

CITY OF MOUNT PEARL
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

**City of Mount Pearl
Table of Contents
December 31, 2021**

Statement of Responsibility	1
Independent Auditor's Report	2-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Debt	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8-15
Schedule A - Consolidated Schedule of Tangible Capital Assets	16-17
Schedule B - Consolidated Schedule of Revenue	18
Schedule C - Consolidated Schedule of Expenses	19-20
Schedule D - Reconciliation of the Cash Based Financial Plan to the PSAS Budget	21
Schedule E - Consolidated Reconciliation to Core Government Results	22
Schedule F - Consolidated Reconciliation of Operations by Program	23-24

Statement of Responsibility

The accompanying consolidated financial statements 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 Canadian Public Sector Accounting Standards ("PSAS").

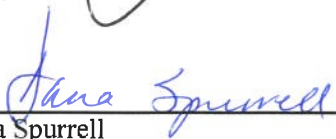
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

The Corporate Services and Economic Development Committee of the City of Mount Pearl 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 of Mount Pearl's appointed external auditors, have audited the accompanying consolidated financial statements. The independent auditor's report is addressed to the Deputy Mayor and members of City Council and appears on the following pages. 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 and results of the City in accordance with Canadian Public Sector Accounting Standards.



Dave Aker
Mayor



Dana Spurrell
CAO

Independent Auditor's Report

To the Mayor and Council of City of Mount Pearl

Opinion

We have audited the consolidated financial statements of City of Mount Pearl (the "City"), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 consolidated financial performance and 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 Consolidated 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 consolidated 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 the 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.

Auditor's 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 the 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 Canadian 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, 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 Group 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.

Chartered Professional Accountants

St. John's, Newfoundland and Labrador
August 11, 2022

**City of Mount Pearl
Consolidated Statement of Financial Position
December 31, 2021**

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 19,671,179	\$ 24,074,669
Accounts receivable (Note 3)	8,409,559	6,982,460
Long-term receivables (Note 4)	<u>2,282,360</u>	<u>2,373,950</u>
	<u>30,363,098</u>	<u>33,431,079</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	8,241,100	9,715,700
Deferred revenue	780,088	951,237
Long-term debt (Note 7)	30,098,900	32,079,510
Unfunded pension liability (Note 8)	338,630	474,918
Accrued post-retirement benefits (Note 9)	6,144,200	5,854,100
Accrued employee benefits (Note 10)	2,549,900	1,956,423
Accrued early retirement pension benefit (Note 11)	<u>269,168</u>	<u>313,827</u>
	<u>48,421,986</u>	<u>51,345,715</u>
Net Debt	<u>(18,058,888)</u>	<u>(17,914,636)</u>
Non-Financial Assets		
Tangible capital assets (Schedule A)	215,137,634	215,567,267
Inventories	1,397,947	1,446,120
Prepaid expenses	<u>852,362</u>	<u>73,350</u>
	<u>217,387,943</u>	<u>217,086,737</u>
Accumulated Surplus	<u>\$ 199,329,055</u>	<u>\$ 199,172,101</u>

Approved on behalf of Council:



Dave Aker, Mayor



Dana Spurrell, CAO

City of Mount Pearl
Consolidated Statement of Changes in Net Debt
December 31, 2021

	2021 Budget (Note 14)	2021 Actual	2020 Actual
Annual surplus	\$ 4,304,635	\$ 156,954	\$ 3,030,156
Acquisition of tangible capital assets	(14,324,289)	(9,709,598)	(10,891,629)
Amortization of tangible capital assets	9,426,011	9,426,010	9,099,098
Proceeds on disposal of tangible capital assets	-	117,454	81,389
Loss on disposal of tangible capital assets	-	595,767	584,587
	<u>(4,898,278)</u>	<u>429,633</u>	<u>(1,126,555)</u>
Use of (additions to) supplies inventories	-	48,173	(84,048)
Use of (additions to) prepaid expenses	-	(779,012)	413,963
		<u>(730,839)</u>	<u>329,915</u>
Decrease in Net Debt	(593,643)	(144,252)	2,233,516
Net Debt, Beginning of Year	<u>(17,914,636)</u>	<u>(17,914,636)</u>	<u>(20,148,152)</u>
Net Debt, End of Year	<u>\$ (18,508,279)</u>	<u>\$ (18,058,888)</u>	<u>\$ (17,914,636)</u>

The accompanying notes are an integral part of these financial statements.

City of Mount Pearl
Consolidated Statement of Operations and Accumulated Surplus
December 31, 2021

	2021 Budget (Note 14)	2021 Actual	2020 Actual
Revenues (Schedule B)			
Taxation and utility fees	\$ 44,771,000	\$ 44,512,672	\$ 46,954,641
Grants from other governments	9,135,538	3,762,058	5,522,893
Sales of goods and services	1,270,861	1,265,506	875,560
Other revenue from own sources	1,052,000	3,974,310	1,195,445
	<u>56,229,399</u>	<u>53,514,546</u>	<u>54,548,539</u>
Expenses (Schedule C)			
General government services	9,726,784	9,498,851	7,584,205
Transportation services	15,612,798	13,891,910	16,447,356
Protective services	6,199,000	7,951,325	6,227,756
Community services	9,709,637	10,843,193	10,981,820
Environmental health services	7,910,155	8,127,589	7,087,256
Planning and development	1,200,000	1,139,542	1,212,614
Fiscal services	1,566,390	1,905,182	1,977,376
	<u>51,924,764</u>	<u>53,357,592</u>	<u>51,518,383</u>
Annual Surplus	4,304,635	156,954	3,030,156
Accumulated Surplus, Beginning of Year	<u>199,172,101</u>	<u>199,172,101</u>	<u>196,141,945</u>
Accumulated Surplus, End of Year	<u>\$ 203,476,736</u>	<u>\$ 199,329,055</u>	<u>\$ 199,172,101</u>

City of Mount Pearl
Consolidated Statement of Cash Flows
December 31, 2021

	2021	2020
Operating Activities		
Annual surplus	\$ 156,954	\$ 3,030,156
Items not affecting cash:		
Amortization of tangible capital assets	9,426,010	9,099,098
Loss on disposal of tangible capital assets	595,767	584,587
Changes in non-cash items:		
Unfunded pension liability	(136,288)	(230,751)
Accrued post-retirement benefits	290,100	317,300
Accrued employee benefits	593,477	(110,224)
Accrued early retirement pension benefit	(44,659)	(40,277)
	<u>10,881,361</u>	<u>12,649,889</u>
Changes in non-cash working capital:		
Accounts receivable	(1,427,099)	792,755
Inventories	48,173	(84,047)
Long-term receivables	91,590	135,907
Prepaid expenses	(779,012)	413,963
Accounts payable and accrued liabilities	(1,474,600)	921,988
Deferred revenue	(171,149)	234,681
	<u>7,169,264</u>	<u>15,065,136</u>
Cash provided by operating activities		
	<u>7,169,264</u>	<u>15,065,136</u>
Financing activities		
Repayment of long-term debt	(1,980,610)	(1,893,262)
Cash used by financing activities	<u>(1,980,610)</u>	<u>(1,893,262)</u>
Capital activities		
Acquisition of tangible capital assets	(9,709,598)	(10,891,629)
Proceeds on disposal of tangible capital assets	117,454	81,389
Cash used by capital activities	<u>(9,592,144)</u>	<u>(10,810,240)</u>
Increase in Cash and Cash Equivalents	(4,403,490)	2,361,634
Cash and Cash Equivalents, Beginning of Year	24,074,669	21,713,035
Cash and Cash Equivalents, End of Year	\$ 19,671,179	\$ 24,074,669

The accompanying notes are an integral part of these financial statements.

City of Mount Pearl
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

1. Status of the City

The incorporated 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, and recreation and general government operations.

2. Significant Accounting Policies

The consolidated financial statements are prepared using Canadian public sector accounting standards (PSAS).

(a) Basis of consolidation

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

The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the City. Interfund and inter-entity balances and transactions have been eliminated. Included in the consolidated financial statements is the 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

(c) 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.

(d) Inventories

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

(e) Non-financial assets

Non-financial assets are used to provide the City's services in future periods. These assets do not normally provide resources to discharge the liabilities of the City unless they are sold. The City's 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
For the Year Ended December 31, 2021

(f) Post-retirement benefits

The City provides defined post-retirement benefits for certain employee groups. These benefits include life insurance, Accidental Death and Dismemberment (AD&D) coverage, health care and dental benefits. The costs of post-retirement future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee groups.

(g) Pension Plan

The City participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the City accounts for the plan as if it were a defined contribution plan. As such, no pension liability is included in the City's consolidated financial statements and contributions are recognized as an expense in the year to which they relate. All full-time employees are eligible to participate in the plan. Contributions are a defined amount based upon a set percentage of salary.

(h) 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 1, 2016 are not eligible for severance payments upon retirement.

The City also provides a vacation benefit for both unionized and management employees. Staff may carry-forward a maximum of 15 days of vacation time from one year to the next; however, exceptions can be made from time-to-time based on individual circumstances. The vacation bank is paid out upon termination or retirement.

The costs of these employee benefits are actuarially determined using management's best estimate of average service years and average vacation hours banked. Actuarial gains and losses are amortized on a straight-line basis over the expected service life of the employee group for severance pay, and the expected utilization of excess hours for vacation benefit.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards required 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. These estimates include amortization of tangible assets and valuation of unfunded pension liability, accrued post-retirement benefits, accrued employee taxes and benefits, and accrued early retirement pension benefits. Actual results could differ from these estimates.

(j) 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.

Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

City of Mount Pearl
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

2. Significant Accounting Policies (continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

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 and equipment	5-15 years
Playing surfaces and trails	10-30 years
Computer hardware and software	4-10 years
Recreation equipment	5-20 years
Office furniture and equipment	5-10 years

Infrastructure assets

Transportation	
Roads, curbs and sidewalks	12-20 years
Traffic lights	20 years
Tools and equipment	30 years
Water and Sewer	
Water and wastewater networks	35-75 years
Pumping and lift stations	35-50 years

(k) 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.

(l) 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 uncollectable

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.

Government transfers are recognized as revenue in the financial statements when 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. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

City of Mount Pearl
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

3. Accounts Receivable	<u>2021</u>	<u>2020</u>
Taxes and rates receivable	\$ 4,258,178	\$ 4,503,002
Interest on arrears	218,638	51,918
Accounts receivable	453,637	397,022
Capital works funding receivable	882,922	1,143,081
HST receivable	2,620,496	1,014,792
Other receivables	133,437	97,795
	<u>8,567,308</u>	<u>7,207,610</u>
Less: Allowance for doubtful accounts	<u>(157,749)</u>	<u>(225,150)</u>
	<u>\$ 8,409,559</u>	<u>\$ 6,982,460</u>

4. 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.

	<u>2021</u>	<u>2020</u>
Mount Pearl Soccer Association		
Repayable in 80 quarterly installments of \$8,750 payable by March 1st, June 1st, September 1st and December 1st of each year, commencing June 1, 2014. The remaining principal balance of \$7,960 is payable upon maturity.	\$ 462,960	\$ 471,710
Campia Gymnastics		
Repayable in 25 annual installments of \$82,840 on June 30th of each year, commencing June 30, 2017.	1,656,800	1,739,640
Mount Pearl Men's Softball Association		
Repayable in 15 annual installments of \$18,067 payable by February 28th of each year, commencing February 28th, 2015.	162,600	162,600
	<u>\$ 2,282,360</u>	<u>\$ 2,373,950</u>

5. Credit Facility

The City has a borrowing facility with an authorized operating line of credit available of \$3,000,000 bearing interest at prime minus 0.90% per annum. At December 31, 2021, the borrowing facility was not drawn upon (2020 - \$nil).

6. Accounts Payable and Accrued Liabilities	<u>2021</u>	<u>2020</u>
Trade accounts payable	\$ 2,350,524	\$ 5,807,763
Accruals	3,314,696	1,015,405
Refundable deposits	2,236,365	2,079,884
Holdbacks payable	339,515	812,648
	<u>\$ 8,241,100</u>	<u>\$ 9,715,700</u>

City of Mount Pearl
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

7. Long-Term Debt

Royal Bank	<u>2021</u>	<u>2020</u>
5.28% bank loan, repayable in monthly principal and interest instalments of \$80,546, maturing in and amortized to June 2023	\$ 1,390,956	\$ 2,259,033
5.16% bank loan, repayable in monthly principal and interest instalments of \$89,100, maturing in and amortized to June 2034	12,122,179	12,553,613
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 in and amortized to April 2040	11,952,000	12,442,000
TD Bank		
3.83% bank loan, repayable in monthly principal and interest instalments of \$31,046, maturing in and amortized to November 2038	4,633,765	4,824,864
Total long-term debt	\$ 30,098,900	\$ 32,079,510

Principal payments required in each of the next five years are as follows:

2022	\$ 2,071,791
2023	\$ 1,679,476
2024	\$ 1,252,387
2025	\$ 1,393,829
2026	\$ 1,360,297

8. Pension Plan

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.

City of Mount Pearl
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

8. Pension Plan (Continued)

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 1/2 of 1% for each month that early retirement proceeds normal retirement age. On January 1 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 1 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, 2021 the City contributed \$810,968 (2020 - \$1,271,232) to the Plans. Since January 1, 2013 the City and the members are each contributing 10.25% of regular earnings to the best five years plan or 9.25% 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, 2021 the City contributed special payments of \$250,357 (2020 - \$250,357) to the Plans. The plan surplus as of December 31, 2021 was \$23,660,000 (2020 - \$8,047,000), and the unfunded pension balance was \$338,630 (2020 - \$474,918).

An actuarial valuation of the plan was performed as of December 31, 2020. Current figures are extrapolated based on valuation to December 31, 2021.

9. 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. The City engaged Johnson Inc. to complete an actuarial valuation of the City's Post-Retirement Benefit Plan. The actuarial valuation was performed as of December 31, 2020. 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:

	<u>2021</u>	<u>2020</u>	<u>Expense</u>
Life and AD&D benefits	\$ 32,600	\$ 32,400	\$ 200
Health benefits	5,071,000	4,826,200	244,800
Dental benefits	1,040,600	995,500	45,100
	<u>\$ 6,144,200</u>	<u>\$ 5,854,100</u>	<u>\$ 290,100</u>

Significant assumptions used in benefit calculations:

Retirement age	60
Discount rate	4.75%
Annual rate of increase in Retiree health care costs	3.50%
Annual rate of increase in Retiree dental costs	2.50%

City of Mount Pearl
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

10. Employee Benefits

The City provides severance benefits based on the number of completed years of service or remaining unused sick leave credits, up to the equivalent of a maximum of 24 weeks of pay. Prior to December 31, 2021, the amount of the severance benefit was measured and recorded only for employees with more than the required years of service to be eligible for a payout as of year end. The City also provides employees with the opportunity to carry-forward certain vacation benefits. Prior to December 31, 2021, vacation pay was calculated based upon employee's unused vacation leave entitlement at year end, without allowance for forfeitures or discounting. For December 31, 2021, Johnson Inc. was engaged to complete an actuarial valuation of the City's employee benefits. The accrued liability recorded in the City's financial statements was adjusted to reflect the actuarially calculated liability. The liability amounts are as follows:

	<u>2021</u>	<u>2020</u>
Accrued severance benefit	\$ 2,092,100	\$ 1,467,117
Accrued vacation benefit	<u>457,800</u>	<u>489,306</u>
	<u>\$ 2,549,900</u>	<u>\$ 1,956,423</u>

Significant assumptions used in benefit calculations:

Retirement age	\$ 60
Discount rate	4.75%
Salary projection	2.50%
Average vacation bank (hours)	80.8
Average service (years)	10.5

11. Early Retirement Pension Benefit

Prior to July 1, 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. This benefit liability has not been actuarially determined.

12. Contingent Liabilities

The City has received multiple statements of claim on employment and council member related matters. The amount of the claims have not been specified and settlement, if any, is indeterminable at this time. A provision has not been made in these consolidated financial statements with respect of the claims. Any settlement will be recorded in the consolidated statement of operations and accumulated surplus when judgement is rendered or more information becomes available.

The City has also received a statement of claim from a supplier in the amount of \$452,518 plus interest and punitive damages of an unspecified amount, relating to a previously completed public works project. The City has filed a counterclaim and believes that no liability will result from the claim.

No provision has been made in these consolidated financial statements with respect to the claims. Any settlement will be recorded in the consolidated statement of operations and accumulated surplus more information becomes available or when judgement is rendered .

City of Mount Pearl
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

13. Schedule of Expenses by Object

	2021 Budget	2021 Actual	2020 Actual
Amortization of tangible capital assets	\$ 9,426,011	\$ 9,426,010	\$ 9,099,098
Debt and financing charges	1,566,390	1,708,964	1,862,919
Grants and subsidies	100,000	396,017	416,614
Loss on disposal of tangible capital assets	-	595,767	584,587
Professional development	7,272,207	109,062	101,506
Purchased services	7,468,126	17,336,428	15,982,368
Professional services	1,933,161	1,059,669	1,377,164
Salaries and employee benefits	20,747,770	19,362,316	18,202,039
Supplies and parts	3,411,099	3,363,359	3,892,087
	<u>\$ 51,924,764</u>	<u>\$ 53,357,592</u>	<u>\$ 51,518,382</u>

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 PSAS. 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 of the City's cash based financial plan to the PSAS accrual based budget figures reported in these consolidated financial statements is disclosed in Schedule D.

City of Mount Pearl
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

Schedule A

	General Capital Assets						
	Land	Buildings	Vehicles & equipment	Playing surfaces & trails	Computer hardware & software	Recreation equipment	Office furniture
Cost							
Opening costs	\$ 11,918,041	\$ 87,060,994	\$ 16,859,363	\$ 10,902,524	\$ 1,336,355	\$ 6,040,731	\$ 402,050
Additions during the year	-	307,476	2,599,294	-	134,516	2,815	5,619
Disposals and write downs	-	-	(1,395,957)	-	(128,538)	-	(37,709)
Transfers	-	-	-	-	-	265,018	-
Closing cost	11,918,041	87,368,470	18,062,700	10,902,524	1,342,333	6,308,564	369,960
Accumulated Amortization							
Opening accumulated amortization	-	23,670,212	9,202,227	3,861,898	1,003,577	3,464,825	299,815
Amortization	-	2,351,562	1,220,362	473,982	155,036	419,972	18,643
Disposals and write downs	-	-	(1,146,607)	-	(128,538)	-	(2,030)
Closing accumulated amortization	-	26,021,774	9,275,982	4,335,880	1,030,075	3,884,797	316,428
Net Book Value of Tangible Capital Assets	\$ 11,918,041	\$ 61,346,696	\$ 8,786,718	\$ 6,566,644	\$ 312,258	\$ 2,423,767	\$ 53,532

City of Mount Pearl
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

Schedule A Cont...

	Infrastructure						Totals	
	Roads, curbs & sidewalks	Traffic lights	Work in progress	Water & wastewater networks	Pumping & lift stations	Tools & equipment	2021	2020
Cost								
Opening costs	\$ 85,082,225	\$ 3,675,142	\$ 8,797,155	\$ 103,929,157	\$ 783,026	\$ 3,696,361	\$ 340,483,124	\$ 335,459,477
Additions during the year	479,277	55,573	3,940,607	2,046,031	-	138,390	9,709,598	10,891,629
Disposals and write downs	(2,764,745)	(28,498)	-	(309,644)	-	-	(4,665,091)	(5,867,982)
Transfers	4,192,524	532,988	(7,694,016)	2,703,486	-	-	-	-
Closing cost	86,989,281	4,235,205	5,043,746	108,369,030	783,026	3,834,751	345,527,631	340,483,124
Accumulated Amortization								
Opening accumulated amortization	47,559,552	1,757,701	-	31,511,636	600,310	1,984,104	124,915,857	121,018,765
Amortization	2,822,050	159,604	-	1,577,453	22,669	204,677	9,426,010	9,099,098
Disposals and write downs	(2,391,677)	(28,498)	-	(254,520)	-	-	(3,951,870)	(5,202,006)
Closing accumulated amortization	47,989,925	1,888,807	-	32,834,569	622,979	2,188,781	130,389,997	124,915,857
Net Book Value of Tangible Capital Assets	\$ 38,999,356	\$ 2,346,398	\$ 5,043,746	\$ 75,534,461	\$ 160,047	\$ 1,645,970	\$ 215,137,634	\$ 215,567,267

City of Mount Pearl

Schedule B

**Consolidated Schedule of Revenues
For the Year Ended December 31, 2021**

	2021	2020
Taxation and utility fees		
Residential property tax	\$ 15,717,312	\$ 17,347,378
Residential water and wastewater fees	6,269,332	6,251,227
Commercial property tax	8,305,937	8,401,149
Commercial business tax	10,563,526	10,948,068
Commercial water and wastewater fees	1,963,718	2,332,507
Cable and utility tax	1,472,675	1,454,544
Waste management fees	203,155	201,915
Grants in lieu of taxes	17,017	17,853
	<u>44,512,672</u>	<u>46,954,641</u>
Grants from other governments		
Government of Canada		
Gas tax	1,022,938	1,333,841
Safe Restart Program	-	1,349,051
ACOA	28,200	164,920
Clean Water and Wastewater Fund	-	-
Special grants	-	-
Government of Newfoundland and Labrador		
Multi-Year Capital Works	1,414,212	1,950,384
Cost shared grants	1,096,755	414,767
CSP funding	199,953	309,930
	<u>3,762,058</u>	<u>5,522,893</u>
Sales of goods and services		
Rental income	119,490	121,326
Recreation fees	1,115,181	715,544
Planning and development fees	8,600	7,500
Engineering fees	5,000	3,800
Waste management fees	17,235	27,390
	<u>1,265,506</u>	<u>875,560</u>
Other revenues from own sources		
Investment income	183,104	300,601
Interest on taxes	334,651	70,058
Compliance letter and tax certificate fees	156,750	112,550
Business permits	89,250	151,518
Local improvement assessments	51,041	178,901
Residential occupancy permits	45,449	50,126
Contractor's permits and licensing	11,986	7,262
Traffic fines	42,280	59,257
Other revenues	528,754	49,558
Donated assets	2,525,306	210,600
Animal control fees	548	1,209
Tax licensing	735	1,235
Transportation fees	4,456	2,570
	<u>3,974,310</u>	<u>1,195,445</u>
Total revenues	<u>\$ 53,514,546</u>	<u>\$ 54,548,539</u>

**Consolidated Schedule of Expenses
For the Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>
General government services		
Council and administration	\$ 3,411,003	\$ 2,666,729
Engineering, infrastructure and public works	2,060,130	1,258,766
Finance	1,190,279	1,039,461
Human resources	760,425	833,303
Information technology	897,920	720,713
Roads and streets	565,404	458,059
Amortization of tangible capital assets	260,784	256,139
Other general government services	352,906	351,035
	<u>9,498,851</u>	<u>7,584,205</u>
Transportation services		
Transportation administration	196,510	2,025,458
Snow removal	2,903,889	3,188,642
Fleet	2,482,739	2,555,235
Roads and streets	1,728,297	2,174,951
Public transit	1,570,303	1,444,914
Traffic and street lights	1,008,374	1,056,450
Amortization of tangible capital assets	4,001,798	4,001,706
	<u>13,891,910</u>	<u>16,447,356</u>
Protective services		
Fire protection	7,098,214	5,552,927
Municipal enforcement	752,072	592,335
Animal control	96,659	79,802
Emergency response preparedness	4,380	2,692
	<u>7,951,325</u>	<u>6,227,756</u>
Community services		
Recreation administration	995,242	2,174,457
Healthy living program	418,006	304,853
Glacier	1,140,599	1,127,271
Summit / Reid Centre	3,116,290	2,845,558
Gloria Pearson Community Centre	97,939	80,207
Admiralty House Museum & Archives	270,363	112,487
Legion	32,901	16,433
Library	14,181	22,234
Parks	1,413,145	929,094
Youth development	258,353	259,305
Community events	181,900	199,487
Amortization of tangible capital assets	2,904,274	2,863,803
Other recreation services	-	46,631
	<u>10,843,193</u>	<u>10,981,820</u>

City of Mount Pearl
Consolidated Schedule of Expenses
December 31, 2021

Schedule C Cont...

	<u>2021</u>	<u>2020</u>
Environment health services		
Water and wastewater	5,072,691	4,100,324
Garbage disposal	778,149	965,582
Amortization of tangible capital assets	2,259,155	1,977,450
Other environmental services	17,594	43,900
	<u>8,127,589</u>	<u>7,087,256</u>
Planning and development		
Planning and zoning	467,476	303,459
Inspections	249,172	318,126
Economic development	422,894	591,029
	<u>1,139,542</u>	<u>1,212,614</u>
Fiscal services		
Interest on long-term debt	1,309,415	1,392,789
Loss on disposal of tangible capital assets	595,767	584,587
	<u>1,905,182</u>	<u>1,977,376</u>
Total expenses	<u>\$ 53,357,592</u>	<u>\$ 51,518,383</u>

Reconciliation of the Cash Based Financial Plan to PSAS Budget
Year ended December 31, 2021

	Cash Based Financial Plan	Admiralty House	Capital Fund Adjustments	Other Government Grants	Amortization	Debt Payments & Reserves	Consolidated PSAS Budget
REVENUES							
Taxation	\$ 44,771,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,771,000
Grants from other governments	9,043,000	92,538	-	-	-	-	9,135,538
Sales of goods and services	1,244,000	26,861	-	-	-	-	1,270,861
Own source revenues	1,052,000	-	-	-	-	-	1,052,000
Total revenues	<u>56,110,000</u>	<u>119,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,229,399</u>
Expenditures							
Debt servicing	3,547,000	-	-	-	-	(1,980,610)	1,566,390
Transportation	11,611,000	-	-	-	4,001,798	-	15,612,798
General government	9,466,000	-	-	-	260,784	-	9,726,784
Protective services	6,199,000	-	-	-	-	-	6,199,000
Community services	6,625,000	180,363	-	-	2,904,274	-	9,709,637
Environmental health	5,651,000	-	-	-	2,259,155	-	7,910,155
Planning and development	1,200,000	-	-	-	-	-	1,200,000
Transfers to capital fund	11,811,000	-	(11,811,000)	-	-	-	-
Total expenses	<u>\$ 56,110,000</u>	<u>\$ 180,363</u>	<u>\$ (11,811,000)</u>	<u>\$ -</u>	<u>\$ 9,426,011</u>	<u>\$ (1,980,610)</u>	<u>\$ 51,924,764</u>

**Consolidated Reconciliation to Core Government Results
Year ended December 31, 2021**

	Core Government		Controlled Entities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Taxation	\$ 44,512,672	\$ 46,954,641	\$ -	\$ -	\$ 44,512,672	\$ 46,954,641
Sales of goods and services	1,238,645	860,280	26,861	15,280	1,265,506	875,560
Grants and transfers	3,669,520	5,430,393	92,538	92,500	3,762,058	5,522,893
Own source revenues	3,974,310	1,195,445	-	-	3,974,310	1,195,445
	<u>53,395,147</u>	<u>54,440,759</u>	<u>119,399</u>	<u>107,780</u>	<u>53,514,546</u>	<u>54,548,539</u>
Expenses						
Personnel services	19,250,673	18,107,478	111,643	94,561	19,362,316	18,202,039
Contract services	15,761,282	14,134,481	66,328	35,211	15,827,610	14,169,692
Utilities	1,506,503	1,809,720	2,314	2,956	1,508,817	1,812,676
Materials and supplies	3,363,359	3,892,087	-	-	3,363,359	3,892,087
Grants and contributions	396,017	416,614	-	-	396,017	416,614
Interest on long-term debt	1,708,964	1,862,919	-	-	1,708,964	1,862,919
Amortization of tangible capital assets	9,426,011	9,099,098	-	-	9,426,011	9,099,098
Professional services	1,059,592	1,374,230	77	2,934	1,059,669	1,377,164
Professional development	109,062	101,506	-	-	109,062	101,506
Loss on disposal of tangible capital assets	595,767	584,587	-	-	595,767	584,587
	<u>53,177,230</u>	<u>51,382,720</u>	<u>180,362</u>	<u>135,662</u>	<u>53,357,592</u>	<u>51,518,382</u>
Surplus (Deficit)	<u>\$ 217,917</u>	<u>\$ 3,058,039</u>	<u>\$ (60,963)</u>	<u>\$ (27,882)</u>	<u>\$ 156,954</u>	<u>\$ 3,030,157</u>

**Consolidated Statement of Operations by Program
Year Ended December 31, 2021**

	General Government Services		Transportation Services		Protective Services		Community Services	
	2021	2020	2021	2020	2021	2020	2021	2020
REVENUES								
Taxation	\$ 44,512,672	\$ 46,954,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales of goods and services	119,490	121,326	22,235	31,190	-	-	1,115,181	715,544
Grants and transfers	-	-	3,762,058	5,522,893	-	-	-	-
Own source revenues	1,106,833	467,317	2,525,306	210,600	11,280	4,596	-	-
Total revenues	<u>45,738,995</u>	<u>47,543,284</u>	<u>6,309,599</u>	<u>5,764,683</u>	<u>11,280</u>	<u>4,596</u>	<u>1,115,181</u>	<u>715,544</u>
EXPENSES								
Personnel services	5,717,929	4,402,490	4,761,385	5,397,175	711,668	650,298	5,608,202	5,420,503
Contract services	1,734,639	919,518	1,774,347	2,934,612	7,239,657	5,574,766	892,363	937,518
Utilities	54,568	88,925	932,734	957,887	-	-	521,515	765,864
Materials and supplies	194,317	351,224	2,421,646	2,796,395	-	-	515,314	569,272
Grants and contributions	8,980	9,730	-	-	-	-	387,037	406,884
Interest on long-term debt	399,549	470,130	-	-	-	-	-	-
Amortization of tangible capital assets	260,784	256,139	4,001,798	4,001,706	-	-	2,904,274	2,863,803
Professional services	1,037,862	998,954	-	358,505	-	-	1,179	7,333
Professional development	90,223	87,095	-	1,076	-	2,692	13,309	10,643
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-
Total expenses	<u>9,498,851</u>	<u>7,584,205</u>	<u>13,891,910</u>	<u>16,447,356</u>	<u>7,951,325</u>	<u>6,227,756</u>	<u>10,843,193</u>	<u>10,981,820</u>
Annual Surplus (Deficit)	<u>\$ 36,240,144</u>	<u>\$ 39,959,079</u>	<u>\$ (7,582,311)</u>	<u>\$ (10,682,673)</u>	<u>\$ (7,940,045)</u>	<u>\$ (6,223,160)</u>	<u>\$ (9,728,012)</u>	<u>\$ (10,266,276)</u>

Consolidated Statement of Operations by Program
Year Ended December 31, 2021

	Environmental Health Services		Planning and Development		Fiscal Services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
REVENUES								
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,512,672	46,954,641
Sales of goods and services	-	-	8,600	7,500	-	-	1,265,506	875,560
Grants and transfers	-	-	-	-	-	-	3,762,058	5,522,893
Own source revenues	-	-	240,741	447,482	90,150	65,450	3,974,310	1,195,445
Total revenues	-	-	249,341	454,982	90,150	65,450	53,514,546	54,548,539
EXPENSES								
Personnel services	1,612,659	1,386,980	950,474	944,593	-	-	19,362,316	18,202,039
Contract services	4,024,968	3,545,879	161,636	257,399	-	-	15,827,610	14,169,692
Utilities	-	-	-	-	-	-	1,508,817	1,812,676
Materials and supplies	230,808	175,196	1,274	-	-	-	3,363,359	3,892,087
Grants and contributions	-	-	-	-	-	-	396,017	416,614
Interest on long-term debt	-	-	-	-	1,309,415	1,392,789	1,708,964	1,862,919
Amortization of tangible capital assets	2,259,155	1,977,450	-	-	-	-	9,426,011	9,099,098
Professional services	-	1,750	20,628	10,622	-	-	1,059,669	1,377,164
Professional development	-	-	5,530	-	-	-	109,062	101,506
Loss on disposal of tangible capital assets	-	-	-	-	595,767	584,587	595,767	584,587
Total expenses	8,127,590	7,087,255	1,139,542	1,212,614	1,905,182	1,977,376	53,357,592	51,518,382
Annual Surplus (Deficit)	\$ (8,127,590)	\$ (7,087,255)	\$ (890,201)	\$ (757,632)	\$ (1,815,032)	\$ (1,911,926)	\$ 156,954	\$ 3,030,157