benefit expense of the year</i>				
Current service cost	1,908,397	7,137	1,915,534	1,996,114
Interest cost	3,026,943	5,276	3,032,219	2,991,290
Amortization of losses	540,464	4,797	545,261	355,179
Employee contributions	(721,336)	-	(721,336)	(849,482)
Expected return on plan assets	(2,942,240)	-	(2,942,240)	(2,948,499)
<b>Net benefit expense</b>	<b>1,812,228</b>	<b>17,210</b>	<b>1,829,438</b>	<b>1,544,602</b>

**12. EMPLOYEE FUTURE BENEFITS**

The City and the Commission provide post-retirement health and life benefits to their retired employees.

An actuarial valuation of the plans was completed as at December 31, 2019 for the City and September 30, 2021 for the Commission with both plans extrapolated to December 31, 2021.

	<b>City</b>	<b>Commission</b>	<b>2021</b>	<b>2020</b>
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	192,366,200	19,367,962	211,734,162	199,256,117
Current service cost	6,137,700	803,941	6,941,641	6,583,745
Interest cost	5,122,700	516,011	5,638,711	6,318,346
Benefits paid	(4,250,900)	(142,549)	(4,393,449)	(3,868,580)
Actuarial (gain) loss	(14,192,100)	(4,901,488)	(19,093,588)	3,444,534
<b>Balance, end of year</b>	<b>185,183,600</b>	<b>15,643,877</b>	<b>200,827,477</b>	<b>211,734,162</b>
<b>Funded status - deficit</b>	<b>185,183,600</b>	<b>15,643,877</b>	<b>200,827,477</b>	<b>211,734,162</b>
<b>Unamortized amounts</b>	<b>(68,300)</b>	<b>1,689,519</b>	<b>1,621,219</b>	<b>(21,478,338)</b>
<b>Accrued benefit liability</b>	<b>185,115,300</b>	<b>17,333,396</b>	<b>202,448,696</b>	<b>190,255,824</b>

*Significant assumptions used for 2021*

Discount rate	3.05%	3.06%
Average remaining service period of active employees	12 years	13.4 years

*Significant assumptions used for 2020*

Discount rate	2.65%	2.64%
Average remaining service period of active employees	12 years	13.8 years

**CITY OF ST. JOHN'S**  
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**12. EMPLOYEE FUTURE BENEFITS (Continued)**

	City	Commission	2021	2020
	\$	\$	\$	\$
<i>Net benefit expense of the year</i>				
Current service cost	6,137,700	803,941	6,941,641	6,583,745
Interest cost	5,122,700	516,011	5,638,711	6,318,346
Amortization of losses	3,620,300	385,669	4,005,969	2,217,300
<b>Net benefit expense</b>	<b>14,880,700</b>	<b>1,705,621</b>	<b>16,586,321</b>	<b>15,119,391</b>

**13. SEVERANCE AND SICK LEAVE BENEFITS**

	2021	2020
	\$	\$
City of St. John's	23,764,800	23,125,800
St. John's Transportation Commission	1,171,095	1,406,321
St. John's Sports and Entertainment	293,737	366,987
	<b>25,229,632</b>	<b>24,899,108</b>

*City of St. John's*

The City provides severance for employees hired before December 31, 1979 as a payout of their accumulated sick leave upon retirement or termination. Severance for those hired after December 31, 1979 consists of one week's salary for each year worked and is only paid upon retirement. These employees are also allowed to accumulate sick leave which is non-vesting.

An actuarial valuation of the plan was completed as at December 31, 2019 and extrapolated to December 31, 2021.

	Severance	Sick Leave	2021	2020
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	15,902,600	11,331,400	27,234,000	32,892,400
Current service cost	1,614,400	1,114,500	2,728,900	2,688,100
Interest cost	414,800	299,900	714,700	871,100
Benefits paid	(1,764,100)	(1,147,000)	(2,911,100)	(2,727,700)
Settlement payments	(312,600)	-	(312,600)	(6,961,900)
Settlement gain	(10,600)	-	(10,600)	-
Actuarial (gain) loss	(446,800)	(317,300)	(764,100)	472,000
<b>Balance, end of year</b>	<b>15,397,700</b>	<b>11,281,500</b>	<b>26,679,200</b>	<b>27,234,000</b>
Funded status - deficit	15,397,700	11,281,500	26,679,200	27,234,000
Unamortized amounts	(949,900)	(1,964,500)	(2,914,400)	(4,108,200)
<b>Accrued benefit liability</b>	<b>14,447,800</b>	<b>9,317,000</b>	<b>23,764,800</b>	<b>23,125,800</b>



**CITY OF ST. JOHN'S**  
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**13. SEVERANCE AND SICK LEAVE BENEFITS (Continued)**

	Severance	Sick Leave	2021	2020
	\$	\$	\$	\$
<i>Significant assumptions used</i>				
Discount rate			3.05%	2.65%
Average remaining service period of active employees			13 years	13 years
<i>Net benefit expense of the year</i>				
Current service cost	1,614,400	1,114,500	2,728,900	2,688,100
Interest cost	414,800	299,900	714,700	871,100
Amortization of losses	182,100	229,100	411,200	377,100
Recognition of unamortized losses due to settlement	18,500	-	18,500	-
Recognized gain due to settlement	(10,600)	-	(10,600)	-
<b>Net benefit expense</b>	<b>2,219,200</b>	<b>1,643,500</b>	<b>3,862,700</b>	<b>3,936,300</b>

During 2019, members of CUPE Locals 569 and 1289 as well as management employees were given a one-time payout option of their severance accrued up to December 31, 2018 or a portion thereof. Severance benefits continue to accrue to retirement, regardless of whether an employee elected to receive a one-time payout or not. However, CUPE Local 569 members or management employees hired after September 30, 2019 and CUPE Local 1289 members hired after December 4, 2019 are no longer entitled to severance benefits.

*St. John's Transportation Commission*

As of June 1, 2015, retiring employees of the St. John's Transportation Commission who have completed at least 10 years of service will be paid a severance equal to 1 day for each year of service. The liability at December 31, 2021 is \$139,760 (2020 - \$193,241).

In 2020, employees were given a one-time payout option of their severance accrued up to November 26, 2020. Severance benefits continue to accrue to retirement, regardless of whether an employee elected to receive a one-time payout or not. However, employees hired after November 26, 2020 are no longer entitled to severance benefits.

Sick pay benefits accrue to employees of the St. John's Transportation Commission at the rate of 12 days per year. Employees can accumulate up to 30 days of sick pay benefits to be paid to them upon retirement, termination, or illness. Any excess is paid out to the employee annually. The liability at December 31, 2021 is \$1,031,335 (2020 - \$1,213,080).

**CITY OF ST. JOHN'S**  
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**13. SEVERANCE AND SICK LEAVE BENEFITS (Continued)**

*St. John's Sports and Entertainment*

St. John's Sports and Entertainment provides severance for full time employees and part time box office employees consisting of one week's salary for each year of service and is only paid upon retirement.

Sick leave benefits accrue to employees at the rate of 12 hours per month up to a maximum of 2,080 hours.

An actuarial valuation of the plan was completed as at December 31, 2018 and extrapolated to December 31, 2021.

	<b>Severance</b>	<b>Sick Leave</b>	<b>2021</b>	<b>2020</b>
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	242,655	151,814	394,469	647,877
Current service cost	48,140	24,729	72,869	66,962
Interest cost	3,528	4,072	7,600	20,768
Benefits paid	(134,622)	(21,043)	(155,665)	(321,325)
Actuarial gain	(6,449)	(3,207)	(9,656)	(19,813)
<b>Balance, end of year</b>	<b>153,252</b>	<b>156,365</b>	<b>309,617</b>	<b>394,469</b>
Funded status - deficit	153,252	156,365	309,617	394,469
Unamortized amounts	(6,738)	(9,142)	(15,880)	(27,482)
<b>Accrued benefit liability</b>	<b>146,514</b>	<b>147,223</b>	<b>293,737</b>	<b>366,987</b>
<i>Significant assumptions used</i>				
Discount rate			3.05%	2.65%
Average remaining service period of active employees			13 years	13 years
<i>Net benefit expense of the year</i>				
Current service cost	48,140	24,729	72,869	66,962
Interest cost	3,528	4,072	7,600	20,768
Recognition of unamortized losses due to settlement	-	-	-	61,476
Recognized gain due to settlement	-	-	-	(50,621)
Amortization of losses	1,518	428	1,946	5,920
<b>Net benefit expense</b>	<b>53,186</b>	<b>29,229</b>	<b>82,415</b>	<b>104,505</b>

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
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**14. ACCUMULATED SURPLUS**

	<b>2021</b>	<b>2020</b>
	\$	\$
Accumulated surplus, beginning of year	<b>782,612,319</b>	767,491,025
Excess of revenue over expenditures	<b>11,648,672</b>	15,121,294
<b>Accumulated surplus, end of year</b>	<b>794,260,991</b>	<b>782,612,319</b>
Appropriated surplus		
Reserve for Shoal Bay treatment plant	<b>482,649</b>	437,829
Urban living non-profit housing - replacement reserve	<b>4,317,705</b>	3,540,319
Reserve for snow and ice management	<b>2,000,000</b>	2,000,000
Reserve for salt savings	<b>62,940</b>	62,940
Reserve for convention centre financing	<b>(3,056,434)</b>	(1,255,880)
Reserve for capital	<b>17,170,562</b>	19,919,668
Reserve for employee benefits stabilization fund	<b>1,997,091</b>	1,997,091
Reserve for Robin Hood Bay equipment replacement	<b>9,072,892</b>	8,775,347
Reserve for Riverhead waste/water equipment replacement	<b>2,949,357</b>	2,578,600
	<b>34,996,762</b>	38,055,914
Unappropriated surplus	<b>759,264,229</b>	744,556,405
	<b>794,260,991</b>	<b>782,612,319</b>

**15. SUPPLEMENTARY CASH FLOW INFORMATION**

	<b>2021</b>	<b>2020</b>
	\$	\$
Changes in other balances:		
Accounts receivable	<b>11,817,408</b>	(10,612,918)
Inventory of materials and supplies	<b>(194,166)</b>	(272,786)
Prepaid expenditures	<b>133,817</b>	(890,626)
Payables and accruals	<b>5,852,687</b>	8,161,953
	<b>17,609,746</b>	<b>(3,614,377)</b>
Interest paid	<b>25,469,548</b>	23,919,253

**16. CREDIT FACILITIES**

The City has a demand credit facility with the Royal Bank of Canada totaling \$14,500,000 to meet its short-term financing needs. Drawings bear a maximum interest at the Royal Bank prime rate minus 0.50%. Drawings on this facility at December 31, 2021 were nil (2020 - nil).

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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**17. CONTINGENCIES AND COMMITMENTS**

*Expropriation and other claims*

In the normal course of business, the City is subject to several legal claims in which it intends to defend and negotiate. As of December 31, 2021, the City recorded an estimated liability of \$2,006,781 (2020 - \$1,952,875) for such claims. This liability only includes those claims in which there is an expectation of loss and the settlement amounts can be reasonably estimated however the exact amounts of each claim will not be known until it is settled.

The Commission is contingently liable for claims below \$50,000 for all incidents prior to December 1, 2010 and claims below \$100,000 after that date which are not covered under its current insurance policy.

*Lease and service agreements*

Under the terms of long-term operating leases on equipment, the City is required to make annual lease payments for the next five years:

2022	3,441,420
2023	2,862,231
2024	2,375,332
2025	1,349,666
2026	1,222,957
Thereafter	911,180

St. John's Sports and Entertainment entered into a 10-year food service management agreement with Servomation Inc, "Centerplate", to provide food services for the St. John's Convention Centre commencing June 1, 2018. Under this agreement, Centerplate would be paid a management fee of 5% of adjusted gross receipts collected on a monthly basis with an annual fee of not less than \$150,000. In addition, Centerplate would also be paid a share of net operating profits of 10% for the first year of the agreement and up to 10% in subsequent years.

*15 Covenant Square*

During 2016 the City accepted a donation of land and building which will be redeveloped as affordable housing for seniors. The donation stipulates that if at any time the property is not used for the aforementioned purpose \$1.2 million in compensation will be payable to the donor.

*Liability for Contaminated Sites*

The City has not recognized a liability for remediation of 245 Freshwater Road, the former location of Metrobus. The contamination exists as a result of two underground fuel tanks that have been removed and environmental monitoring is ongoing.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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**17. CONTINGENCIES AND COMMITMENTS (Continued)**

*Loan Guarantee*

The City is acting as a guarantor for the Celtics Centre Hockey Corporation (The Avalon Minor Hockey Association Inc) for a \$2.5 million dollar loan from Roynat Inc. In the event of a default the City may take over the loan payments or move to sell the arena.

**18. SEGMENTED INFORMATION**

The Consolidated Statement of Operations and Accumulated Surplus has been prepared in accordance with PSAS Handbook Section 2700 (PS 2700) Segment Disclosures. The segments selected enhance the ability to understand the City's major revenue and expense activities.

The City provides a wide range of services to its citizens, including fire, public transit, roads, waste and recycling, water supply and distribution, wastewater treatment, and recreation and cultural services. Segmented information is presented by major functional activities consistent with the Consolidated Statement of Operations.

**General Government Services** includes activities relating to the overall governance and financial administration of the City. This includes council functions and the following administrative activities: customer service administration, human resources, legal, internal audit, finance, communications, information technology, engineering services, assessment services, and city building maintenance.

**Fiscal Services** includes activities related to the City's debt.

**Transportation Services** includes activities related to public transportation including transportation services offered through the City of St. John's Transportation Commission and other transportation activities including road and sidewalk maintenance, traffic operations, parking, snow clearing and street lighting.

**Protective Services** includes activities related to fire protection, inspection services and animal control.

**Environmental Health Services** includes activities related to environmentally regulated services including waste collection and disposal as well as the supply and treatment of water and wastewater.

**Recreation and Cultural Services** includes activities related to the operation and maintenance of the City's recreation facilities including community centres, parks, swimming pools and St. John's Sports and Entertainment Limited. Also includes cultural and community services.

**Environmental Development Services** includes activities relating to non profit housing administration and maintenance. Also includes tourism and economic development services.

**Amortization and Allowances** includes activities related to allowances for doubtful accounts and capital contributions.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

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**19. COMPARATIVE FIGURES**

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

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Tangible Capital Assets**  
Year Ended December 31, 2021

Schedule 1

	Land	Buildings & Permanent Improvements	Capital Lease-Parking Spaces	Roads & Underground Networks	Equipment, Vehicles & Moveable Plant	Fire Department Buildings & Equipment	Work in Process	Urban Living Non-profit Housing Buildings	2021 Totals	2020 Totals
	\$	\$		\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>										
Balance, beginning of year	65,455,593	550,304,001	8,452,167	814,747,506	240,610,611	40,440,038	30,837,522	50,719,554	1,801,566,992	1,755,923,596
Add: Additions during the year	276,169	884,971	-	3,408,000	1,834,233	1,705,377	35,523,086	-	43,631,836	51,085,773
Less: Disposals during the year	-	-	-	(2,192,519)	(1,592,136)	(1,267,160)	(1,171,861)	-	(6,223,676)	(5,442,377)
Transfers	-	2,900,140	-	19,510,953	4,523,830	65,661	(27,000,584)	-	-	-
Balance, end of year	65,731,762	554,089,112	8,452,167	835,473,940	245,376,538	40,943,916	38,188,163	50,719,554	1,838,975,152	1,801,566,992
<b>Accumulated amortization</b>										
Balance, beginning of year	-	143,461,601	909,061	237,910,154	134,976,486	15,419,905	-	26,498,183	559,175,390	521,124,025
Add: Additions during the year	-	13,283,970	146,723	15,279,856	12,561,193	1,274,446	-	1,377,612	43,923,800	43,015,234
Less: Disposals during the year	-	-	-	(1,130,496)	(1,537,208)	(958,532)	-	-	(3,626,236)	(4,963,869)
Transfers	-	-	-	-	-	-	-	-	-	-
Balance, end of year	-	156,745,571	1,055,784	252,059,514	146,000,471	15,735,819	-	27,875,795	599,472,954	559,175,390
<b>Net book value of tangible capital assets</b>	<b>65,731,762</b>	<b>397,343,541</b>	<b>7,396,383</b>	<b>583,414,426</b>	<b>99,376,067</b>	<b>25,208,097</b>	<b>38,188,163</b>	<b>22,843,759</b>	<b>1,239,502,198</b>	<b>1,242,391,602</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Debenture Debt**  
**December 31, 2021**

**Schedule 2**

Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding	2021			2020		
				Sinking Funds Available	Bond Premium	Sinking Fund Requirement in 2022	Sinking Funds Available	Bond Premium (Note 19)	Sinking Fund Requirement in 2021
		\$	\$	\$	\$	\$	\$	\$	\$
Dec. 2020	6.840%	-	-	1,107,765	-	-	366,700	-	-
June. 2021	7.380%	15,000,000	-	1,654,665	-	-	15,920,739	171,213	187,500
Apr. 2022	7.250%	16,500,000	16,500,000	16,343,021	135,400	206,250	15,267,090	140,479	412,500
Feb. 2023	6.680%	11,000,000	11,000,000	12,215,181	369,552	275,000	11,223,057	435,027	275,000
Feb. 2024	6.162%	25,000,000	25,000,000	22,743,320	397,282	625,000	20,923,459	449,791	625,000
June 2025	5.534%	18,000,000	18,000,000	15,230,524	316,101	450,000	13,929,919	366,745	450,000
Mar. 2026	5.300%	25,000,000	25,000,000	18,479,600	307,980	625,000	16,882,543	339,933	625,000
Dec. 2026	4.975%	35,000,000	35,000,000	29,957,151	776,208	875,000	27,873,260	749,367	875,000
Dec. 2027	5.400%	15,000,000	15,000,000	7,676,700	-	375,000	6,900,947	-	375,000
Nov. 2029	5.539%	27,000,000	27,000,000	10,738,834	137,645	675,000	9,586,513	153,640	675,000
Aug. 2031	4.622%	70,000,000	70,000,000	22,572,266	493,679	1,750,000	19,870,857	520,870	1,750,000
Dec. 2033	4.500%	60,000,000	60,000,000	14,458,522	845,409	1,500,000	12,487,852	874,789	1,500,000
Mar. 2036	4.215%	120,000,000	120,000,000	15,675,451	923,153	3,000,000	12,048,482	985,387	3,000,000
Sep. 2040	2.916%	138,000,000	138,000,000	3,533,009	4,239,713	3,450,000	-	4,547,838	3,450,000
		575,500,000	560,500,000	192,386,009	8,942,122	13,806,250	183,281,418	9,735,079	14,200,000

Included in the City's sinking funds are City of St. John's debentures at coupon rates varying between 2.92% to 6.68% (2020 - 2.92% to 7.38%) with a face value of \$174.7M (2020 - \$170.2M). Maturity dates on the investments in the portfolio range from February 2023 to September 2040.

The City incurred a premium on bonds purchased in the market; this occurs when the price paid is greater than the settlement amount. Bonds purchased are mainly those of the City and will be held until maturity. As such, the City amortizes the bond premium over the remaining life to bond maturity.



**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Long-Term Debt**  
December 31, 2021

Schedule 3

			2021		2020		
	Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding	Principal Requirement in 2022	Amount Outstanding	Principal Requirement in 2021
			\$	\$	\$	\$	\$
<b>Capital Lease</b>							
Cisco Phone Equipment	Nov. 2022	2.037%	170,560	<b>32,583</b>	<b>32,583</b>	67,440	34,858
Canlease Office Trailer	Nov. 2021	12.975%	39,544	-	-	9,624	9,624
			210,104	<b>32,583</b>	<b>32,583</b>	77,064	44,482

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

Schedule 4

December 31, 2021

	Date of Maturity	Interest Rate	Amount Issued	2021 Amount Outstanding	2020 Amount Outstanding
			\$	\$	\$
<b>Newfoundland &amp; Labrador Housing Corporation</b>					
Hamlyn Road	Aug. 1, 2022	2.040%	2,207,290	<b>79,924</b>	197,015
Infill 1987	Apr. 1, 2023	2.040%	2,070,285	<b>148,229</b>	256,026
Gear Street - Infill 1988	Sept. 1, 2025	2.040%	1,929,560	<b>363,873</b>	455,920
Brookfield Road	Dec. 1, 2025	2.040%	2,203,600	<b>438,245</b>	540,845
Cochrane Street	Nov. 1, 2027	1.710%	745,887	<b>193,696</b>	226,816
Infill 1990	Nov. 1, 2026	1.640%	1,628,008	<b>364,862</b>	436,268
Campbell Avenue	Feb. 1, 2028	1.620%	968,952	<b>279,939</b>	321,500
Infill 1992	Dec. 1, 2028	2.040%	1,682,553	<b>461,804</b>	522,219
<b>Canada Mortgage and Housing Corporation</b>					
Infill 1985	Apr. 1, 2021	2.260%	880,530	-	17,421
Carter's Hill - Sebastian Court	Aug. 1, 2021	1.800%	2,031,175	-	78,788
			16,347,840	<b>2,330,572</b>	3,052,818
<b>Current portion</b>				<b>601,576</b>	725,221

Mortgages are secured by specific rental properties situated in St. John's and assignment of rental income.

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Revenues**  
Year ended December 31, 2021

**Schedule 5**

	2021	2020
	\$	\$
<b>Taxation</b>		
Real property and business	171,805,356	170,569,873
Water	32,906,794	31,504,403
Utility	6,643,633	6,552,158
Accommodation	1,586,959	1,022,032
	<b>212,942,742</b>	<b>209,648,466</b>
<b>Grants in lieu of taxes</b>		
Government of Canada	5,436,302	5,197,512
Government of Canada agencies	1,008,181	956,754
Water tax grant	3,049,511	2,975,714
	<b>9,493,994</b>	<b>9,129,980</b>
<b>Grants and transfers</b>		
Government of Canada		
Capital grant	3,394,589	1,996,656
St. John's Transportation Commission	145,990	179,500
Gas tax funding	9,363,725	11,842,938
Other federal grants	236,528	704,710
Government of Newfoundland and Labrador		
Gas tax funding	831,170	831,153
Municipal capital grant	7,679,596	10,975,103
Capital Grant - Non-Profit Housing	2,346	50,000
Recovery of debt charges	-	110,909
Rental housing projects	1,105,171	1,035,776
Other provincial grants	5,847,882	6,767,761
City of Mount Pearl and Town of Paradise		
Capital contribution	201,014	885,319
City of Mount Pearl and Town of Paradise		
Public transit contribution	1,399,659	1,421,917
Capital contribution from Developers	3,408,000	4,891,567
Other grants	254,331	269,665
	<b>33,870,001</b>	<b>41,962,974</b>
<b>Sales of goods and services</b>		
Environmental health services		
Water sales - commercial and shipping	6,355,388	6,405,079
Tipping fees	12,637,556	10,840,442
Recycling materials	958,731	661,637
Regional Fire recovery	13,366,935	11,687,590

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Revenues**  
Year ended December 31, 2021

Schedule 5 (continued)

	2021	2020
	\$	\$
<b>Sales of goods and services (continued)</b>		
Environmental health services (continued)		
Regional Water recovery	8,034,845	7,306,598
Regional Waste Water recovery	893,101	826,463
Other	381,384	1,945,273
General government services	1,263,680	1,134,695
Transportation services		
Parking meters	276,087	102,390
Parking permits	179,089	203,528
Other	13,775	20,836
Third party charges	384,183	169,950
Sale of land	318,323	31,762
Recreation, parks and tourism	1,557,187	1,236,455
St. John's Sports & Entertainment Ltd.	1,544,974	1,153,330
Other general services	610,049	750,460
	<b>48,775,287</b>	<b>44,476,488</b>
<b>Other revenue from own sources</b>		
Interest on tax arrears	2,772,741	333,183
Interest earned on portfolio investments	9,486,777	8,250,908
Fines	1,067,285	1,142,692
Construction and other permits	2,728,432	2,524,349
Interest earned	1,072,802	1,010,606
Business and amusement licenses	136,615	197,795
Rents, concessions and franchises	66,799	59,287
Apartment rentals	2,969,247	2,949,725
St. John's Transportation Commission		
Passenger fares	5,249,702	4,470,328
Charters	162,845	95,478
Transit advertising	7,623	1,902
Sundry	104,438	106,066
Civic assessments	133,425	371,914
Sub - division assessments	42,977	23,435
	<b>26,001,708</b>	<b>21,537,668</b>
<b>Total revenue</b>	<b>331,083,732</b>	<b>326,755,576</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenditures**  
Year ended December 31, 2021

**Schedule 6**

	2021	2020
	\$	\$
		(Note 19)
<b>General government services</b>		
Legislative	753,895	777,124
General government	23,691,078	23,554,952
Engineering services	7,058,862	7,506,814
Pension Expense	15,473,200	15,272,100
Employee future benefits and other related expenses	8,926,305	8,295,890
Other general government	968,852	593,374
	<b>56,872,192</b>	<b>56,000,254</b>
<b>Fiscal services</b>		
Interest on debenture debt	25,355,838	23,713,557
Non-Profit Housing mortgage interest	56,205	64,197
St. John's Transportation Commission interest	57,203	99,795
Interest on temporary bank loans	302	41,704
Other debt charges	96,501	436,608
	<b>25,566,049</b>	<b>24,355,861</b>
<b>Transportation services</b>		
Road transport		
Administration	2,864,616	3,001,310
Fleet services	511,940	507,058
Snow clearing	17,897,525	25,933,690
Streets, roads and sidewalks	11,904,571	10,788,548
Maintenance depot	1,631,290	1,292,964
Traffic services	1,632,853	1,801,542
Street cleaning	213,373	231,470
Street lighting	4,494,224	4,439,070
St. John's Transportation Commission	24,857,165	22,960,648
Parking meters	110,538	134,951
	<b>66,118,095</b>	<b>71,091,251</b>
<b>Protective services</b>		
Fire protection	32,351,535	31,400,669
Protective inspections	3,243,989	3,244,820
Traffic enforcement	1,263,579	1,237,209
Animal and pest control	1,310,834	1,263,920
	<b>38,169,937</b>	<b>37,146,618</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenditures**  
Year ended December 31, 2021

Schedule 6 (continued)

	2021	2020
	\$	\$
<b>Environmental health services</b>		
Water supply and distribution	17,200,045	17,030,483
Regional Water system	7,376,471	7,053,937
Regional Waste Water system	3,722,503	3,518,448
Regional Robin Hood Bay landfill	14,430,120	12,198,337
Garbage, waste collection and disposal	5,386,088	3,981,564
	<b>48,115,227</b>	<b>43,782,769</b>
<b>Recreation and cultural services</b>		
Parks and open spaces	10,212,739	9,780,964
Recreation	7,713,012	7,783,262
St. John's Sports & Entertainment Ltd.	8,092,678	5,961,034
Destination St. John's	794,522	592,381
Other recreation and cultural services	2,456,105	2,311,668
	<b>29,269,056</b>	<b>26,429,309</b>
<b>Environmental development services</b>		
Environmental planning and zoning	1,802,675	1,560,516
Housing and real estate	3,700,109	4,046,703
Other environmental development services	993,511	1,225,449
	<b>6,496,295</b>	<b>6,832,668</b>
<b>Amortization and allowances</b>		
Allowance for uncollectible accounts	2,798,623	1,561,313
Allowance for obsolete inventory	43,884	(97,114)
Loss on disposal fixed assets	1,248,776	115,837
Amortization	43,923,800	43,015,234
Amortization of Sinking Fund Premium	813,126	1,400,282
	<b>48,828,209</b>	<b>45,995,552</b>
<b>Total expenditures</b>	<b>319,435,060</b>	<b>311,634,282</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Segmented Information**

Schedule 7

Year ended December 31, 2021

	General Government Services	Fiscal Services	Transportation Services	Protective Services	Environmental Health Services	Recreation and Cultural Services	Environmental Development Services	Amortization and Allowances	Consolidated 2021	2020
									\$	\$
Revenue (Schedule 5)										
Taxation	211,355,783	-	-	-	-	1,586,959	-	-	212,942,742	209,648,466
Grants in lieu of taxes	9,493,994	-	-	-	-	-	-	-	9,493,994	9,129,980
Grants and transfers	31,010,780	72,477	1,545,649	1,532	-	269,378	970,185	-	33,870,001	41,962,974
Sales of goods and services	10,846,380	-	275,442	12,762,940	21,789,051	2,938,688	19,036	-	48,631,537	44,476,488
Other revenue from own sources	14,144,776	-	5,533,186	3,129,464	151,999	-	3,042,283	-	26,001,708	21,537,668
	<b>276,851,713</b>	<b>72,477</b>	<b>7,354,277</b>	<b>15,893,936</b>	<b>21,941,050</b>	<b>4,795,025</b>	<b>4,031,504</b>	<b>-</b>	<b>330,939,982</b>	<b>326,755,576</b>
Expenditure (Schedule 6)										
Personnel	37,611,616	-	33,988,638	35,211,003	16,689,611	17,583,282	2,898,706	-	143,982,856	154,882,656
Contractual Services	6,676,773	-	17,852,341	1,784,687	23,573,999	6,557,429	2,877,485	-	59,322,714	60,369,132
Materials & Supplies	439,419	-	14,273,997	1,034,562	6,216,208	2,075,838	20,427	-	24,060,451	21,933,861
Capital Out of Revenue	69,905	-	3,119	67,063	98,537	32,872	1,584	-	273,080	122,898
Grants & Subsidies	12,074,479	-	-	72,622	-	2,183,240	659,768	-	14,990,109	2,233,575
Financial Charges	-	25,566,049	-	-	-	836,395	1,042	-	26,403,486	25,257,649
Other	-	-	-	-	1,536,872	-	37,283	48,828,209	50,402,364	46,834,511
	<b>56,872,192</b>	<b>25,566,049</b>	<b>66,118,095</b>	<b>38,169,937</b>	<b>48,115,227</b>	<b>29,269,056</b>	<b>6,496,295</b>	<b>48,828,209</b>	<b>319,435,060</b>	<b>311,634,282</b>
Excess of revenues over expenditures	219,979,521	(25,493,572)	(58,763,818)	(22,276,001)	(26,174,177)	(24,474,031)	(2,464,791)	(48,828,209)	11,504,922	15,121,294
Accumulated surplus, beginning of year									782,612,319	767,491,025
Accumulated surplus, end of year (Note 14)									794,117,241	782,612,319

**CITY OF ST. JOHN'S**  
**Consolidated PSAB Budget**  
Year ended December 31, 2021

Schedule 8

	City	St. John's Transportation Commission	St. John's Sports & Entertainment Ltd.	Adopted Budget	Consolidating Entries and PSAB Adjustments (Page 39)	Consolidated Budget
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Taxation	208,461,600	-	-	208,461,600	(1,651,885)	206,809,715
Grants in lieu of taxes	9,199,785	-	-	9,199,785	-	9,199,785
Grants and transfers	31,672,529	17,596,450	4,000,605	53,269,584	(27,579,970)	25,689,614
Sales of goods and services	44,697,737	-	1,680,164	46,377,901	3,119,679	49,497,580
Other revenue from own sources	18,494,874	7,014,850	-	25,509,724	4,251,095	29,760,819
	312,526,525	24,611,300	5,680,769	342,818,594	(21,861,081)	320,957,513
<b>Expenditures</b>						
General government services	41,359,448	-	-	41,359,448	6,234,248	47,593,696
Fiscal services	41,252,903	75,010	-	41,327,913	(16,017,472)	25,310,441
Transportation services	56,562,908	24,536,290	-	81,099,198	(17,214,439)	63,884,759
Protective services	31,856,337	-	-	31,856,337	1,620,331	33,476,668
Environmental health services	77,917,477	-	-	77,917,477	(30,548,450)	47,369,027
Recreation and cultural services	27,372,504	-	5,680,769	33,053,273	(3,608,407)	29,444,866
Environmental development services	14,601,158	-	-	14,601,158	(4,937,925)	9,663,233
Amortization and allowances	21,603,790	-	-	21,603,790	27,918,786	49,522,576
	312,526,525	24,611,300	5,680,769	342,818,594	(36,553,328)	306,265,266
<b>Excess of revenue over expenditures</b>	-	-	-	-	14,692,247	14,692,247

Council approved the City's 2021 budget on December 7, 2020



**CITY OF ST. JOHN'S**  
**Consolidating Entries and PSAB Adjustments**  
Year ended December 31, 2021

Schedule 8 (continued)

	\$
<b>Revenues</b>	
1. Eliminate transfers from reserves	(5,211,682)
2. Eliminate grants to SJSE	(5,101,586)
3. Eliminate grants to SJTC	(18,443,737)
4. Eliminate subsidy to NPH	(24,000)
5. Eliminate property taxes paid by City entities	(661,745)
6. Eliminate water revenue paid by City entities	(5,469,310)
7. Eliminate tipping fees paid by City entities	(2,182,575)
8. Eliminate general government charges	(2,914,133)
9. Eliminate debt charges recoverable	(24,621,391)
10. Record provincial capital grants	13,529,824
11. Record federal capital grants	3,394,589
12. Record other capital grants	254,331
13. Record capital contribution from developers	3,408,000
14. Record recovery of fire protection services	12,377,234
15. Record interest earned on sinking funds	9,486,777
16. Record gain on sale of capital assets	318,323
	<u>(21,861,081)</u>
<b>Expenses</b>	
1. Eliminate transfers from reserves	(3,223,877)
2. Eliminate grants to SJSE	(5,101,586)
3. Eliminate grants to SJTC	(18,443,737)
4. Eliminate subsidy to NPH	(24,000)
5. Eliminate property taxes paid by City entities	(661,745)
6. Eliminate water revenue paid by City entities	(5,469,310)
7. Eliminate tipping fees paid by City entities	(2,182,575)
8. Eliminate general government charges	(2,914,133)
9. Eliminate debt charges recoverable	(24,584,918)
10. Eliminate capital expenditures	(13,221,165)
11. Eliminate sinking fund payments	(15,717,472)
12. Eliminate principal payments on LTD	(809,379)
13. Eliminate recovery of fire protection services	12,377,234
14. Record amortization of capital assets	43,923,800
15. Record employee post retirement benefits	(500,465)
	<u>(36,553,328)</u>
<b>Excess of revenues over expenditures</b>	<u><u>14,692,247</u></u>