

CITY OF MOUNT PEARL
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

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Statement of Responsibility

The accompanying consolidated financial statements and all other information contained in this Annual Report are the responsibility of the management of the City of Mount Pearl. The consolidated financial statements have been prepared by management in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Association of Chartered Professional Accountants of Canada.

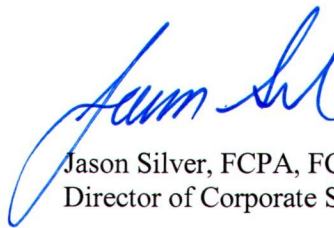
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

Council of the City of Mount Pearl has 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.

Harris Ryan, Chartered Professional Accountants, the City of Mount Pearl's appointed external auditors, have audited the accompanying consolidated financial statements. The Auditor's Report is addressed to the Mayor and members of City Council 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 consolidated financial position and results of operations of the City of Mount Pearl in accordance with Canadian generally accepted accounting principles.



Dave Aker
Mayor
June 28th, 2018



Jason Silver, FCPA, FCA
Director of Corporate Services

HARRIS RYAN



Independent Auditors' Report

His Worship the Mayor and Councillors, City of Mount Pearl

We have audited the accompanying consolidated financial statements of the City of Mount Pearl, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management, as well as, evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Mount Pearl as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

St. John's, NL
June 28th, 2018



Chartered Professional Accountants

City of Mount Pearl

Consolidated Statement of Financial Position

Year ended December 31

	2017	2016
Financial Assets		
Current		
Cash and cash equivalents	\$ 14,293,665	\$ 7,031,366
Receivables (note 3)	<u>6,457,602</u>	<u>8,129,641</u>
	20,751,267	15,161,007
Long-term receivables (note 3)	<u>2,781,670</u>	<u>2,917,577</u>
	<u>23,532,937</u>	<u>18,078,584</u>
Liabilities		
Current		
Payables and accruals (note 4)	11,140,332	10,939,011
Current portion of long term debt (note 5)	<u>1,559,841</u>	<u>1,490,248</u>
	12,700,173	12,429,259
Long term debt (note 5)	30,597,425	32,157,267
Unfunded pension liability (note 6)	1,124,379	2,227,141
Accrued post-retirement benefits (note 7)	5,244,600	5,098,500
Accrued employee benefits (note 8)	2,005,083	1,988,502
Accrued early retirement pension benefit (note 9)	<u>436,417</u>	<u>473,610</u>
	<u>52,108,077</u>	<u>54,374,279</u>
Net Debt	<u>28,575,140</u>	<u>36,295,695</u>
Non-Financial Assets		
Tangible capital assets (note 10)	204,795,845	179,364,346
Inventories	929,599	1,039,414
Prepaid expenses	<u>75,165</u>	<u>582,151</u>
	<u>205,800,609</u>	<u>180,985,911</u>
Non-Financial Liabilities		
Deferred capital contributions (note 11)	<u>38,993,887</u>	<u>37,835,509</u>
Accumulated Surplus	<u>\$ 138,231,582</u>	<u>\$ 106,854,707</u>

Commitments (note 12)

On behalf of Council

Dave Aker, Mayor

Jason Silver, Director of Corporate Services

The accompanying notes form an integral part of these financial statements

City of Mount Pearl**Consolidated Statement of Changes in Net Debt**

Year ended December 31

	2017		2016
	Actual	Budget	Actual
Annual (surplus) deficit	\$ <u>(31,376,875)</u>	\$ <u>(1,033,265)</u>	\$ <u>(3,601,090)</u>
Acquisition of capital assets	34,075,540	25,745,995	12,042,740
Amortization of capital assets	(8,138,916)	(7,702,000)	(7,702,500)
Disposals of capital assets	(2,821,625)	-	(653,114)
Accumulated amortization on disposals of capital assets	<u>2,316,500</u>	<u>-</u>	<u>563,679</u>
	<u>25,431,499</u>	<u>18,043,995</u>	<u>4,250,805</u>
(Usage) acquisition of supplies inventories	(109,815)	-	150,737
Acquisition (usage) of prepaid expenses	(506,986)	-	(220,846)
Amortization of deferred capital contributions	2,759,421	2,700,000	2,519,313
Acquisition of deferred capital contributions	<u>(3,917,799)</u>	<u>(16,291,690)</u>	<u>(5,828,227)</u>
	<u>(1,775,179)</u>	<u>(13,591,690)</u>	<u>(3,379,023)</u>
Increase (decrease) in net debt	(7,720,555)	3,419,040	(2,729,308)
Net debt, beginning of year	<u>36,295,695</u>	<u>36,295,695</u>	<u>39,025,003</u>
Net debt, end of year	\$ <u>28,575,140</u>	\$ <u>39,714,735</u>	\$ <u>36,295,695</u>

City of Mount Pearl**Consolidated Statement of Operations and Accumulated Surplus**

Year ended December 31

	<u>2017</u>		<u>2016</u>
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Revenues (Schedule A)			
Taxation and utility fees	\$ 45,799,441	\$ 45,757,427	\$ 45,446,558
Grants from other governments	3,144,992	2,837,070	3,103,811
Sales of goods and services	2,392,543	2,209,755	2,336,946
Other revenue from own sources	1,144,448	787,350	1,058,415
Developer donated assets	27,753,923	-	1,863,885
Revenues from land sales	2,200	-	-
Grants in lieu of taxes	<u>18,916</u>	<u>18,916</u>	<u>18,916</u>
Total revenues	<u>80,256,463</u>	<u>51,610,518</u>	<u>53,828,531</u>
Expenditures (Schedule B and note 13)			
Interest on long-term debt	1,437,060	1,762,857	1,510,512
Transportation services	16,561,331	15,845,355	16,372,916
General government services	4,597,561	5,866,877	7,097,882
Protective services	6,043,532	5,820,793	5,778,099
Community services	10,449,137	10,500,680	9,979,471
Environmental health services	8,160,472	9,267,014	7,996,080
Planning and development	1,148,397	1,513,677	1,479,276
Loss on disposal of tangible capital assets	<u>482,098</u>	<u>-</u>	<u>13,205</u>
Total expenditures	<u>48,879,588</u>	<u>50,577,253</u>	<u>50,227,441</u>
Annual surplus (Deficit)	31,376,875	1,033,265	3,601,090
Accumulated surplus, beginning of year	<u>106,854,707</u>	<u>106,854,707</u>	<u>103,253,617</u>
Accumulated surplus, end of year	<u>\$ 138,231,582</u>	<u>\$ 107,887,972</u>	<u>\$ 106,854,707</u>

City of Mount Pearl
Consolidated Statement of Cash Flows
Year ended December 31

	2017	2016
Cash derived from (applied to)		
Operating activities		
Annual surplus	\$ 31,376,875	\$ 3,601,090
Add non-cash items		
Amortization of tangible capital assets	8,138,916	7,702,500
Amortization of deferred capital contributions	(2,759,421)	(2,519,313)
Unfunded pension liability	(1,102,762)	1,098,456
Accrued post-retirement benefits	146,100	801,500
Accrued employee benefits	16,581	(18,302)
Accrued early retirement pension benefit	(37,193)	(47,704)
Loss on disposal of tangible capital assets	<u>482,098</u>	<u>13,205</u>
	36,261,194	10,631,432
Change in non-cash working capital		
Receivables	1,672,039	1,417,557
Inventories	109,815	(150,737)
Long-term receivables	135,907	(1,810,818)
Prepaid expenses	506,986	220,846
Payables and accruals	<u>201,321</u>	<u>171,897</u>
	<u>38,887,262</u>	<u>10,480,177</u>
Financing activity		
Repayment of long term debt	<u>(1,490,249)</u>	<u>(1,684,911)</u>
Capital activities		
Acquisition of tangible capital assets	(34,075,540)	(12,042,740)
Proceeds on disposal of capital assets	23,027	76,230
Receipt of deferred capital contributions	<u>3,917,799</u>	<u>5,828,227</u>
	<u>(30,134,714)</u>	<u>(6,138,283)</u>
Net change in cash and cash equivalents	7,262,299	2,656,983
Cash and cash equivalents, beginning of year	<u>7,031,366</u>	<u>4,374,383</u>
Cash and cash equivalents, end of year	<u>\$ 14,293,665</u>	<u>\$ 7,031,366</u>

City of Mount Pearl

Notes to the Consolidated Financial Statements

Year ended December 31, 2017

1. Status of the City of Mount Pearl

The City of Mount Pearl is a municipal government that was incorporated in 1955 pursuant to the Province of Newfoundland and Labrador's Municipalities Act. The municipality was granted city status in 1988 pursuant to the passing of The City of Mount Pearl Act in the provincial legislature. The City provides or funds municipal services such as fire, public transportation, public works, community services programming, library services, recreation and general government operations.

2. Significant Accounting Policies

The consolidated financial statements have been prepared to conform with generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Association of Chartered Professional Accountants of Canada ("CPA Canada") and reflect the following significant accounting policies:

a) The reporting entity

The reporting entity includes the accounts and financial activities of organizations which are controlled by the City of Mount Pearl ("the City"). These organizations are accountable to Council for the administration of their financial affairs.

The financial position and results of operations of the following organization which is controlled by the City has been included in the City's consolidated financial statements.

Admiralty House Museum & Archives

b) Purchased services

The City has agreements in place for the purchase of certain municipal services provided on a regional basis including; public transit services, regional fire services, landfill services, the supply of potable water and wastewater treatment services. These services are billed to the City on a cost of supply or consumption basis and are provided by the following organizations:

St. John's Regional Fire Department
St. John's Regional Water Authority
St. John's Transportation Commission
Robin Hood Bay Solid Waste Treatment Facility
Riverhead Wastewater Treatment Facility

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

2. Significant Accounting Policies (continued)

c) Basis of accounting

The consolidated financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. The City recognizes government transfers for capital projects in accordance with PS 3410.26. As such, capital grant revenues are deferred and amortized to income on the same basis as the amortization of the underlying assets which the capital grant was expended to acquire.

d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, cash on deposit and short-term liquid investments that are readily convertible to cash and are not subject to significant risk of changes in value. Short-term liquid investments have a maturity date of ninety days or less from the date of acquisition.

e) Inventories

Inventories held for consumption are recorded at the lower of estimated cost and replacement value. Allowances have been made for unusable and obsolete parts.

f) Post-employment benefits

The City offers a post-employment benefit package to retired employees and retired elected officials. The benefits provided include life insurance, accidental death and dismemberment coverage, health care and dental benefits. The costs associated with these benefits are recorded in the financial statements on an annual basis. The estimated future liability for post-employment benefits is reported in the City's consolidated statement of financial position.

g) Pension costs

All qualified permanent employees of the City are covered by a pension plan administered by Mercer Canada Limited. Contributions to the plan are required by the employees and the City at the rate of 8.75% of regular pay for a career average plan or 9.75% of regular pay for a best five years plan. The annual contributions for pensions as well as special payments to address the current unfunded liability in the pension plan are recognized in the consolidated financial statements on an accrual basis. The total of the current unfunded liability within the pension plan has been accrued in the City's consolidated financial statements.

h) Non-financial assets

Non-financial assets include all assets of a fixed or permanent nature, claims to goods and services and consumable goods.

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

2. Significant Accounting Policies (continued)

i) Non-financial liabilities

Non-financial liabilities are comprised of the non-amortized portion of government grants received for the construction or acquisition of tangible capital assets. Due to the nature of the liability, these amounts will not be required to be repaid by the City but will be amortized at the same rate as the corresponding tangible capital asset for which they were granted until extinguished. The amortization of the non-financial liabilities is included in government grants as reported in the statement of operations.

j) Vacation and severance costs

The City accounts for severance and vacation pay on the accrual basis. Severance pay is calculated based upon unused sick leave or years of service. Entitlement to severance pay is earned after 5 years of service for management employees and 10 years of service for unionized employees. Management employees hired after January 1st, 2016 are not eligible for severance payments upon retirement. No provision has been recorded for employees with less than the required years of service. The amount is payable when the employee ceases employment with the City. The accrual does not include any additional compensation which an employee may be entitled to if the City declares an employee's position redundant. Vacation pay is calculated based upon employees' unused vacation leave entitlement at year end.

k) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

l) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset.

Government grants received towards the construction or acquisition cost of tangible capital assets are deferred and amortized, at the same rate as the corresponding tangible capital asset which was acquired. The amortization of the capital grant is included in government grants as reported in the statement of operations.

Assets under construction are not amortized until the asset is put into use.

Land and land improvements are not amortized.

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

2. Significant Accounting Policies (continued)

l) Tangible capital assets (continued)

The cost of tangible capital assets is amortized on a straight line basis over the estimated useful lives as follows:

General Tangible Capital Assets

Buildings	40 years
Vehicles	5 years
Machinery and heavy equipment	15 years
Computer hardware	4 years
Computer software	5 years
Office furniture and equipment	10 years
Recreation equipment	5 to 20 years

Infrastructure Assets

Water and sewer	
Underground networks	35 to 75 years
Culverts, dams and detention ponds	35 to 50 years
Transportation	
Road surface	12 to 20 years
Road bed	30 years
Sidewalks, curbs and gutters	30 years
Traffic lights	20 years

m) Bonding

As required by Section 89 of The City of Mount Pearl Act, we report that all employees whose duties include collecting, receiving and depositing of cash are bonded.

n) Developer donated assets

Developer donated assets are recorded at their estimated fair value at the time care and control of the asset has been conferred to the City. The contribution is recorded as revenue.

o) Revenue recognition

Revenues are recognized as earned when collection is reasonably assured. Property tax billings are prepared by the City based on the assessed values of the respective property. The tax rates are approved annually by Council.

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

2. Significant Accounting Policies (continued)

o) Revenue recognition (continued)

Government grants and transfers are recognized as revenues in the financial period in which events give rise to the transfer occurring, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements and reasonable estimates of the amount can be determined.

3. Receivables

	2017	2016
Taxes and rates receivable	\$ 2,031,365	\$ 1,781,037
Interest on arrears	102,047	84,196
Accounts receivable	3,188,809	1,079,397
Capital works funding receivable	3,208,976	5,882,628
Other receivables	<u>725,354</u>	<u>2,256,288</u>
	9,256,551	11,083,546
Long-term receivables	(2,781,670)	(2,917,577)
Less: Allowance for doubtful accounts	<u>(17,279)</u>	<u>(36,328)</u>
	<u>\$ 6,457,602</u>	<u>\$ 8,129,641</u>

Taxes and rates receivable at December 31, 2017 were \$2,031,365 increased from \$1,781,037 at December 31, 2016. Of these receivables, \$478,959 (2016: \$338,638) has been outstanding for one year or longer.

Long-term Receivables

Long-term receivables are comprised of interest free loans due from the Mount Pearl Soccer Association, Campia Gymnastics and the Mount Pearl Men's Softball Association for the construction of recreation facilities.

	2017	2016
Mount Pearl Soccer Association		
Repayable in 80 quarterly installments of \$8,750 payable by March 1 st , June 1 st , September 1 st and December 1 st of each year, commencing June 1, 2014. The remaining principle balance of \$7,960 is payable upon maturity.	\$ 576,710	\$ 611,710

Campia Gymnastics

Repayable in 25 annual installments of \$82,840 on June 30 th of each year, commencing June 30 th , 2017	1,988,160	2,071,000
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City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

3. Receivables (continued)

	2017	2016
Mount Pearl Men's Softball Association		
Repayable in 15 annual installments of \$18,067 payable by February 28 th of each year, commencing February 28 th , 2015.	<u>216,800</u>	<u>234,867</u>
	<u>\$ 2,781,670</u>	<u>\$ 2,917,577</u>

4. Payables and Accruals

	2017	2016
Trade payables	\$ 7,668,585	\$ 7,664,761
Other accruals	2,895,231	2,723,931
Deferred revenue	<u>576,516</u>	<u>550,319</u>
	<u>\$ 11,140,332</u>	<u>\$ 10,939,011</u>

5. Long Term Debt

	2017	2016
Royal Bank		
5.28% bank loan, repayable in monthly principal and interest instalments of \$80,546, maturing June 2023	4,604,994	5,308,127
5.16% bank loan, repayable in monthly principal and interest instalments of \$89,100, maturing June 2038	13,722,272	14,073,388
0.39% banker's acceptance loan combined with a 2.48%, 25 year interest rate swap, repayable in monthly principal and interest instalments of \$70,000, maturing April 2040	<u>13,830,000</u>	<u>14,266,000</u>
	32,157,266	33,647,515
Less: Current portion	<u>(1,559,841)</u>	<u>(1,490,248)</u>
	<u>\$ 30,597,425</u>	<u>\$ 32,157,267</u>

Estimated principal repayments on long term debt over the next five years are as follows:

2018	\$ 1,559,841
2019	\$ 1,633,473
2020	\$ 1,709,306
2021	\$ 1,789,512
2022	\$ 1,873,273

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

6. Unfunded Pension Liability

The City maintains a defined benefit pension plan ("the Plan") which provides pension benefits to both management and unionized employees. The Plan is a multi-employer plan administered by Newfoundland and Labrador Municipal Employee Benefits Inc. The Plan is equally funded by participating employers and members.

For years of service prior to December 31, 2012, on retirement, on or after the normal retirement age, the retiree will receive a lifetime benefit representing 2% of the average earnings of the best five consecutive years prior to retirement, multiplied by the number of years of Plan membership up to December 31, 2012. This pension benefit was frozen as of December 31, 2012.

Commencing January 1, 2013 the pension plan benefit calculation has been modified such that, for years of service after January 1, 2013, participants over the age of 50 at January 1, 2013 could enroll in a retirement plan in which the retirement benefit will be calculated on a career average basis or a new best five years plan. Participants under the age of 50 at January 1, 2013 were enrolled in the new best five years plan.

Under the career average plan, on retirement, on or after the normal retirement age, the retiree will receive a lifetime benefit representing 2% of the career average earnings of the years subsequent to January 1, 2013 to retirement, multiplied by the number of years of Plan membership after January 1, 2013.

Under the new best five years plan, for years of service commencing on January 1, 2013, on retirement, on or after the normal retirement age, the retiree will receive a lifetime benefit representing 2% of the average earnings of the best five consecutive years prior to retirement, multiplied by the number of years of Plan membership subsequent to January 1, 2013.

Normal retirement age under both Plans is 60 years of age. Early retirement is permitted at any time after age 50 on a reduced pension. The pension reduction is calculated at $\frac{1}{2}$ of 1% for each month that early retirement precedes normal retirement age. On January 1st of each year after retirement, retirement benefits in the career average plan are adjusted by the percentage change in the Consumer Price Index up to a maximum increase of 6% per year. On January 1st of each year after retirement, retirement benefits in the best five years plan are adjusted by 85% of the percentage change in the Consumer Price Index up to a maximum increase of 6% per year.

During the year ended December 31, 2017 the City contributed \$2,260,315 (2016: \$1,715,547) to the Plans. Since January 1st, 2013 the City and the members are each contributing 9.75% of regular earnings to the best five years plan or 8.75% of regular earnings to the career average plan. The City is also contributing special payments in an effort to retire the current unfunded liability. During the year ended December 31, 2017 the City contributed special payments of \$225,737 (2016: \$225,737) to the Plans.

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

6. Unfunded Pension Liability (continued)

The last actuarial valuation of the plan was calculated as of December 31st, 2016. The next actuarial valuation is scheduled to be calculated for the year ended December 31st, 2017.

7. Accrued Post-Retirement Benefits

The City provides an extension of AD&D, life insurance benefits and health and dental benefits to employees and elected officials who retire from the municipality. Life insurance and AD&D coverage is provided to a maximum of \$30,000. Health and dental benefits provided to retirees are similar to those of active employees. During the year, the City engaged Johnson Inc. to complete an actuarial valuation of the City's Post-Retirement Benefit Plan. The actuarial valuation was completed with a valuation date of March 31, 2017. The accrued liability recorded in the City's financial statements was adjusted to reflect the actuarially calculated liability. The liability amounts recorded are as follows:

	2017	2016	Expense
Life and AD&D benefits	\$ 32,600	\$ 31,900	\$ 700
Health benefits	4,178,200	4,059,800	118,400
Dental benefits	<u>1,033,800</u>	<u>1,006,800</u>	<u>27,000</u>
	<u>\$ 5,244,600</u>	<u>\$ 5,098,500</u>	<u>\$ 146,100</u>

Significant assumptions used in benefit calculations:

Retirement age	60
Discount rate	5.00%
Annual rate of increase in Retiree health care costs	4.00%
Annual rate of increase in Retiree dental costs	3.00%

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

8. Accrued Employee Benefits

The City provides severance benefits to employees upon the cessation of employment. Severance payments are calculated based upon unused sick leave or years of service. Entitlement to severance payments is earned after 5 years of service for management employees and 10 years of service for unionized employees. Management employees hired after January 1st, 2016 are not eligible for severance payments upon retirement. The amount of the severance benefit is calculated as the number of completed years of service or the remaining unused sick leave credits, up to the equivalent of a maximum of 24 weeks pay. No benefit provision has been recorded for employees with less than the required years of service. The accrual does not include any additional compensation which an employee may be entitled to if the City declares an employee's position redundant.

Vacation pay is calculated based upon employees' unused vacation leave entitlement at year end.

All severance and vacation benefits are calculated and recorded in the financial statements during the year it is earned.

	2017	2016
Accrued severance benefit	\$ 1,747,310	\$ 1,688,253
Accrued vacation benefit	<u>257,773</u>	<u>300,249</u>
	<u>\$ 2,005,083</u>	<u>\$ 1,988,502</u>

9. Accrued Early Retirement Pension Benefit

Prior to July 1st, 1999, the City's pension plan ("the Old Plan") established a normal retirement age of 65. Subsequent to July 1st, 1999 the City's pension plan ("the New Plan") established a normal retirement age of 60. Pursuant to an agreement dated November 19th, 2003, the City agreed to reimburse retirees for any penalties calculated on the Old Plan benefits arising from retirement prior to attaining age 65 but subsequent to attaining age 60. To be eligible to receive the early retirement benefit an employee must continue to be employed by the City up until the attainment of age 60. Retirement prior to age 60 or resignation from employment with the City will result in the forfeiture of this benefit.

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

10. Tangible Capital Assets

	2017 General Capital Assets							
	Land	Buildings	Vehicles & Equip	Playing Surfaces & Trails	Computer Hardware Software	Recreation Equipment	Office Furniture	Totals
Cost, Jan 1 st	\$ 10,741,312	\$ 85,471,106	\$ 16,913,985	\$ 6,705,865	\$ 1,136,179	\$ 4,838,083	\$ 357,265	\$126,163,795
Additions	492,000	555,751	65,402	345,034	89,404	303,963	11,887	1,863,441
Disposals	-	(160,626)	(437,805)	-	(54,699)	-	(3,109)	(656,239)
Cost, Dec 31 st	<u>11,233,312</u>	<u>85,866,231</u>	<u>16,541,582</u>	<u>7,050,899</u>	<u>1,170,884</u>	<u>5,142,046</u>	<u>366,043</u>	<u>127,370,997</u>
Accumulated amortization, Jan 1 st	-	14,672,874	9,216,170	2,209,172	892,750	1,950,009	212,647	29,153,622
Amortization	-	2,252,106	1,088,160	315,380	111,948	365,637	33,385	4,166,616
Disposals	-	(160,626)	(389,103)	-	(54,699)	-	(2,605)	(607,033)
Accumulated amortization, Dec 31 st	-	<u>16,764,354</u>	<u>9,915,227</u>	<u>2,524,552</u>	<u>949,999</u>	<u>2,315,646</u>	<u>243,427</u>	<u>32,713,205</u>
Net Book Value, Dec 31 st	<u>\$ 11,233,312</u>	<u>\$ 69,101,877</u>	<u>\$ 6,626,355</u>	<u>\$ 4,526,347</u>	<u>\$ 220,885</u>	<u>\$ 2,826,400</u>	<u>\$ 122,616</u>	<u>\$ 94,657,792</u>

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

10. Tangible Capital Assets (continued)

2017 Infrastructure Assets						
	Roads Curbs & Sidewalks	Traffic Lights	Work in Progress	Water & Wastewater Networks	Pumping & Lift Stations	Tools & Equipment
Cost, Jan 1 st	\$ 64,948,925	\$ 2,760,184	\$ 17,961,078	\$ 63,887,255	\$ 726,532	\$ 3,414,926
Additions	10,291,731	138,655	5,078,613	25,494,858	56,494	-
Disposals	(1,468,439)	(199,417)	(8,848,252)	(497,530)	-	-
Cost, Dec 31 st	<u>73,772,217</u>	<u>2,699,422</u>	<u>14,191,439</u>	<u>88,884,583</u>	<u>783,026</u>	<u>3,414,926</u>
Accumulated amortization, Jan 1 st	41,465,143	1,562,983	-	26,654,011	486,005	1,176,585
Amortization	2,441,616	99,371	-	1,197,471	30,112	203,730
Disposals	(1,272,185)	(162,767)	-	(274,515)	-	-
Accumulated amortization, Dec 31 st	<u>42,634,574</u>	<u>1,499,587</u>	<u>-</u>	<u>27,576,967</u>	<u>516,117</u>	<u>1,380,315</u>
Net Book Value, Dec 31 st	<u>\$ 31,137,643</u>	<u>\$ 1,199,835</u>	<u>\$ 14,191,439</u>	<u>\$ 61,307,616</u>	<u>\$ 266,909</u>	<u>\$ 2,034,611</u>
Total Net Book Value December 31 st , 2017						<u>\$ 110,138,053</u>
						<u>\$ 204,795,845</u>

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

10. Tangible Capital Assets (continued)

2016 General Capital Assets									
	Land	Buildings	Vehicles & Equip	Playing Surfaces & Trails	Computer Hardware Software	Recreation Equipment	Office Furniture	Totals	
Cost, Jan 1 st	\$ 10,184,452	\$ 78,446,007	\$ 16,353,011	\$ 5,579,887	\$ 1,091,834	\$ 4,566,557	\$ 330,772	\$116,552,520	
Additions	556,860	7,025,099	958,834	1,247,164	85,838	326,145	27,465	10,227,405	
Disposals	-	-	(397,860)	(121,186)	(41,493)	(54,619)	(972)	(616,130)	
Cost, Dec 31 st	<u>10,741,312</u>	<u>85,471,106</u>	<u>16,913,985</u>	<u>6,705,865</u>	<u>1,136,179</u>	<u>4,838,083</u>	<u>357,265</u>	<u>126,163,795</u>	
Accumulated amortization, Jan 1 st	-	12,526,695	8,503,537	1,992,993	796,879	1,667,727	177,481	25,665,312	
Amortization	-	2,146,179	1,081,964	276,459	137,364	336,901	36,138	4,015,005	
Disposals	-	-	(369,331)	(60,280)	(41,493)	(54,619)	(972)	(526,695)	
Accumulated amortization, Dec 31 st	-	<u>14,672,874</u>	<u>9,216,170</u>	<u>2,209,172</u>	<u>892,750</u>	<u>1,950,009</u>	<u>212,647</u>	<u>29,153,622</u>	
Net Book Value, Dec 31 st	\$ 10,741,312	\$ 70,798,232	\$ 7,697,815	\$ 4,496,693	\$ 243,429	\$ 2,888,074	\$ 144,618	\$ 97,010,173	

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

10. Tangible Capital Assets (continued)

2016 Infrastructure Assets						
	Roads Curbs & Sidewalks	Traffic Lights	Work in Progress	Water & Wastewater Networks	Pumping & Lift Stations	Tools & Equipment
Cost, Jan 1 st	\$ 64,948,925	\$ 2,760,184	\$ 16,400,658	\$ 63,887,255	\$ 711,368	\$ 3,212,159
Additions	-	-	8,655,890	-	15,164	239,751
Disposals	-	-	(7,095,470)	-	-	(36,984)
Cost, Dec 31 st	<u>64,948,925</u>	<u>2,760,184</u>	<u>17,961,078</u>	<u>63,887,255</u>	<u>726,532</u>	<u>3,414,926</u>
Accumulated amortization, Jan 1 st	39,145,239	1,457,169	-	25,640,451	461,058	990,299
Amortization	2,319,904	105,814	-	1,013,560	24,947	223,270
Disposals	-	-	-	-	-	(36,984)
Accumulated amortization, Dec 31 st	<u>41,465,143</u>	<u>1,562,983</u>	<u>-</u>	<u>26,654,011</u>	<u>486,005</u>	<u>1,176,585</u>
Net Book Value, Dec 31 st	\$ <u>23,483,782</u>	\$ <u>1,197,201</u>	\$ <u>17,961,078</u>	\$ <u>37,233,244</u>	\$ <u>240,527</u>	\$ <u>2,238,341</u>
Total Net Book Value December 31 st , 2016						\$ <u>82,354,173</u>
						\$ <u>179,364,346</u>

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

11. Deferred Capital Contributions

In accordance with PS 3410.26, capital contributions from the Province of Newfoundland and Labrador for cost shared projects are not recorded as revenues when received nor when they become receivable. The provincial portion of cost shared projects is deferred and amortized at the same rate and on the same basis as the underlying asset that was acquired or constructed. The amortization of the capital contribution is included in government grants in the City's financial statements.

	2017	2016
Deferred capital grants	\$ <u>38,993,887</u>	\$ <u>37,835,509</u>

12. Commitments and Contractual Obligations

The City has commitments under long term leases and other agreements for office equipment, communication and maintenance services requiring payments as follows:

2018	19,632
2019	17,001
2020	7,250
2021	925
2022	462

Leases and service agreements are renewed or replaced as they expire.

13. Schedule of Expenditure by Object

	2017		2016
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Amortization	\$ 8,138,916	\$ 7,702,000	\$ 7,702,499
Debt and financing charges	1,437,060	1,774,022	1,510,512
Grants and subsidies	688,367	736,214	707,325
Loss on disposal of tangible capital assets	482,098	-	13,205
Professional development	111,493	219,800	120,335
Purchased services	17,260,332	17,745,043	17,596,685
Professional services	1,349,116	1,331,244	1,188,979
Salaries and employee benefits	16,500,517	18,413,022	18,748,922
Supplies and parts	<u>2,911,689</u>	<u>2,655,908</u>	<u>2,638,979</u>
	<u>\$ 48,879,588</u>	<u>\$ 50,577,253</u>	<u>\$ 50,227,441</u>

City of Mount Pearl
Notes to the Consolidated Financial Statements
Year ended December 31, 2017

14. Budget

In accordance with The City of Mount Pearl Act, council must adopt a financial plan for each fiscal year in a form approved by the minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations of PSAB. For comparative purposes the City of Mount Pearl has modified its financial plan to present a budget that is consistent with the scope and accounting principles used to report actual results. The budget figures reported in these consolidated financial statements have been approved by council.

The reconciliation between the City's cash based financial plan and the PSAB accrual based budget figures reported in these consolidated financial statements is disclosed in Schedule C - Reconciliation of the Cash Based Financial plan to the Budget.

15. Financial Instruments

a) Fair values

The City's financial instruments are comprised of cash and investments, receivables, payables and accruals and deferred grant revenue. The fair value of these financial instruments approximate their carrying amount due to their short-term nature.

The fair value of long-term debt is based on rates currently available to the City with similar terms and maturities and approximates its carrying value.

It is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments.

b) Credit risk

The City is exposed to credit related losses in the event of non-performance by counterparties to the financial instruments. Credit exposure is minimized by dealing only with credit worthy counterparties.

City of Mount Pearl
Schedule A
Consolidated Statement of Revenues
Year ended December 31, 2017

	2017	2016
Taxation		
Residential property tax	\$ 16,761,550	\$ 16,527,240
Residential water and wastewater fees	6,160,562	6,115,579
Commercial property tax	8,435,918	8,346,359
Commercial business tax	10,522,633	10,487,779
Commercial water and wastewater fees	2,314,796	2,152,661
Cable and utility tax	1,405,422	1,620,572
Waste management fees	<u>198,560</u>	<u>196,368</u>
	<u>45,799,441</u>	<u>45,446,558</u>
 Sales of goods and services		
Rental income	120,022	120,022
Recreation fees	2,142,996	2,152,616
Planning and development fees	9,200	15,550
Engineering fees	74,275	44,483
Waste management fees	<u>46,050</u>	<u>4,275</u>
	<u>2,392,543</u>	<u>2,336,946</u>
 Other revenues from own sources		
Investment income	255,419	140,018
Interest on taxes	237,692	244,125
Compliance letter fees	38,250	41,400
Tax certificate fees	61,500	63,600
Business permits	184,587	140,729
Local improvement assessments	189,341	64,213
Residential occupancy permits	60,068	55,720
Contractor's permits and licensing	19,308	23,639
Traffic fines	62,617	54,988
Other revenues	28,298	217,752
Animal control fees	3,818	5,918
Taxi licensing	1,670	2,405
Transportation fees	<u>1,880</u>	<u>3,908</u>
	<u>1,144,448</u>	<u>1,058,415</u>

City of Mount Pearl
Schedule A
Consolidated Statement of Revenues
Year ended December 31, 2017

	2017	2016
Grants from other governments		
Government of Canada		
Special projects grants	101,660	113,830
Government of Newfoundland and Labrador		
Cost shared grants	2,759,421	2,699,694
Provincial gas tax program	145,806	249,941
Other grants	<u>138,105</u>	<u>40,346</u>
Grants from other governments	<u>3,144,992</u>	<u>3,103,811</u>
Other revenues		
Developer donated assets	27,753,923	1,863,885
Net revenues from land sales	2,200	-
Grants in lieu of taxes	<u>18,916</u>	<u>18,916</u>
	<u>27,775,039</u>	<u>1,882,801</u>
Consolidated revenues	<u>\$ 80,256,463</u>	<u>\$ 53,828,531</u>

City of Mount Pearl
Schedule B
Consolidated Statement of Expenditures
Year ended December 31, 2017

	2017	2016
Transportation services		
Transportation administration	\$ 1,941,256	\$ 1,791,150
Snow removal	2,692,710	2,134,338
Fleet	2,869,803	2,576,483
Roads and streets	2,837,252	3,762,538
Public transit	1,624,194	1,588,998
Traffic and street lights	971,615	1,015,831
Amortization	<u>3,624,501</u>	<u>3,503,578</u>
	<u>16,561,331</u>	<u>16,372,916</u>
General government services		
Council and administration	989,271	3,711,905
Community marketing	145,733	174,531
Finance	1,157,833	1,079,209
Human resources	792,113	739,466
Information technology	978,633	861,646
Amortization	219,411	240,631
Other general government services	<u>314,567</u>	<u>290,494</u>
	<u>4,597,561</u>	<u>7,097,882</u>
Protective services		
Fire protection	5,185,220	4,928,270
Municipal enforcement	749,525	722,900
Animal control	107,077	113,791
Emergency response preparedness	1,402	11,266
Other protective services	<u>308</u>	<u>1,872</u>
	<u>6,043,532</u>	<u>5,778,099</u>
Environmental health services		
Water and waste water	4,236,548	4,612,247
Waste water	1,339,341	745,371
Garbage disposal	896,882	1,116,308
Amortization	1,684,206	1,514,809
Other environmental services	<u>3,495</u>	<u>7,345</u>
	<u>8,160,472</u>	<u>7,996,080</u>

City of Mount Pearl
Schedule B
Consolidated Statement of Expenditures
Year ended December 31, 2017

	2017	2016
Community services		
Recreation administration	843,130	773,118
Healthy living program	552,035	519,884
Glacier	1,295,483	1,244,705
Summit / Reid Centre	3,100,701	3,041,645
Gloria Pearson Community Centre	161,523	142,033
Admiralty House Museum	128,588	114,337
Legion	21,029	27,261
Library	24,038	21,182
Parks	1,112,064	1,077,418
Youth development	318,650	301,120
Community events	237,165	245,024
Amortization	2,602,787	2,432,294
Other recreation services	<u>51,944</u>	<u>39,450</u>
	<u>10,449,137</u>	<u>9,979,471</u>
Planning and development		
Planning and zoning	661,632	946,367
Inspections	379,411	384,830
Economic development	95,115	126,479
Community marketing	5,000	10,413
Amortization	<u>7,239</u>	<u>11,187</u>
	<u>1,148,397</u>	<u>1,479,276</u>
Fiscal services		
Interest on long term debt	1,437,060	1,510,512
Loss on disposal of tangible capital assets	<u>482,098</u>	<u>13,205</u>
	<u>1,919,158</u>	<u>1,523,717</u>
Consolidated expenditures	<u>\$ 48,879,588</u>	<u>\$ 50,227,441</u>

City of Mount Pearl

Schedule C

Reconciliation of the Cash Based Financial Plan to the PSAB Budget

Year ended December 31, 2017

	City of Mount Pearl	Admiralty House	Capital Fund Adjustments	Other Government Grants	Amortization	Debt Payments & Reserves	Consolidated PSAB Totals
Revenues							
Taxation	\$ 45,356,047	\$ -	\$ 401,380	\$ -	\$ -	\$ -	\$ 45,757,427
Grants from other governments	101,800	114,870	-	2,620,400	-	-	2,837,070
Sales of goods and services	2,187,380	22,375	-	-	-	-	2,209,755
Own source revenues	787,350	-	-	-	-	-	787,350
Grants in lieu of taxes	18,916	-	-	-	-	-	18,916
	<u>48,451,493</u>	<u>137,245</u>					<u>\$ 51,610,518</u>
Expenditures							
Debt servicing	3,420,270	-	-	-	-	(1,657,413)	1,762,857
Transportation	11,695,089	-	645,266	-	3,505,000	-	15,845,355
General government	5,699,014	-	7,500	-	240,000	(79,637)	5,866,877
Protective services	5,820,793	-	-	-	-	-	5,820,793
Community services	7,957,035	157,245	35,000	(79,600)	2,431,000	-	10,500,680
Environmental health	7,733,119	-	18,895	-	1,515,000	-	9,267,014
Planning and development	1,323,142	-	179,535	-	11,000	-	1,513,677
Transfers to capital fund	<u>4,803,031</u>	<u>-</u>	<u>(26,230,811)</u>	<u>16,291,690</u>	<u>-</u>	<u>5,136,090</u>	<u>-</u>
	<u>\$ 48,451,493</u>	<u>\$ 157,245</u>					<u>\$ 50,577,253</u>

City of Mount Pearl

Schedule D

Consolidated Reconciliation to Core Government Results

Year ended December 31, 2017

	Core Government		Controlled Entities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Taxation	\$ 45,799,441	\$ 45,446,558	\$ -	\$ -	\$ 45,799,441	\$ 45,446,558
Sales of goods and services	2,368,031	2,314,263	24,512	22,683	2,392,543	2,336,946
Grants and transfers	3,106,863	3,074,551	38,129	29,260	3,144,992	3,103,811
Investment income	255,419	140,018	-	-	255,419	140,018
Own source revenues	889,029	918,397	-	-	889,029	918,397
Other revenues	<u>27,775,039</u>	<u>1,882,801</u>	<u>-</u>	<u>-</u>	<u>27,775,039</u>	<u>1,882,801</u>
	<u>80,193,822</u>	<u>53,776,588</u>	<u>62,641</u>	<u>51,943</u>	<u>80,256,463</u>	<u>53,828,531</u>
Expenditures						
Personnel services	16,418,881	18,674,172	81,636	74,750	16,500,517	18,748,922
Contract services	15,097,140	15,486,499	31,438	22,759	15,128,578	15,509,258
Utilities	2,118,338	2,076,048	13,416	11,379	2,131,754	2,087,427
Materials and supplies	2,911,282	2,638,276	407	703	2,911,689	2,638,979
Grants and contributions	688,367	707,325	-	-	688,367	707,325
Interest on long-term debt	1,437,060	1,510,512	-	-	1,437,060	1,510,512
Amortization	8,138,144	7,701,437	772	1,062	8,138,916	7,702,499
Professional services	1,343,996	1,188,979	5,120	-	1,349,116	1,188,979
Professional development	110,574	120,087	919	248	111,493	120,335
Loss on disposal of tangible capital assets	<u>482,098</u>	<u>13,205</u>	<u>-</u>	<u>-</u>	<u>482,098</u>	<u>13,205</u>
	<u>48,745,880</u>	<u>50,116,540</u>	<u>133,708</u>	<u>110,901</u>	<u>48,879,588</u>	<u>50,227,441</u>
Surplus (Deficit)	<u>\$ 31,447,942</u>	<u>\$ 3,660,048</u>	<u>\$ (71,067)</u>	<u>\$ (58,958)</u>	<u>\$ 31,376,875</u>	<u>\$ 3,601,090</u>

City of Mount Pearl

Schedule E

Consolidated Statement of Operations by Program

Year ended December 31, 2017

	General Government		Protective Services		Transportation Services		Environmental Health Services	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues								
Taxation	\$ 37,125,522	\$ 36,981,950	\$ -	\$ -	\$ -	\$ -	\$ 8,673,919	\$ 8,464,608
Sales of goods and Services	120,022	120,022	-	-	74,275	6,100	46,050	42,658
Grants and transfers	245,782	259,305	-	-	2,759,421	2,018,205	-	136,922
Investment income	-	-	-	-	-	-	-	-
Own source revenues	347,786	529,445	64,787	60,906	5,599	3,908	-	20,000
Other revenues	<u>27,775,039</u>	<u>1,882,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>65,614,151</u>	<u>39,773,523</u>	<u>64,787</u>	<u>60,906</u>	<u>2,839,295</u>	<u>2,028,213</u>	<u>8,719,969</u>	<u>8,664,188</u>
Expenditures								
Personnel services	1,968,720	4,570,162	813,756	795,007	5,477,025	5,063,757	1,830,456	1,896,115
Contract services	1,064,840	963,755	5,219,883	4,976,536	3,484,741	4,229,841	4,267,586	4,157,942
Utilities	204,916	232,227	-	-	1,149,307	1,167,244	-	-
Materials and supplies	99,709	90,548	6,281	6,556	2,171,157	1,867,298	376,410	419,870
Grants and contributions	323,450	313,399	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-
Amortization	219,411	240,631	-	-	3,624,501	3,503,578	1,684,206	1,514,809
Professional services	656,167	614,679	-	-	640,948	530,269	1,814	7,344
Professional development	60,348	72,481	3,612	-	13,652	10,929	-	-
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-
	<u>4,597,561</u>	<u>7,097,882</u>	<u>6,043,532</u>	<u>5,778,099</u>	<u>16,561,331</u>	<u>16,372,916</u>	<u>8,160,472</u>	<u>7,996,080</u>
Surplus (Deficit)	<u>\$ 61,016,590</u>	<u>\$ 32,675,641</u>	<u>\$ (5,978,745)</u>	<u>\$ (5,717,193)</u>	<u>\$ (13,722,036)</u>	<u>\$ (14,344,703)</u>	<u>\$ 559,497</u>	<u>\$ 668,108</u>

City of Mount Pearl

Schedule E

Consolidated Statement of Operations by Program

Year ended December 31, 2017

	Planning and Development		Community Services		Fiscal Services		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues								
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,799,441	\$ 45,446,558
Sales of goods and Services	9,200	15,550	2,142,996	2,152,616	-	-	2,392,543	2,336,946
Grants and transfers	-	20,000	139,789	669,379	-	-	3,144,992	3,103,811
Investment income	-	-	-	-	255,419	140,018	255,419	140,018
Own source revenues	462,457	292,363	8,400	11,775	-	-	889,029	918,397
Other revenues	-	-	-	-	-	-	27,775,039	1,882,801
	<u>471,657</u>	<u>327,913</u>	<u>2,291,185</u>	<u>2,833,770</u>	<u>255,419</u>	<u>140,018</u>	<u>80,256,463</u>	<u>53,828,531</u>
Expenditures								
Personnel services	1,066,069	1,255,358	5,344,491	5,168,523	-	-	16,500,517	18,748,922
Contract services	22,061	117,834	1,069,467	1,063,350	-	-	15,128,578	15,509,258
Utilities	-	-	777,531	687,956	-	-	2,131,754	2,087,427
Materials and supplies	8,265	11,485	249,867	243,222	-	-	2,911,689	2,638,979
Grants and contributions	5,000	41,925	359,917	352,001	-	-	688,367	707,325
Interest on long-term debt	-	-	-	-	1,437,060	1,510,512	1,437,060	1,510,512
Amortization	7,239	11,187	2,603,559	2,432,294	-	-	8,138,916	7,702,499
Professional services	36,049	32,511	14,138	4,176	-	-	1,349,116	1,188,979
Professional development	3,714	8,976	30,167	27,949	-	-	111,493	120,335
Loss on disposal of tangible capital assets	-	-	-	-	482,098	13,205	482,098	13,205
	<u>1,148,397</u>	<u>1,479,276</u>	<u>10,449,137</u>	<u>9,979,471</u>	<u>1,919,158</u>	<u>1,523,717</u>	<u>48,879,588</u>	<u>50,227,441</u>
Surplus (Deficit)	\$ <u>(676,740)</u>	\$ <u>(1,151,363)</u>	\$ <u>(8,157,952)</u>	\$ <u>(7,145,701)</u>	\$ <u>(1,663,739)</u>	\$ <u>(1,383,699)</u>	\$ <u>31,376,875</u>	\$ <u>3,601,090</u>

Auditors' Report on Statutory Requirements

His Worship the Mayor and Councillors
City of Mount Pearl

In compliance with the requirements of Section 112 of The City of Mount Pearl Act, we report as follows on our examination of the accounts of the City for the year ended December 31st, 2017.

Expenditure in relation to cash based budget.

Actual expenditures of \$48,373,418 are under budget by \$78,075.

Revenue in relation to cash based budget.

Actual revenues of \$49,532,472 are over budget by \$1,080,979.

Arrears of Revenue.

The comparative position with respect to arrears of revenue is presented on page 11. Taxes and rates receivable at December 31st, 2017 were \$2,031,365 increased from \$1,781,037 at December 31st, 2016. Of these receivables, \$478,959 (2016: \$338,638) has been outstanding for one year or longer.

Manner in which the accounts have been kept and the adequacy of the safeguards against fraud.

While we were not engaged specifically to opine upon or test the City's internal controls, which are the responsibility of management, our audit procedures did not reveal any pervasive issues in this area.

As required by Section 89 of The City of Mount Pearl Act, we report that all employees whose duties include collecting, receiving and depositing of cash are adequately bonded.

Harris Ryan
Mount Pearl, Newfoundland and Labrador
June 28th, 2018