

ANNUAL REPORT 2006



ST. JOHN'S

St. John's at a Glance

ECONOMIC INDICATORS ST. JOHN'S METRO 2006

| | |
|---------------------------|----------------|
| GDP Growth | 1.2% |
| Labour Participation Rate | 67.1% |
| Unemployment Rate | 8.1% |
| Retail Trade | \$2.6 billion |
| Personal Income | \$5.96 billion |
| Housing Starts | 1,275 |

ECONOMIC GROWTH (FORECAST 2007)

Department of Finance forecasts 9.4% (\$7.84 B) GDP growth for 2007—St. John's should be among the top metropolitan areas in Canada in terms of economic growth.

DEMOGRAPHICS CITY OF ST. JOHN'S

| | |
|----------------------------|-----------------------|
| Population | 100,646 (2006 Census) |
| Average age (median 2006): | 38.4 |

DEFINING CHARACTERISTICS

| | |
|-----------------------------------|--|
| Average daily maximum temperature | January: -0.9°; July 20.3° |
| Area | 431.75 square kilometres |
| Hours of Sunshine per year | 1,497 |
| Elevation | 140.50 m |
| Green Space | 112 kilometres of trails, 3,060 hectares of open space, 40 parks |

A Cultural Capital

The City of St. John's recognizes that art and culture play vital roles in enhancing quality of life, and are important factors in fostering economic competitiveness, civic identity, pride, and social cohesion.

Over the past couple of years, St. John's City Council has made a significant investment in art and culture so it was no surprise that in 2006 St. John's was awarded a Cultural Capital of Canada designation. The \$500,000 award provided an opportunity for the City to promote and celebrate the abundance of its cultural riches.

Throughout the year, the City continued to build on its partnerships to support art and culture in St. John's. The City would especially like to thank the funders and partners who made the Cultural Capital year such a success.

From festivals and concerts to artwork and anniversaries, 2006 was a banner year for arts, culture, and heritage industries in St. John's.



CAPITALE CULTURELLE
du CANADA

CULTURAL CAPITAL
of CANADA

Benevolent Irish Society plaque unveiling
Craft pavilion at the Newfoundland and Labrador Folk Festival
Lunchtime Outdoor Concert Series



Message from the Mayor



On behalf of City Council, I am pleased to present the City of St. John's 2006 Annual Report outlining many of the accomplishments we have achieved in the past year. The publication of this report is part of our ongoing efforts to keep citizens informed about public service delivery.

2006 was an exciting year as St. John's marked its designation by the Department of Canadian Heritage as a Cultural Capital of Canada. The \$500,000 grant along with contributions from the City and the Government of Newfoundland and Labrador, enabled us to funnel approximately \$800,000 into an array of exciting projects including festivals, concerts, multicultural programming, and anniversary celebrations.

The economy of the St. John's metro area continued to expand, with economic growth of approximately 1.2%. Employment increased by 3.4%, outpacing national employment growth by more than a full percentage point. The City recorded more than \$242 million in building permits, an increase of 11% over 2005.

The City administered its annual operating and capital budget of nearly \$172 million in 2006 and continued its pay-as-you-go policy for capital works

financing. In 1990, the City spent 21 cents of every dollar on debt financing. In 2006, less than 13 cents of every dollar was paid towards debt servicing.

The City completed year two of a cost-shared capital works program with the provincial government that saw over \$20 million invested into streets, bridges, water and sewer infrastructure. Work continued on the Harbour Clean-Up Project and the Windsor Lake water treatment plant.

I hope the City of St John's Annual Report will be both informative and useful. It reflects the commitment to service excellence that our 1,100 employees strive for on a daily basis. We are working hard to make St. John's the best that it can be.

A handwritten signature in black ink, appearing to read 'Andy Wells'.

Andy Wells

Mayor

Working to Serve you Better



The City of St. John's is committed to ensuring that citizens and businesses have easy access to services and programs.

In 2006, St. John's was the first city in Atlantic Canada to introduce a 3-1-1 service number. Citizens can dial the three digit number 3-1-1 to gain quick access to citizen service representatives. In addition, enhancements were made to the City's website including a service interruption feature listing details of any upcoming street closures and notification of service interruptions such as water main breaks.

During 2006 the Access St. John's Service Centre experienced a high level of activity. The Centre handled over 206,500 citizen requests as follows:

| | |
|------------------------------|---------|
| Calls Answered | 133,552 |
| Electronic Entries Processed | 66,094 |
| Front Counter Activity | 7,000 |

DID YOU KNOW?

- ☞ 450 citizens registered for e-mail notification of downtown snow removal, an increase of 23% over 2005
- ☞ There were over 1.85 million visits to the City's website in 2006
- ☞ The City contributed over \$400,000 in grants to qualifying non-profit groups and organizations who contribute to the general well-being of citizens in St. John's
- ☞ The Department of Planning opened 385 new development files in 2006
- ☞ The City of St. John's held six public meetings, five public hearings and one information session to deal with rezoning applications for new commercial and residential developments in 2006.

WORKSHOP ON VANDALISM

As a result of several high-profile cases of vandalism in St. John's, City Council organized a public workshop on the topic. A steering committee was formed comprised of city staff, the Royal Newfoundland Constabulary, correctional and justice services staff, and a representative of the St. John's Crime Prevention committee. The workshop was facilitated by Michael Clair of Memorial's Leslie Harris Centre of Regional Policy and Development and featured six presentations delivered during the morning session and afternoon break-out sessions. Approximately 80 people attended and according to the evaluation forms submitted by participants, the event was an unqualified success.

Preserving our Built Heritage

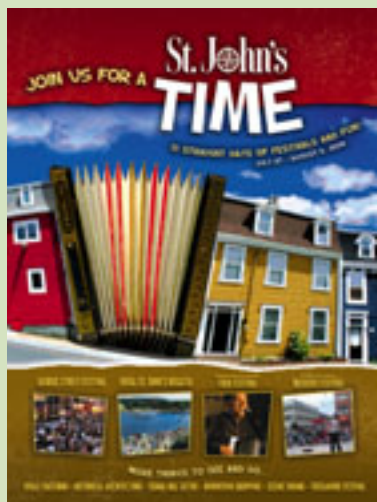


Basilica of St. John archway

Preservation of the city's built heritage, heritage areas and designated buildings, has been recognized by City Council as making a great contribution to the culture and beauty of St. John's.

In recognition of the importance of heritage to St. John's, the City created the position of Heritage Officer. This Officer works closely with applicants on building and renovation projects located in heritage areas in an effort to streamline processes and make heritage restoration easier for residents. As well, the Officer compiles a database of successful heritage restoration projects and works closely with the Heritage Advisory Committee.

The Heritage Advisory Committee is chaired by Councillor Duff and is comprised of seven volunteers and four city staff. In 2006 the Committee carried out an assessment of "cultural features and landscapes" for an initial list of sites that could be considered for heritage designation. The first location/feature officially designated by City Council was the Basilica of St. John archway. In addition, City Council has supported the establishment of an Ecclesiastical District comprised of most of the historic church buildings located in the downtown central core.



ST. JOHN'S TIME

The City of St. John's developed a festival marketing concept, **St. John's Time** to promote four festivals under one brand in 2006: George Street, the Royal St. John's Regatta, the Aliant Downtown Buskers Festival and the Newfoundland and Labrador Folk Festival. Each festival retains their own identity, but visitors are presented with a unified approach to vacation planning. The marketing campaign is supported by a website: www.stjohnstime.ca and was a project of the St. John's Cultural Capital Year supported by the Department of Canadian Heritage.

The St. John's Time advertising concept received a gold award for best single magazine display ad by the International Festivals and Events Association (IFEA). The annual competition drew 1,380 entries from among the world's top festivals and events.

Building Sound Municipal Infrastructure



The City of St. John's builds, maintains, and operates the City's infrastructure in a strategic and fiscally sustainable way. In 2006, the City invested over \$20 million in streets, bridges, water and sewer infrastructure. These investments were funded through internal revenues and a 50/50 cost-sharing agreement with the Government of Newfoundland and Labrador.

Investment in city streets was made in the amount of \$3.1 million. In total, 59 streets were rehabilitated and traffic signals were upgraded at 9 intersections. In addition, Airport Heights Drive was reconstructed to an urban standard at a cost of \$3.6 million.

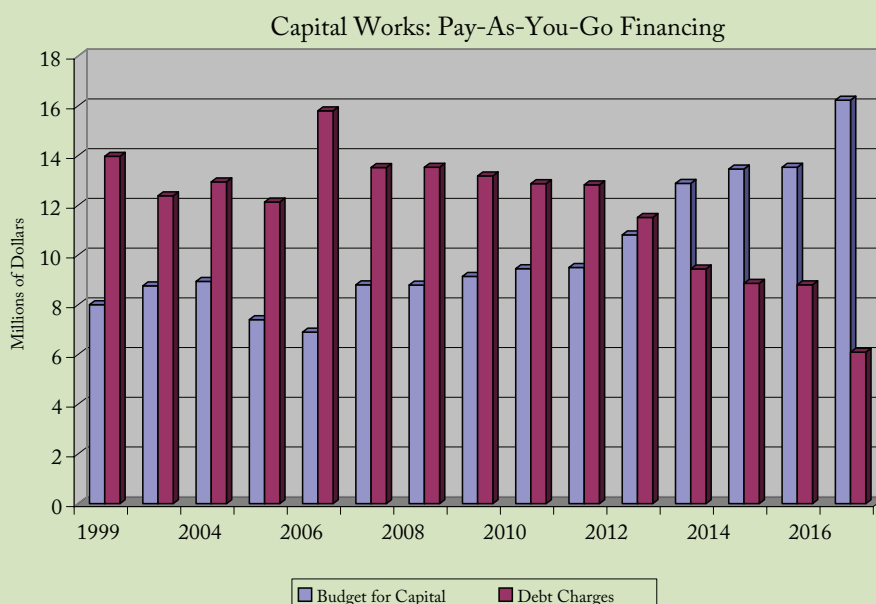
OTHER AREAS SEEING INFRASTRUCTURE IMPROVEMENTS IN 2006 INCLUDED:

- ☉ Goldstone Street extension to Team Gushue Highway
- ☉ Old Pennywell Road—water and sewer extension
- ☉ The Boulevard—watermain replacement
- ☉ Bowring Park Bridge—upgrading
- ☉ Valleyview Road Bridge—upgrading
- ☉ Lakeview Drive—new watermain

New contracts were tendered in 2006 for the harbour clean-up project, the largest single capital project ever undertaken by the City and its partners. Over \$18.3 million was spent on the project with construction starting on the Riverhead Waste Water Treatment Plant and harbour interceptor sewer, which will circle the harbour and deliver wastewater to the plant.

CAPITAL WORKS: PAY-AS-YOU-GO FINANCING

The City of St. John's has adopted a "pay-as-you-go" approach to capital works financing, borrowing for capital projects only when at least 50 per cent is cost shared by other levels of government or other community groups approved by Council. In 2006, the City's capital budget from revenue was \$6.90 million with debt charges of \$15.8 million.



Cultivating the Urban Forest

To improve the management of public trees in St. John's the City embarked on a long-term management plan to cultivate a diverse, attractive, and sustainable urban forest. Environmental and Design Management Ltd. was selected to undertake an urban forest management plan. The project consisted of three key components:

- ☞ consultation with the public and stakeholders
- ☞ completion of an inventory of public trees
- ☞ preparation of a five-year operational plan and a 20-year management plan.



Seventy eight per cent more trees were inventoried than anticipated for a final count of 53,335 public trees. This inventory did not account for trees in a natural state including those in Pippy Park and in undeveloped land in watershed areas. Nonetheless, the inventory indicated the overall vitality of the urban forest in St. John's.

The St. John's Urban Forest Management Master Plan should ensure the development of an efficient and vibrant urban environment in the context of healthy natural open spaces.

STREETS OF GOLD

In recognition of their 2006 Olympic men's curling gold medal in Turin, Italy, the City of St. John's named streets in honour of the members of the Brad Gushue curling team. During a ceremony at City Hall in front of family, friends and fans, seven street signs were unveiled for a new phase of the Southlands subdivision. The streets were named Gold Medal Drive, Brad Gushue Crescent, Mark Nicholas Place, Russ Howard Street, Jamie Korab Street, Mike Adam Place, and Toby McDonald Street.



Regional Fire Services



Fire at Strickland's Auto Salvage

The St. John's Regional Fire Department (SJRFDD) is responsible for providing the St. John's metropolitan area with fire and emergency protection. SJRFDD protects property and residents through extensive inspection, prevention, and enforcement programs. SJRFDD responds to emergencies involving the rescue of persons, incidents of fire, emergency medical incidents, and unplanned releases of hazardous materials. In addition, SJRFDD provides twenty-four hour emergency response service (911) for the Northeast Avalon Peninsula. Upon request the SJRFDD provides emergency backup to Eastern Health. The SJRFDD also had service contracts with four of the six outlying jurisdictions: Torbay, Logy Bay-Middle Cove-Outer Cove, Conception Bay South and Witless Bay.

In 2006, the 164 full-time and 22 recruit firefighters responded to 4,385 emergencies and alarms. These services were provided from 7 fire stations, 6 of which are staffed by paid full-time firefighters 24 hours a day and 1 (Goulds) operated by paid full-time firefighters 8 hours/day (Monday to Friday).

UP FOR THE CHALLENGE

Several St. John's firefighters were recognized at firefighter challenges throughout the year. St. John's Deputy Fire Chief Jack Hickey set a world record in Las Vegas at the Scott Firefighter Combat Challenge world championships in the over 50 category. The competition is a culmination of a season full of hardwork, dedication, and rigorous training. At the national level Deputy Chief Hickey won two Canadian titles. In addition, the team from the St. John's Regional Fire Department finished with a silver medal in the men's open division at the National Combat Challenge Competition. In addition to Hickey, members of the team were: Gerald Murrin, Jason Wood, Sean McCarthy, and Chris Dunphy. Dunphy was also named Rookie of the Year.



DID YOU KNOW

- 🔊 the *Learn not to Burn* program was delivered 56 times
- 🔊 43 training lectures on fire safety were conducted
- 🔊 there are 3,210 fire hydrants in St. Johns?
- 🔊 63 fire drills were conducted
- 🔊 1,904 inspections were performed

Public Works Service Delivery

The City of St. John's is committed to optimizing its resources of employees, equipment, and materials to deliver municipal services economically and efficiently. In 2006 employees of the Department of Public Works & Parks:

- ☛ responded to 23,059 service requests, a decrease of 0.37% from 2005
- ☛ maintained 1,336 lane-kilometres of roads, traffic signs, and lights
- ☛ cleared city streets of snow and ice (workers spread 20,155 tonnes of salt and 1,141 tonnes of sand to control street icing)
- ☛ attended to 532 kilometres of water mains and 777 kilometres of sanitary and storm sewer mains
- ☛ cleared 1,105 sewer lateral blockages, completed 95 sewer laterals and 122 water lateral excavations
- ☛ repaired 79 water main breaks, flushed 119 blocked sewer mains, and repaired 7 main sewers
- ☛ collected 29,732 tonnes of garbage from 36,635 units
- ☛ maintained 39 parks, 3,060 hectares of open space, 92 playgrounds, 46 sports fields, and 31 basketball and tennis facilities
- ☛ managed 112 kilometres of walking trails and 53,000 mature trees.



Excavation for Riverhead Wastewater Treatment Facility

BOWRING PARK MASTER PLAN

Officially opened on July 15th, 1914, Bowring Park has provided a genuine escape from daily concerns for the citizens of St. John's for over ninety years. The Park has seen an increase in size and in use. In 2006 the City of St. John's, in cooperation with the Bowring Park Foundation, initiated a master planning exercise to develop a clear plan for the future of the Park. The Bowring Park Master Plan proposes the rehabilitation of the original park landscape and the extension of the original design throughout the park. The plan recommends the rejuvenation of the landscape which has traditionally provided much of the beauty of the park along with the sensitive integration of facilities and recreation. In 2006, construction started on a new vehicle-pedestrian bridge at the east entrance to the park at a cost of \$750,000 and commenced planning for the first phase of the Plan—the midstream redevelopment.



SUMMARY OF SERVICE EVALUATION RESULTS

| Item | 2006 | | | |
|-----------------------------------|---------|---------|---------|---------|
| | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec |
| Switchboard Operator: | | | | |
| Promptness | 2.9 | 2.8 | 2.7 | 2.9 |
| Attitude | 2.8 | 2.9 | 2.7 | 2.9 |
| Understanding of Problem | 2.8 | 2.8 | 2.6 | 2.9 |
| On-site Supervisor: | | | | |
| Attitude | 2.9 | 2.8 | 2.9 | 2.9 |
| Kept Informed of Progress | 2.9 | 2.9 | 2.9 | 2.9 |
| Work Crew: | | | | |
| Attitude | 2.9 | 2.9 | 3.0 | 2.9 |
| Efficiency | 2.9 | 2.9 | 2.9 | 2.9 |
| General: | | | | |
| Work Completed in a Timely Manner | 2.8 | 2.8 | 2.7 | 2.9 |
| Overall Rating of Service | 2.9 | 2.8 | 2.7 | 2.9 |

(Maximum rating = 3.0)

Data is based on 136 respondents (47.9%) who received a direct service.

A Healthy Active Community

The City of St. John's offers quality recreation programs and services for its citizens in a caring and safe environment which embraces the diversity, uniqueness, strengths, and abilities of all participants.

Highlights

- ☉ The Community Development Division worked with approximately 177 organizations on 332 initiatives
- ☉ Approximately 1,000 people attended the Festival of Music and Lights in Bowring Park, an annual event in celebration of holiday lights and sound
- ☉ Over 4,000 participants and 98 volunteers took part in the 2006 Aliant Winterlude Family Fun Day in Bowring Park
- ☉ Participation in the City's racquetball leagues increased from 122 participants in 2005 to 200 participants in 2006
- ☉ In 2006 the combined total of youth playing soccer was 2,869
- ☉ 1,200 kindergarten to grade six students and over 75 teachers and city staff participated in the Active Schools St. John's project.



Aliant Winterlude Family Fun Day

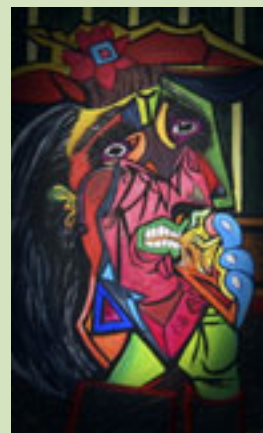
HIGH FIVE® ACCREDITATION: A SMART INVESTMENT



The City of St. John's has been instrumental in bringing the High Five@ quality assurance program to the province. The High Five@ quality assurance process is a nationally recognized program that establishes a benchmark for excellence in children's recreation and sport programming. The City of St. John's has integrated the High Five@ principles throughout its policies and procedures, hiring, training, and evaluation processes. The City takes pride in knowing that the approach to service delivery is based on sound research and proven industry standards.

YOUTH ART SHOW

In addition to offering youth programming for physical activity, the Department of Recreation offers a variety of programs for general interest and leisure, including several in the arts sector. The annual youth art show was held in the Great Hall, City Hall during Youth Week. Youth aged 12–18 years were invited to submit pieces of art utilizing any visual medium. This exhibit included 88 pieces of submitted work and entries were received from a variety of schools and community agencies in St. John's. Approximately 100 people attended the opening event and the art work was displayed for a two week period for public viewing.



Artist: Kim Sparkes

Building Economic Prosperity

The City of St. John's aims to create an environment that encourages economic and business development.

The economy of the St. John's metro area continued to expand in 2006. Real GDP grew by 1.25% to \$7.2 billion; employment increased by 3.4%, outpacing national employment growth by more than a full percentage point; and the unemployment rate declined 0.8 percentage points to 8.1%.

In 2006, the City approved 155 new businesses, bringing the total number of business occupancies to 3,585. In addition, the City recorded more than \$242 million in building permits, an increase of 11% over 2005. Some of the major construction projects undertaken in St. John's included:

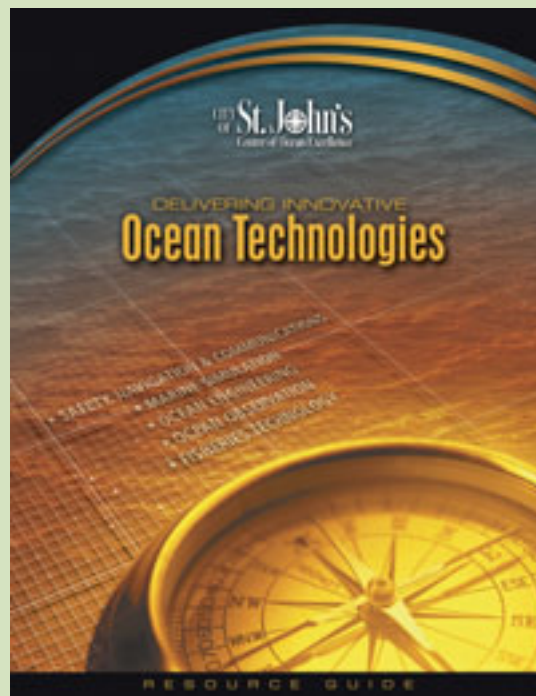
MAJOR CONSTRUCTION PROJECTS UNDERTAKEN IN ST. JOHN'S ≥ 2 \$(millions)

| | |
|---|------|
| Convergys, Village Mall | 2.0 |
| Wiseman Centre, 714 Water St. | 2.2 |
| City Depot, 216 Blackmarsh Road | 2.5 |
| Sobey's, Torbay Rd. | 3.3 |
| Hillgate Condos, St. Joseph's Lane | 3.3 |
| McKee's Grove Condos, 47 Margaret's Pl. | 3.5 |
| Loblaws, 20 Lake Ave. | 13.9 |
| Water treatment, 209 Southside Rd. | 62.0 |

BUILDING AN OCEAN TECHNOLOGY CAPITAL

The long maritime history of St. John's together with its world-class research and development community and innovative private sector has placed the city at the forefront of Canada's ocean technology industry.

The City of St. John's works closely with a variety of partners to establish St. John's as an international location of choice for ocean technology. In 2006, the City developed and published an industry resource guide, ***Delivering Innovative Ocean Technologies***, to promote local companies and facilities in regional, national and international markets. City Council also officially proclaimed a full week in October as Ocean Industries Week to recognize the significance of ocean-related industries to the economic future of St. John's.



City of Legends

St. John's abounds with spectacular ocean views, scenery, wonderful urban parks, charming streetscapes and significant historical sites. Visitors quickly discover why St. John's calls itself 'The City of Legends'.

In 2006, St. John's hosted a record 383,493 out of province visitors, up 6.9% from 2005. In total there were 1,232,493 visitors who spent over \$312 million throughout the local economy.



St. John's International Airport Visitor Information Centre

Highlights

- ☛ Tourism staff serviced 12,946 visitors at the St. John's Visitor Information Centre at 348 Water Street, an increase of 5.9% over 2005
- ☛ St. John's hoteliers sold 489,714 rooms in 2006, a 4.7% increase over the previous year
- ☛ The cruise industry contributed over \$2 million to the local economy, with a record 16,483 cruise passengers visiting the port of St. John's in 2006, up 20.5%
- ☛ A record 1,243,002 passengers boarded or deplaned at the St. John's International Airport, up 5.8% over the previous year.

NEW VISITOR INFORMATION CENTRE AT ST. JOHN'S INTERNATIONAL AIRPORT

The City of St. John's, in partnership with the provincial government and the St. John's International Airport Authority, launched a new visitor information centre at the St. John's International Airport. The state-of-the-art-facility, strategically located directly across from the arrivals area, is now the first point of welcome for visitors. The centre has a nautical theme and is shaped like a ship. The centre offers comprehensive services to tourists and travelers requiring information about the province, city and airport.

NEW MULTIPURPOSE FACILITY AT ST. JOHN'S INTERNATIONAL AIRPORT

In addition, the City has contributed \$1 million towards the construction of a new multi-purpose facility at the St. John's International Airport which will increase the capability of the Airport to accommodate more and larger military aircraft.

WELCOME SIGNS FOR DOWNTOWN

Since 2004 the City has coordinated a welcome sign program for visiting conferences, cruise ships, and special events. A partnership with the Downtown Development Commission, the signs are a familiar sight in storefront windows throughout the downtown area. Aside from making visitors feel welcome, one of the most striking features of the signs is the prominent display of local art work. Each year, artwork is selected from the City's own collection, acquired through its annual Art Procurement Program. The 2006 sign, featuring an acrylic on canvas entitled *Yellow Pansies* by artist Brenda Millan, was featured on 20,000 signs along with the names of 28 conferences, 19 cruise ships and nine special events.



Access to the Arts

In 2006, St. John's was designated a Cultural Capital of Canada by the Department of Canadian Heritage. With this designation, the City received \$500,000 towards an array of events and celebrations totaling \$800,000. Working with seven partners the projects undertaken included:

- ☉ marketing strategy for some of the city's summer festivals
- ☉ new cultural tourism products and services
- ☉ doubling of art procurement budget for one year and a catalogue of selected pieces of the collection
- ☉ mural depicting the history of St. John's harbour
- ☉ Poet Laureate for the City of St. John's
- ☉ celebration of the 200th anniversary of the Benevolent Irish Society
- ☉ a multitude of events to celebrate our diverse cultures.



Launch of St. John's Time

CITY AS CANVAS PROGRAM

The City of St. John's commissions murals on a regular basis to celebrate the City's cultural heritage as well as our contemporary artists. In 2006, artists Derek Holmes and April Norman, guided by a design team of cultural and heritage professionals, created a stunning mural on a Duckworth Street wall. The theme for the mural was "The History of the Port of St. John's" and features daily life on Water Street and the boats and workers of the harbour.



Mural on Duckworth Street



IN PARTNERSHIP WITH:

L'Association communautaire francophone de St-Jean
Benevolent Irish Society
Craft Council of Newfoundland and Labrador
Department of Tourism, Culture and Recreation
Downtown Development Commission
The Rooms
St. John's Native Friendship Centre

Access to the Arts

POET LAUREATE

Ms. Agnes Walsh was named the City's inaugural Poet Laureate in 2006. She is acknowledged by the writer's community, both locally and abroad as a poet who has achieved literary excellence and who speaks passionately about the arts and the City of St. John's. Ms. Walsh's first year of four as the City's Poet Laureate was a busy one, she read at several of the Cultural Capital events, the unveiling of the Benevolent Irish Society's plaque dedicated to Patrick Morris; the opening of the First Hands Gallery at Devon House; and at several other events.

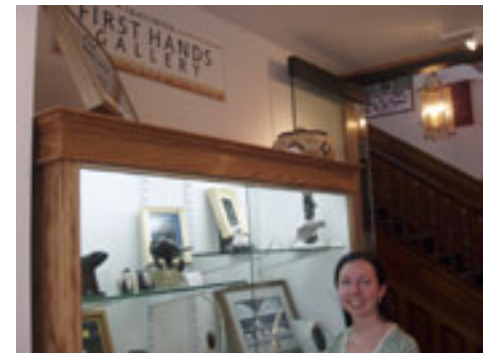
A CELEBRATION OF OUR DIVERSE CULTURES

Several events were held throughout the Cultural Capital year to emphasize the culture, history, crafts and art of the province's aboriginal community. An Aboriginal youth arts gathering, organized in partnership with the St. John's Native Friendship Centre, took place in St. John's in August 2006. The 35 youth who participated displayed 56 original works of art and took part in workshops led by senior artists.

In addition, the Craft Council of Newfoundland and Labrador opened a First Hands Gallery with funds made available through the Cultural Capital program and the Craft Industry Development Program. Featuring about two-dozen aboriginal artists, the First Hands Gallery, is dedicated to showcasing fine Aboriginal craft.



Poet Laureate Agnes Walsh

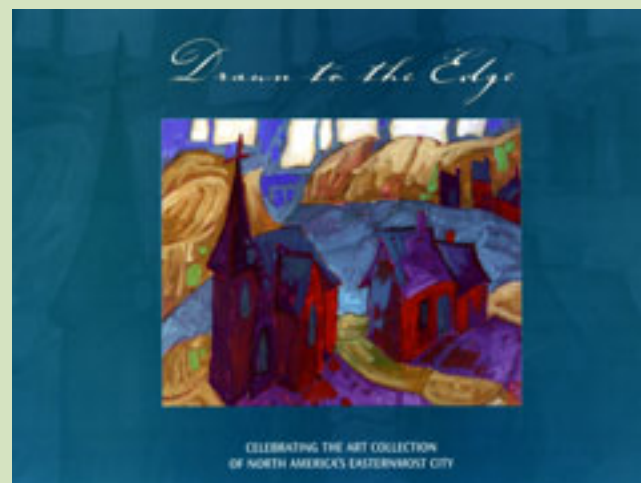


Sherri Kelly at the opening of the First Hands Gallery

ART CATALOGUE AND ART PROCUREMENT

Drawn to the Edge, Celebrating the Art Collection of North America's Easternmost City is a catalogue of the City of St. John's civic art collection. Featuring artwork by over 70 of the City's very talented local artists, the high quality book is used as the City's corporate gift. Copies of the catalogue were also made available to local libraries and archives for public viewing.

During the 2006 Cultural Capital of Canada year, the City was able to double its art procurement budget from \$20,000 to \$40,000. This enabled the City to add 30 pieces to its civic art collection.



Employee Development

The Department of Human Resources coordinates and maintains training and development programs for City employees in addition to providing staffing functions in support of all City departments. Key activities in 2006 include conclusion of collective agreements with CUPE 569 and CUPE 1289. In 2006 the City:

- ☉ advertised 222 job competitions, excluding summer recruitment
- ☉ hired approximately 250 summer students for recreation programming
- ☉ worked on 34 grievances
- ☉ issued 546 identification photos.



Carla Lawrence

In 2006, two employees received the Outstanding Service Award for exceptional performance.

The individuals receiving this award were nominated and seconded by a City employee and then selected by a committee of City directors. This year the award was presented to Deborah Cook, Tourism Development Coordinator and Carla Lawrence, Manager, Youth Soccer. In addition, 154 service pins were presented to City staff who had between 10, 15, 20, and more than 25 years of service.



Deborah Cook

WORKPLACE SELF IMPROVEMENT PROGRAM

The City's Workplace Self Improvement Program regularly offers training initiatives to employees. The mandate of the program is to promote education programs that address areas of interest identified by employees. To date, successful programs in writing, word-processing, and GED have been attended by City employees. The most recent program success has been basic keyboarding. These programs help guarantee that employees are prepared to deliver the best possible service to the citizens of St. John's.



(l-r)(front): Carol Yates (graduate), Trent Vincent (graduate), Randy Mercer (graduate), Terry Bennett, (graduate) Shirley Ryan (facilitator)
(l-r)(back): Ron Ellsworth (Councillor), Dianne Martin (committee member), Mary Walsh (committee member), Ron Collins (graduate), Ron Penney (Chief Commissioner and City Solicitor)

Report from the Director of Finance and City Treasurer

To the Citizens of St. John's:

I am pleased to present the City of St. John's consolidated financial statements for the year ended December 31, 2006. These statements have been prepared in accordance with generally accepted accounting principles for local governments as approved by the Public Sector Accounting Board. The Consolidated Financial Statements of the City of St. John's include the accounts of the St. John's Transportation Commission, St. John's Sports & Entertainment Ltd. and the City's Non-Profit Housing division and consist of consolidated statements of Operations and Deficit, Financial Position and Cash Flows, as well as Notes to the statements. The Notes to the Consolidated Financial Statements provide additional details and supporting information on accounting policies, account balances, changes in balances, security and commitments as at December 31, 2006.

RESULTS OF OPERATIONS

In 2006, the City achieved a surplus on consolidated operations of \$2,085,526, compared to a loss on operations in 2005 of \$3,178,893. When non-cash accruals associated with post-retirement employee benefits are taken into account, the City experienced a deficit for the year of approximately \$4,750,000. On a cash basis therefore, the City was able to operate within budget with revenues being approximately \$2,154,000 over budget and expenditures being approximately \$1,076,000 under budget. The accrued expenses which put the City into a deficit for the year and on an accumulated basis (See Note 15 to the Consolidated Financial Statements) relate to pension, health and insurance benefits to be supplied to retired employees in future years. In accordance with both Federal and Provincial legislation, the City's employee pension plan is funded annually by both the employer and employees, with a requirement for additional contributions by the City to fund any projected deficits. The accrued pension benefits at December 31, 2006 (See Note 10) represent the actuarially determined difference between pension benefits projected to be paid in future years and the current level of funding in the plan. The deficit balance will be dealt with by increased City payments over a time frame related to the average remaining service period of currently active employees.

The figures for employee future benefits (See Note 11) reflect the accounting requirement to record in the current year the appropriate portion of the cost of providing health and life insurance benefits to current employees following retirement. There is no requirement to fund these future costs on a current basis. The premium costs for these benefits are negotiated annually with the service providers and are budgeted for and paid from revenues in the year in which they are incurred.

Overall revenues for 2006 increased by almost twelve million dollars over 2005 with major contributions being made from property taxes, reflecting an increasing tax base for both residential and commercial properties, and from sales of goods and services. This latter increase is attributable almost entirely to increased water tax rates, which are intended to cover the cost of supplying treated water to properties in the City, as well as the costs of disposing and, eventually, treating wastewater. The construction and operation of a new water treatment plan, as well as upgrades to the Bay Bulls Big Pond plant and the ongoing Harbour Clean-Up project have all added costs to the City's operations, which are in turn recovered from the water tax.

OTHER COMMENTS

The City continues to follow its Long Term Debt policy which allows the City to borrow for capital expenditures only, and then only if at least 50% of the cost of each project is paid by third parties or if there exists a dedicated revenue stream other than property taxes to cover the new debt service. This policy has allowed the City to undertake substantial capital work (See Schedule 6) that would not otherwise be feasible. Notable projects funded under these criteria include the Harbour Clean-Up, the Windsor Lake Water Treatment Plant and the numerous infrastructure upgrades constructed under a series of Multi-Year Capital Works Programs funded with the Province.

In closing, I would like to extend by appreciation to and thank all of the staff of the Finance Department for their continued professionalism and commitment to the highest standards of performance.



Robert G. Bishop, C.A.
Director of Finance and City Treasurer



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Independent Auditors' Report

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

We have audited the consolidated statement of financial position of the City of St. John's as of December 31, 2006 and the consolidated statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

June 7, 2007

CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT

Year ended December 31

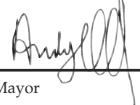
| | 2006 | | 2005 |
|--|--------------|-----------------------|--------------|
| | Actual | Budget (Unaudited) | Actual |
| | \$ | \$ | \$ |
| REVENUE | | | |
| Revenue—Schedule 4 | | | |
| Taxation | 98,229,596 | 96,199,540 | 95,697,458 |
| Government grants | 13,047,467 | 12,370,230 | 12,321,671 |
| Sales of goods and services | 29,421,454 | 28,671,010 | 23,588,413 |
| Other revenue from own sources | 7,231,594 | 7,083,820 | 6,860,467 |
| Grants in lieu of taxes | 4,110,007 | 3,420,000 | 3,488,837 |
| Urban living non-profit housing | 3,903,727 | 4,144,990 | 3,739,842 |
| St. John's Sports & Entertainment Ltd. | 9,391,551 | 11,463,060 | 8,174,968 |
| St. John's Transportation Commission | 6,074,568 | 5,903,490 | 5,600,904 |
| | 171,409,964 | 169,256,140 | 159,472,560 |
| EXPENDITURE | | | |
| Expenditure—Schedule 5 | | | |
| General government services | 23,179,290 | 22,727,670 | 22,568,443 |
| Fiscal services | 24,858,084 | 26,171,150 | 21,177,643 |
| Transportation services | 23,929,149 | 24,776,640 | 22,876,980 |
| Protective services | 20,285,363 | 21,020,740 | 20,420,664 |
| Environmental health services | 18,939,799 | 18,785,190 | 16,861,332 |
| Recreation and cultural services | 13,528,472 | 12,207,040 | 11,749,903 |
| Environmental development services | 3,702,416 | 3,759,790 | 3,572,943 |
| Other | 13,812,909 | 11,056,340 | 16,997,386 |
| Urban living non-profit housing | 4,039,251 | 4,170,340 | 3,868,221 |
| St. John's Sports & Entertainment Ltd. | 10,742,488 | 13,581,361 | 10,895,890 |
| St. John's Transportation Commission | 12,307,217 | 12,143,530 | 11,662,048 |
| | 169,324,438 | 170,399,791 | 162,651,453 |
| EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE) BEFORE UNDERNOTED ITEM | 2,085,526 | (1,143,651) | (3,178,893) |
| Increase in employee future benefit and accrued pension benefits | 6,835,651 | — | 6,250,947 |
| EXCESS OF EXPENDITURE OVER REVENUE | (4,750,125) | (1,143,651) | (9,429,840) |
| DEFICIT, BEGINNING OF YEAR | (61,632,387) | — | (52,202,547) |
| DEFICIT, END OF YEAR | (66,382,512) | (1,143,651) | (61,632,387) |


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31

| | 2006 | 2005 |
|---|--------------|--------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 25,581,073 | — |
| Receivables (Note 2) | 18,227,963 | 16,002,438 |
| Inventories of materials and supplies | 2,321,070 | 2,372,585 |
| Prepaid expenditures | 1,254,115 | 1,307,464 |
| Restricted cash deposits (Note 3) | 1,055,934 | 715,834 |
| | 48,440,155 | 20,398,321 |
| PROPERTY, PLANT AND EQUIPMENT (Note 4) | 681,005,586 | 619,622,519 |
| INVESTMENTS IN RENTAL HOUSING PROJECTS | 473,000 | 494,666 |
| UNAMORTIZED BOND DISCOUNT | 96,718 | 120,199 |
| ASSESSMENTS RECEIVABLE | 4,467,224 | 1,898,528 |
| REPLACEMENT RESERVE FUND (Note 5) | 374,130 | 372,917 |
| | 734,856,813 | 642,907,150 |
| LIABILITIES | | |
| CURRENT | | |
| Bank indebtedness | — | 1,100,904 |
| Payables and accruals (Note 6) | 29,839,831 | 26,552,551 |
| Current portion of deferred grants (Note 7) | 9,519,681 | 2,554,548 |
| Current portion of debenture debt (Note 8) | 4,241,231 | 3,352,373 |
| Current portion of long-term debt (Note 9) | 7,348,811 | 5,440,017 |
| | 50,949,554 | 39,000,393 |
| DEFERRED GRANTS (Note 7) | 58,031,689 | 49,899,037 |
| DEBENTURE DEBT (Note 8) | 105,232,918 | 72,483,489 |
| LONG-TERM DEBT (Note 9) | 37,036,860 | 40,110,860 |
| ACCRUED SEVERANCE PAY | 6,819,907 | 6,732,440 |
| ACCRUED PENSION BENEFITS (Note 10) | 10,155,956 | 8,776,955 |
| EMPLOYEE FUTURE BENEFITS (Note 11) | 49,659,898 | 44,203,248 |
| ASSESSMENT CREDITS | 4,467,224 | 1,898,528 |
| TRUST FUNDS PAYABLE | 435,531 | 260,284 |
| | 322,789,537 | 263,365,234 |
| CONTINGENCIES AND COMMITMENTS (Note 18) | | |
| EQUITY | | |
| Investment in capital assets (Note 13) | 358,643,495 | 333,391,347 |
| Contributed surplus (Note 14) | 78,090,690 | 71,337,820 |
| Reserves (Note 12) | 41,715,603 | 36,445,136 |
| Deficit (Note 15) | (66,382,512) | (61,632,387) |
| | 412,067,276 | 379,541,916 |
| | 734,856,813 | 642,907,150 |

On behalf of the council


 Mayor


 Director of Finance and City Treasurer

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31

| | 2006 | 2005 |
|--|---------------------|---------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess of expenditure over revenue | (4,750,125) | (9,429,840) |
| Adjustments for: | | |
| Accrued pension benefits | 1,379,001 | 1,781,237 |
| Employee future benefits | 5,456,650 | 4,469,710 |
| Accrued severance pay | 87,467 | 135,075 |
| Loss on disposal of property and equipment | 2,471,612 | 2,246,652 |
| Change in non-cash operating working capital (Note 16) | 1,166,619 | 6,944,442 |
| | 5,811,224 | 6,147,276 |
| FINANCING ACTIVITIES | | |
| Increase in deferred grants | 15,097,785 | 4,772,241 |
| Proceeds from debenture debt | 60,000,000 | 18,000,000 |
| Proceeds from long-term debt | 2,598,000 | 20,197,000 |
| Repayment of | | |
| Debenture debt | (26,361,712) | (15,386,366) |
| Long-term debt | (3,763,207) | (1,907,580) |
| Increase in equity accounts | | |
| Reserves (Note 12) | 4,362,328 | 4,986,730 |
| Investment in capital assets (Note 13) | 26,160,287 | 24,119,947 |
| Contributed surplus (Note 14) | 6,752,870 | 4,834,819 |
| Other | 197,515 | (23,040) |
| Decrease in bank indebtedness | (1,100,904) | (3,512,469) |
| Increase in restricted cash deposits | (340,100) | (188,148) |
| | 83,602,862 | 55,893,134 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment (Schedule 6) | (63,854,679) | (62,060,719) |
| Investment in rental housing projects | 21,666 | 20,309 |
| | (63,833,013) | (62,040,410) |
| NET INCREASE IN CASH RESOURCES | 25,581,073 | — |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | — | — |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 25,581,073 | — |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

1. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

BASIS OF CONSOLIDATION

The consolidated financial statements include all the fund accounts of the City, the St. John's Transportation Commission and St. John's Sports & Entertainment Ltd., which are wholly-owned and operated by the City. St. John's Sports & Entertainment Ltd. has a fiscal year end of May 31, therefore these financial statements include the audited accounts of that operation for the five months ended May 31, 2006 as well as the accounts for the seven months ended December 31, 2006. Inter-fund balances have been eliminated for consolidation.

FUND ACCOUNTING

The accounts of the City are maintained in accordance with fund accounting principles. This system of accounts is followed in order to segregate the various operations of the City. These funds, as represented in the financial statements, are:

- Capital and loan fund
- Revenue fund
- Sinking fund
- Urban living non-profit fund

REVENUE RECOGNITION

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

CASH AND CASH EQUIVALENTS

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

Property and equipment are recorded at cost. Funds received through cost sharing arrangements or capital grants are treated as additions to contributed surplus or investment in capital assets.

The City does not record the value of lands and service installations by developers in subdivisions vested in the City under the City of St. John's Act.

Except for property and equipment owned by St. John's Sports & Entertainment Ltd., the City does not record depreciation, but an amount equal to annual debt repayment is charged to operations and credited to investment in capital assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

INVESTMENTS IN RENTAL HOUSING PROJECTS

Investments in rental housing projects are recorded at cost.

BOND DISCOUNTS

Bond discounts are amortized in the revenue fund over the term of the bond issue.

ASSESSMENTS

Assessments for water and sewer installations and street improvements are recorded on an accrual basis in the capital and loan fund. Assessments, when received, are recorded as a contribution to the revenue fund.

SINKING FUNDS

Sinking funds established for the retirement of debentures are held and administered by RBC Dexia Investor Services Limited accounted for in the City's records on a cash basis.

RESERVE FOR HARBOUR CLEAN-UP

The City has established a reserve to hold funds provided for the clean-up of St. John's Harbour. Commencing in 1998, a portion of the water tax billings imposed on users is being allocated to the reserve. These funds are being used to finance the capital works undertaken to improve environmental conditions in the harbour.

RESERVE FOR LANDFILL CAPITAL IMPROVEMENTS

The City has established a reserve for landfill capital improvements to accumulate the net revenue received from users of the Robin Hood Bay landfill site. These funds are being used to finance future capital works undertaken at the landfill site.

RESERVE FOR WATER TREATMENT FACILITY

In 2002 the City established a reserve to hold funds provided for a new water treatment facility. The funds were provided by an allocation from the water tax billing imposed on users to finance the capital works undertaken to build new water treatment facilities and enhancements to existing facilities. For 2006 and future years the funds required are recovered directly from the water tax without the use of the reserve, which was eliminated at the end of 2005.

RESERVE FOR SNOW AND ICE MANAGEMENT

The City has established a snow and ice management reserve to accumulate funds to be used in years of severe winter conditions to alleviate the financial impact on the City's operations.

RESERVE FOR CIVIC CENTRE FINANCING

The City has established a Civic Centre financing reserve to accumulate its share of revenue received from the accommodations tax. The accommodation tax, which was legislated effective January 1, 1999, represents a three percent room levy on all fixed roof accommodations in the City of St. John's.

SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE COSTS

The liability for closure and post-closure care of the City's Robin Hood Bay landfill is recognized as the landfill site's capacity is used. Closure costs are included in annual operating costs as each section of the landfill site is filled and placed out of service. The present value of the estimated annual post-closure costs is being accrued over the remaining life of the landfill site.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

SEVERANCE PAY

The City accounts for severance pay on the accrual basis and the amount is calculated based upon accumulated unused sick leave or on years of service. The amount is payable when the employee ceases employment with the City.

ACCRUED PENSION BENEFITS

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

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

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

The excess of the net actuarial gain (loss) is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee plan is 15 years and for the mayor and councillors plan, 8 years.

EMPLOYEE FUTURE BENEFITS

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

USE OF ESTIMATES

In preparing the City's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

2. Receivables

| | 2006 | 2005 |
|-------------------|------------|------------|
| | \$ | \$ |
| Taxes | 8,351,139 | 7,298,196 |
| Other governments | 4,738,314 | 3,853,396 |
| Other | 5,138,510 | 4,850,846 |
| | 18,227,963 | 16,002,438 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

3. Restricted Cash Deposits

| | 2006 | 2005 |
|---|-----------|---------|
| | \$ | \$ |
| Accommodation tax | 525,007 | 348,244 |
| Advance payments from developers | 435,531 | 260,283 |
| Urban living non-profit housing Tenants' security deposits | 95,396 | 107,307 |
| | 1,055,934 | 715,834 |

4. Property, Plant and Equipment

| | 2006 | 2005 |
|--|-------------|-------------|
| | \$ | \$ |
| Land, buildings and permanent improvements | 510,485,550 | 456,697,681 |
| Equipment, vehicles and moveable plant | 50,850,797 | 47,280,076 |
| Fire department property | 14,925,237 | 13,885,684 |
| Building and equipment—Urban living non-profit housing | 31,400,782 | 30,875,547 |
| St. John's Transportation Commission | 21,845,675 | 19,605,601 |
| St. John's Sports & Entertainment Ltd. | 51,497,545 | 51,277,930 |
| | 681,005,586 | 619,622,519 |

5. Replacement Reserve Fund

| | 2006 | 2005 |
|--|---------|---------|
| | \$ | \$ |
| Urban living non-profit housing replacement reserve fund | 374,130 | 372,917 |

The City has agreements with Canada Mortgage and Housing Corporation and Newfoundland and Labrador Housing Corporation which stipulates that cash be set aside for a replacement reserve fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

6. Payables and Accruals

| | 2006 | 2005 |
|--------------------------|------------|------------|
| | \$ | \$ |
| Trade | 22,362,201 | 19,756,845 |
| Deposits and prepayments | 5,458,863 | 5,144,591 |
| Accrued interest | 1,845,502 | 1,543,343 |
| Other governments | 173,265 | 107,772 |
| | 29,839,831 | 26,552,551 |

7. Deferred Grants

The Province of Newfoundland and Labrador has agreed to pay grants to the City as a share of water and sewer, street paving and reconstruction, and recreational facilities programs. The grants are payable by annual instalments and have maturity dates up to December 7, 2021.

| | 2006 | 2005 |
|--------------------------|------------|------------|
| | \$ | \$ |
| Civic Centre | 14,876,273 | 15,832,509 |
| Water and sewer projects | 51,915,387 | 35,346,227 |
| Paving | 705,726 | 1,143,485 |
| Other | 53,984 | 131,364 |
| | 67,551,370 | 52,453,585 |
| Less: current portion | 9,519,681 | 2,554,548 |
| | 58,031,689 | 49,899,037 |

The Province's portion of cost shared loans is recorded in the accounts of the City as debt charges recoverable and deferred grants. For the next five years the amounts are as follows:

| | \$ |
|------|-----------|
| 2007 | 9,519,681 |
| 2008 | 4,456,353 |
| 2009 | 4,532,378 |
| 2010 | 4,526,528 |
| 2011 | 4,781,118 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

8. Debenture Debt

| | 2006 | 2005 |
|---|-------------|-------------|
| | \$ | \$ |
| Debentures outstanding | 188,806,000 | 130,740,000 |
| Less: debt charges recoverable from the Province of Newfoundland and Labrador | 47,650,286 | 29,966,914 |
| Less: sinking funds available | 31,681,565 | 24,937,224 |
| | 109,474,149 | 75,835,862 |
| Less: current portion | 4,241,231 | 3,352,373 |
| | 105,232,918 | 72,483,489 |

The annual requirements over the next five years relating to scheduled sinking funds less debt charges recoverable from the Province of Newfoundland and Labrador ("the Province") are as follows:

| | Scheduled Sinking Fund Requirements | Province of Newfoundland and Labrador | Net Amount |
|------|--|---|------------|
| | \$ | \$ | \$ |
| 2007 | 5,547,500 | (1,306,269) | 4,241,231 |
| 2008 | 5,372,500 | (1,306,269) | 4,066,231 |
| 2009 | 5,222,500 | (1,306,269) | 3,916,231 |
| 2010 | 5,222,500 | (1,306,269) | 3,916,231 |
| 2011 | 5,222,500 | (1,306,269) | 3,916,231 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

9. Long-Term Debt

| | 2006 | 2005 |
|---|------------|------------|
| | \$ | \$ |
| Long-term debt (Schedule 2) | 38,586,512 | 43,384,150 |
| Less: debt charges recoverable from the Province of Newfoundland and Labrador | 19,904,066 | 22,490,866 |
| | 18,682,446 | 20,893,284 |
| Mortgages—Urban living non-profit housing (Schedule 3) | 21,457,225 | 22,439,593 |
| St. John's Transportation Commission—demand loan | 4,246,000 | 2,218,000 |
| | 44,385,671 | 45,550,877 |
| Less: current portion | 7,348,811 | 5,440,017 |
| | 37,036,860 | 40,110,860 |

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

| | Long-Term Debt | Non-Profit Housing Mortgages | St. John's Transportation Commission | Province of Newfoundland and Labrador Share | Net Amount |
|------|----------------|------------------------------|--------------------------------------|---|------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2007 | 4,390,475 | 1,040,903 | 4,246,000 | (2,328,567) | 7,348,811 |
| 2008 | 4,034,490 | 1,088,145 | — | (1,977,621) | 3,145,014 |
| 2009 | 3,958,365 | 1,137,578 | — | (1,901,833) | 3,194,110 |
| 2010 | 3,796,704 | 1,189,308 | — | (1,734,714) | 3,251,298 |
| 2011 | 3,886,022 | 1,243,443 | — | (1,817,980) | 3,311,485 |

The Province's portion of cost shared loans is recorded in the accounts of the City as debt charges recoverable and as deferred grants.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

10. Accrued pension Benefits

| | 2006 | 2005 |
|--|--------------|-------------|
| | \$ | \$ |
| Accrued pension benefits | | |
| City of St. John's—Employees | (7,868,346) | (6,736,622) |
| City of St. John's—Mayor and Councillors | (2,394,600) | (2,289,400) |
| St. John's Transportation Commission | 106,990 | 249,067 |
| | (10,155,956) | (8,776,955) |

PENSION PLANS

The City maintains a defined benefit plan which provides pension benefits to its employees. The City also maintains a supplementary retirement arrangement for the members of Council. Both plans provide benefits based on length of service and average earnings.

The actuarial valuation of the plans were completed as at December 31, 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

| | Employees | Mayor and Councillors | 2006 Total | 2005 Total |
|--|-------------|-----------------------|-------------|--------------|
| | \$ | \$ | \$ | \$ |
| Accrued benefit obligation | | | | |
| Balance, beginning of year | 134,408,900 | 2,173,300 | 136,582,200 | 117,616,700 |
| Current service cost | 6,703,325 | 75,200 | 6,778,525 | 5,808,213 |
| Interest cost | 8,989,611 | 119,700 | 9,109,311 | 8,312,605 |
| Benefits paid | (3,622,950) | (70,400) | (3,693,350) | (3,425,978) |
| Cost of plan amendments | — | — | — | 1,116,300 |
| Past services and FABA contributions | 514,286 | — | 514,286 | 242,913 |
| Actuarial loss (gain) | (4,925,550) | 101,100 | (4,824,450) | 6,911,447 |
| Balance, end of year | 142,067,622 | 2,398,900 | 144,466,522 | 136,582,200 |
| Plan assets | | | | |
| Fair value, beginning of year | 116,133,935 | — | 116,133,935 | 101,381,742 |
| Return on plan assets | 13,955,546 | — | 13,955,546 | 10,902,977 |
| Benefits paid | (3,622,950) | — | (3,622,950) | (3,368,878) |
| City contributions to plan | 4,434,324 | — | 4,434,324 | 4,145,222 |
| Past services and FABA contributions | 514,286 | — | 514,286 | 242,913 |
| Employee contributions to plan | 3,118,300 | — | 3,118,300 | 2,829,959 |
| Fair value, end of year | 134,533,441 | — | 134,533,441 | 116,133,935 |
| Funded status—deficit | 7,534,181 | (2,398,900) | 5,135,281 | 20,448,265 |
| Unamortized amounts | 334,165 | 4,300 | 338,465 | (11,422,243) |
| Accrued benefit asset (liability) | 7,868,346 | (2,394,600) | 5,473,746 | 9,026,022 |
| Significant assumptions used | | | | |
| Discount rate | 6.6% | 5.5% | | |
| Expected long term rate of return on plan assets | 6.6% | 0.0% | | |
| Rate of compensation increase | 4.0% | 3.5% | | |
| Average remaining service period of active employees | 13 years | 5 years | | |
| Net benefit expense for the year | | | | |
| Current service cost | 6,703,325 | 75,200 | 6,778,525 | 5,808,213 |
| Interest cost | 8,989,611 | 119,700 | 9,109,311 | 8,312,605 |
| Amortization of gains/losses | 802,901 | (19,300) | 783,601 | 573,060 |
| Employee contributions | (3,118,300) | — | (3,118,300) | (2,829,959) |
| Expected return on plan assets | (7,811,490) | — | (7,811,490) | (7,231,445) |
| Cost of plan amendments | — | — | — | 1,116,300 |
| Net benefit expense | 5,566,047 | 175,600 | 5,741,647 | 5,748,774 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

ST. JOHN'S TRANSPORTATION COMMISSION

DEFINED BENEFIT PENSION PLANS

The Commission maintains two defined benefit plans which provide pension benefits to its employees (union and non-union). The plans provide benefits based on length of service and average earnings.

Based on an actuarial valuation of the plans, completed as at December 31, 2004, the following results have been extrapolated for December 31, 2006:

| | 2006 | 2005 |
|--|-------------|-------------|
| | \$ | \$ |
| Accrued benefit obligation | | |
| Balance, beginning of year | 20,600,809 | 19,621,420 |
| Current service cost | 909,732 | 901,925 |
| Interest cost | 1,404,452 | 1,284,635 |
| Benefits cost | (711,938) | (630,171) |
| Loss due to plan amendments | 300,295 | — |
| Gain on benefit obligation | — | (589,656) |
| Participant contributions | 16,506 | 12,656 |
| Balance, end of year | 22,519,856 | 20,600,809 |
| Plan assets | | |
| Fair value, beginning of year | 21,928,139 | 19,736,137 |
| Return on plan assets | 2,836,907 | 2,120,044 |
| Benefits paid | (711,938) | (630,171) |
| Employer contributions to plan | 502,928 | 346,384 |
| Employee contributions to plan | 401,520 | 355,745 |
| | 24,957,556 | 21,928,139 |
| Funded status—surplus | 2,437,700 | 1,327,330 |
| Unamortized amounts | (2,330,710) | (1,078,263) |
| Accrued benefit asset | 106,990 | 249,067 |
| Significant assumptions used | | |
| Discount rate | 6.75% | 6.50% |
| Expected long-term rate of return on plan assets | 6.50% | 6.50% |
| Rate of compensation increase | 4.00% | 4.50% |
| Average remaining service period of active employees | 15 years | 15 years |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

| | 2006 | 2005 |
|--|-------------|-------------|
| | \$ | \$ |
| Net benefit expense for the year | | |
| Current service cost | 909,730 | 901,925 |
| Interest cost | 1,404,452 | 1,293,635 |
| Amortization of gains/losses | (76,091) | 22,884 |
| Liability increase due to flexible contributions | 16,506 | — |
| Recognition of net unamortized actuarial gains | (35,918) | — |
| Cost of plan amendments | 300,295 | — |
| Employee contributions | (401,521) | (343,088) |
| Expected return on plan assets | (1,472,452) | (1,285,187) |
| Net benefit expense | 645,001 | 590,169 |

11. Employee Future Benefits

Both the City and the Transportation Commission provide post-retirement health and life benefits to their employees. Based on the actuarial valuation of the plan, completed as at December 31, 2004 and extrapolated to December 31, 2006, the following results were obtained:

| | 2006 | | 2005 | |
|--|--------------|---------------------------|--------------|--------------|
| | City | Transportation Commission | Total | Total |
| | \$ | \$ | \$ | \$ |
| Accrued benefit obligation | | | | |
| Balance, beginning of year | 57,464,000 | 4,558,188 | 62,022,188 | 50,422,203 |
| Current service cost | 2,189,100 | 151,620 | 2,340,720 | 1,804,900 |
| Interest cost | 3,185,400 | 250,853 | 3,436,253 | 3,245,319 |
| Estimated claims and expenses | (1,283,900) | (146,066) | (1,429,966) | (1,233,700) |
| Plan amendment in respect of union members | — | — | — | (613,355) |
| Actuarial loss on benefit obligation | 17,360,700 | 78,129 | 17,438,829 | 8,396,820 |
| Balance, end of year | 78,915,300 | 4,892,724 | 83,808,024 | 62,022,187 |
| Deficit | 78,915,300 | 4,892,724 | 83,808,024 | 62,022,188 |
| Unamortized amounts | (33,558,400) | (589,726) | (34,148,126) | (17,818,940) |
| Accrued benefit liability | 45,356,900 | 4,302,998 | 49,659,898 | 44,203,248 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

| | 2006 | | 2005 |
|--|-----------|------------------------------|-----------|
| | City | Transportation Commission | Total |
| Significant assumptions used | | | |
| Discount rate | 5.50% | 5.50% | |
| Average remaining service period of active employees | 11 years | 14 years | |
| | \$ | \$ | \$ |
| Net benefit expense for the year | | | |
| Current service cost | 2,189,100 | 151,620 | 2,340,720 |
| Cost of plan amendments | – | – | – |
| Recognition of unamortized losses | – | – | – |
| Amortization of actuarial gains/losses | 1,073,100 | 36,543 | 1,109,643 |
| Interest cost | 3,185,400 | 250,853 | 3,436,253 |
| Net benefit expense | 6,447,600 | 439,016 | 6,886,616 |

12. Reserves

| | 2006 | 2005 |
|---|------------|------------|
| | \$ | \$ |
| Sinking fund—reserve for retirement of debentures | 31,681,565 | 24,937,224 |
| Reserve for harbour clean-up | – | 2,238,368 |
| Reserve for Shoal Bay treatment plant | 44,800 | – |
| Reserve for landfill capital improvements | 6,405,010 | 6,173,013 |
| Urban living non-profit housing—replacement reserve | 374,130 | 372,917 |
| Reserve for snow and ice management | 2,000,000 | 2,000,000 |
| Reserve for Civic Centre financing | 399,699 | 371,045 |
| Reserve for capital | 555,580 | 277,658 |
| Reserve for salt savings | 152,097 | 37,330 |
| Reserve for uncashed coupons | 81,975 | 18,192 |
| Reserve for Robin Hood Bay post-closure costs | 20,747 | 19,389 |
| | 41,715,603 | 36,445,136 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

13. Investment in Capital Assets

| | 2006 | 2005 |
|--|-------------|-------------|
| | \$ | \$ |
| Balance, beginning of year | 333,391,347 | 309,271,400 |
| Add: | | |
| Contributions from revenue fund for capital expenditure out of revenue | 1,691,742 | 1,548,612 |
| Contribution for capital works program | 11,937,372 | 11,967,079 |
| Loan repayments | 7,214,037 | 4,759,201 |
| Contribution from sinking fund for debentures | 1,934,000 | 1,602,000 |
| Contribution from land fill capital improvement reserve | 441 | — |
| Contribution from reserve—harbour clean-up | 4,103,801 | 4,165,663 |
| Contribution from reserve—water treatment | — | 2,236,718 |
| Net assessments raised | 568,694 | 619,053 |
| Interest on assessments | 82,201 | 32,098 |
| Land sales | 774,471 | 265,385 |
| | 361,698,106 | 336,467,209 |
| Deduct: | | |
| Contribution to revenue fund from water, sewer and street improvements | 650,895 | 651,150 |
| Disposal of property and equipment | 2,403,716 | 2,424,712 |
| Balance, end of year | 358,643,495 | 333,391,347 |

14. Contributed Surplus

| | 2006 | 2005 |
|----------------------------|------------|------------|
| | \$ | \$ |
| Balance, beginning of year | 71,337,820 | 66,503,011 |
| Contributions from: | | |
| Government of Canada | 5,209,217 | 4,098,808 |
| Other | 1,543,653 | 739,001 |
| Balance, end of year | 78,090,690 | 71,337,820 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

15. Deficit

| | 2006 | 2005 |
|--------------------------------|--------------|--------------|
| | \$ | \$ |
| Surplus (deficit) arising from | | |
| Operations | 253,249 | (1,919,744) |
| Accrued pension benefits | (10,155,956) | (8,776,955) |
| Employee future benefits | (49,659,898) | (44,203,248) |
| Severance pay accruals | (6,819,907) | (6,732,440) |
| | (66,382,512) | (61,632,387) |

The deficit includes a provision for severance pay, payable to certain employees upon cessation of employment or retirement.

16. Supplementary Cash Flow Information

| | 2006 | 2005 |
|---|-------------|------------|
| | \$ | \$ |
| Change in non-cash operating working capital: | | |
| Receivables | (2,225,525) | 887,255 |
| Inventories of materials and supplies | 51,515 | 221,196 |
| Prepaid expenditures | 53,349 | (101,821) |
| Payables and accruals | 3,287,280 | 5,937,812 |
| | 1,166,619 | 6,944,442 |
| Interest paid | 13,877,407 | 13,991,243 |

17. Credit Facilities

The City has the following credit facilities available to meet its short-term financing needs:

- ☛ Demand facilities with the Royal Bank totaling \$34,500,000. These facilities bear interest on advances at the Royal Bank prime rate minus 0.75%.
- ☛ Line of credit in the amount of \$4,500,000 which bears interest on advances at the Royal Bank prime rate minus 0.60%.

18. Contingencies and Commitments

EXPROPRIATION AND OTHER CLAIMS

The City has received notices of claims of approximately \$1,660,000. No provision has been made for these claims either because the City is not expected to incur any significant liability, or because an estimate of loss, if any, is not determinable at this time.

St. John's Transportation Commission is contingently liable for claims below \$50,000 which are not covered under its current insurance policy. At December 31, 2006 a provision of approximately \$347,500 has been recorded as a result of known claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

Furthermore, the Commission is involved in a dispute with a supplier of communication equipment. A claim was received in July 2002 for \$430,000. Management believes they have adequately provided for any potential costs.

LEASE COMMITMENTS

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

| | \$ |
|------|---------|
| 2007 | 394,242 |
| 2008 | 223,933 |
| 2009 | 223,933 |
| 2010 | 223,933 |

RETIREMENT BENEFITS

The City provides a benefit to certain employees based upon the employee's length of service with the City. This benefit is payable only upon retirement. At December 31, 2006, the City is contingently liable for these benefits to a maximum of \$7,797,400.

GREENBELT TENNIS CLUB

The City has guaranteed a loan of \$150,000 for the replacement of an air supported structure.

19. Financial Instruments

(a) Fair values

The fair values of financial instruments included in current assets and liabilities approximate their carrying value due to their short-term nature.

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

Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks 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 with only credit worthy counterparties.

20. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

SCHEDULE OF DEBENTURE DEBT

December 31, 2006

| SCHEDULE 1 | | | | 2006 | | 2005 | |
|------------------|---------------|---------------|--------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|
| Date of Maturity | Interest Rate | Amount Issued | Amount Outstanding | Sinking Funds Available | Current Portion due in 2007 | Sinking Funds Available | Current Portion due in 2006 |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Dec. 2005 | 11.250% | 5,000,000 | 5,000 | 5,000 | — | 41,781 | — |
| Dec. 2006 | 10.500% | 6,000,000 | — | — | — | 1,554,335 | — |
| Dec. 2007 | 6.150% | 10,000,000 | — | — | — | 25,253 | 125,000 |
| Dec. 2008 | 11.125% | 6,000,000 | 2,915,000 | 2,322,927 | 150,000 | 1,732,761 | 150,000 |
| Dec. 2009 | 10.500% | 7,000,000 | 2,374,000 | 1,991,774 | 175,000 | 1,224,061 | 175,000 |
| Nov. 2011 | 6.150% | 9,012,000 | 9,012,000 | 6,512,018 | 710,000 | 5,480,319 | 710,000 |
| Jun. 2012 | 10.875% | 14,000,000 | 11,000,000 | 2,482,580 | 350,000 | 1,812,846 | 350,000 |
| Sep. 2013 | 9.160% | 9,000,000 | 6,000,000 | 2,252,402 | 225,000 | 1,953,549 | 225,000 |
| Oct. 2015 | 9.400% | 5,000,000 | 5,000,000 | 1,611,696 | 125,000 | 1,188,833 | 125,000 |
| Dec. 2020 | 6.840% | 7,000,000 | 7,000,000 | 3,118,632 | 175,000 | 2,370,263 | 175,000 |
| Dec. 2021 | 7.380% | 15,000,000 | 15,000,000 | 2,208,535 | 375,000 | 1,699,249 | 375,000 |
| Apr. 2022 | 7.250% | 16,500,000 | 16,500,000 | 4,101,729 | 412,500 | 3,239,036 | 412,500 |
| Feb. 2023 | 6.680% | 11,000,000 | 11,000,000 | 1,521,770 | 275,000 | 1,043,645 | 275,000 |
| Feb. 2024 | 6.162% | 25,000,000 | 25,000,000 | 2,178,789 | 625,000 | 1,258,224 | 625,000 |
| June 2025 | 5.534% | 18,000,000 | 18,000,000 | 972,134 | 450,000 | 313,070 | 450,000 |
| Mar. 2026 | 5.300% | 25,000,000 | 25,000,000 | 401,579 | 625,000 | — | — |
| Dec. 2026 | 4.975% | 35,000,000 | 35,000,000 | — | 875,000 | — | — |
| | | 223,512,000 | 188,806,000 | 31,681,565 | 5,547,500 | 24,937,225 | 4,172,500 |

For the debenture debt that matures in 2021, 2023, 2024, 2025 and 2026 there is debt recoverable from the Province of Newfoundland and Labrador for \$4,505,085, \$6,276,513, \$9,442,307, \$8,182,826 and \$19,243,553 respectively.

SCHEDULE OF LONG-TERM DEBT

December 31, 2006

| SCHEDULE 2 | | 2006 | | | | 2005 | |
|--|------------------|---------------|---------------|--------------------|-----------------------------|--------------------|-----------------------------|
| | Date of Maturity | Interest Rate | Amount Issued | Amount Outstanding | Current Portion due in 2007 | Amount Outstanding | Current Portion due in 2006 |
| CANADA MORTGAGE AND HOUSING CORPORATION | | | | | | | |
| Rennies River trunk sewer | Oct. 2017 | 9.750% | 681,350 | 452,285 | 24,423 | 474,490 | 22,205 |
| Wedgewood Park water and sewer | Jan. 2017 | 7.875% | 12,410 | 7,443 | 446 | 7,856 | 413 |
| Rennies River trunk sewer | Oct. 2015 | 10.375% | 1,011,991 | 615,545 | 44,116 | 655,417 | 39,872 |
| Virginia Park trunk sewer | Mar. 2014 | 7.875% | 157,908 | 76,257 | 7,161 | 82,886 | 6,629 |
| Virginia Park trunk sewer | Apr. 2013 | 7.500% | 104,408 | 44,383 | 5,029 | 49,055 | 4,672 |
| Mundy Pond neighbourhood improvement program | Jan. 2009 | 10.375% | 18,985 | 3,942 | 1,776 | 5,548 | 1,605 |
| Mundy Pond trunk sewer | Jan. 2008 | 5.875% | 78,830 | 9,563 | 4,644 | 13,946 | 4,382 |
| Goulds water and sewer | July 2007 | 10.000% | 97,449 | 9,925 | 9,925 | 18,927 | 9,003 |
| Waterford Valley trunk sewer | Jan. 2006 | 5.125% | 612,371 | — | — | 34,817 | 34,817 |
| FEDERATION OF CANADIAN MUNICIPALITIES | | | | | | | |
| Harbour Sewage Treatment Plant | Aug. 2015 | 2.450% | 15,000,000 | 13,500,000 | 1,500,000 | 15,000,000 | 1,500,000 |
| Harbour Sewage Treatment Plant | Dec. 2015 | 2.660% | 5,000,000 | 4,500,000 | 500,000 | 5,000,000 | 500,000 |
| NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION | | | | | | | |
| Airport Heights—Phase 2 | Dec. 2006 | 12.375% | 3,060,805 | — | — | 213,625 | 213,625 |
| Pentanguishene- Phase 1 | May 2007 | 11.500% | 2,210,465 | 147,816 | 147,816 | 419,774 | 271,958 |
| Pentanguishene- Phase 2 | Dec. 2007 | 10.875% | 1,762,291 | 222,529 | 222,529 | 422,697 | 200,168 |
| 1992 Airport Heights Phase 3 | May 2009 | 10.625% | 1,181,128 | 341,638 | 126,150 | 455,382 | 113,744 |
| 1994 street paving | Feb. 2006 | 9.750% | 711,390 | — | — | 53,855 | 53,855 |
| 1995 street paving | Dec. 2006 | 8.375% | 405,554 | — | — | 57,069 | 57,069 |
| 1993 Airport Heights Phase 4 | Dec. 2009 | 11.500% | 1,070,242 | 375,102 | 111,342 | 474,665 | 99,563 |

SCHEDULE OF LONG-TERM DEBT

December 31, 2006

| SCHEDULE 2 | | 2006 | | | 2005 | | |
|--|------------------|---------------|---------------|--------------------|-----------------------------|--------------------|-----------------------------|
| | Date of Maturity | Interest Rate | Amount Issued | Amount Outstanding | Current Portion due in 2007 | Amount Outstanding | Current Portion due in 2006 |
| NEWFOUNDLAND MUNICIPAL FINANCING CORPORATION | | | | | | | |
| Goulds water and sewer | Jun. 2006 | 12.375% | 451,615 | — | — | 31,520 | 31,520 |
| 1991 studies | May 2010 | 10.875% | 201,165 | 78,291 | 19,493 | 95,827 | 17,535 |
| 1991 studies B | Feb. 2011 | 9.750% | 46,373 | 21,255 | 3,970 | 24,865 | 3,609 |
| 1991 studies C | Feb. 2006 | 9.750% | 21,804 | — | — | 1,651 | 1,651 |
| 1997 streets | Jan. 2009 | 7.500% | 165,603 | 53,428 | 20,199 | 72,193 | 18,765 |
| 1998 streets A | Dec. 2009 | 8.375% | 264,132 | 102,952 | 31,543 | 132,011 | 29,059 |
| 1998 streets B | Dec. 2009 | 8.375% | 104,868 | 40,875 | 12,524 | 52,412 | 11,537 |
| 1998 Retaining Wall | Dec. 2009 | 8.375% | 31,942 | 12,450 | 3,815 | 15,965 | 3,514 |
| 1998 Bridge Rehabilitation | Sep. 2010 | 8.125% | 189,044 | 93,930 | 20,756 | 113,097 | 19,167 |
| 1998 St. John's Rec. Centre | Sep. 2010 | 8.125% | 60,361 | 29,992 | 6,627 | 36,112 | 6,120 |
| 1997 Harbour Clean-up | Jan. 2014 | 7.500% | 1,464,499 | 929,442 | 96,346 | 1,018,948 | 89,507 |
| 2001 Harbour Clean-up | Feb. 2014 | 7.500% | 1,448,983 | 919,595 | 95,325 | 1,008,153 | 88,559 |
| Higgins Line 2001 | Dec. 2014 | 8.375% | 574,858 | 390,812 | 36,018 | 423,994 | 33,181 |
| Regional Water System | Dec. 2006 | 11.625% | 525,950 | — | — | 68,834 | 68,834 |
| 1996 Capital Works | Jan. 2008 | 7.375% | 2,012,777 | 402,091 | 263,179 | 646,884 | 244,793 |
| Higgins Line 1997 | Jun. 2013 | 7.375% | 484,764 | 274,714 | 34,321 | 306,638 | 31,924 |
| Fire equipment | Sept. 2011 | 7.750% | 90,895 | 53,984 | 9,220 | 62,529 | 8,545 |
| Mile One Stadium | Sept. 2016 | 7.750% | 19,006,737 | 14,876,273 | 1,031,781 | 15,832,508 | 956,237 |
| | | | 60,323,947 | 38,586,512 | 4,390,474 | 43,384,150 | 4,797,637 |

SCHEDULE OF MORTGAGES—URBAN LIVING NON-PROFIT HOUSING

December 31, 2006

| SCHEDULE 3 | | | 2006 | | 2005 |
|--|------------------|---------------|-------------------|--------------------|--------------------|
| | Date of Maturity | Interest Rate | Amount Issued | Amount Outstanding | Amount Outstanding |
| NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION | | | | | |
| Hamlyn Road | Aug. 1, 2022 | 5.500% | 2,207,290 | 1,564,069 | 1,625,654 |
| Infill 1987 | Apr. 1, 2023 | 5.500% | 2,070,285 | 1,512,993 | 1,568,986 |
| Gear Street—Infill 1988 | Sept. 1, 2025 | 5.500% | 1,929,560 | 1,519,623 | 1,565,033 |
| Brookfield Road | Dec. 1, 2025 | 5.500% | 2,187,293 | 1,739,150 | 1,790,031 |
| Infill 1992 | Dec. 1, 2028 | 5.500% | 1,682,553 | 1,216,230 | 1,244,140 |
| Infill 1990 | Nov. 1, 2026 | 4.160% | 1,628,008 | 1,256,622 | 1,293,781 |
| Cochrane Street | June 1, 2026 | 4.730% | 745,887 | 556,765 | 575,428 |
| Campbell Avenue | Feb. 1, 2028 | 4.700% | 968,952 | 792,570 | 814,069 |
| CANADA MORTGAGE AND HOUSING CORPORATION | | | | | |
| Rawlins Cross | Dec. 1, 2018 | 4.470% | 1,249,485 | 781,286 | 829,572 |
| Forest Road | Jan. 1, 2018 | 4.700% | 1,657,890 | 972,207 | 1,037,702 |
| Cuckholds Cove Road | Apr. 1, 2018 | 4.240% | 804,200 | 480,031 | 512,438 |
| Infill 1982 | Jul. 1, 2018 | 4.470% | 651,550 | 399,725 | 425,567 |
| Hamilton Avenue—Riverhead Towers | Feb. 1, 2019 | 3.590% | 3,736,230 | 2,326,729 | 2,476,915 |
| Fahey's Row—Infill 1983 | May 1, 2019 | 4.330% | 962,163 | 639,564 | 677,794 |
| Alexander Street -Hamilton Avenue | Jun. 1, 2019 | 4.330% | 1,920,998 | 1,277,154 | 1,352,839 |
| Carnell Street—Larkin Square | Jan. 1, 2020 | 3.880% | 1,910,065 | 1,326,274 | 1,402,826 |
| Goodview Street—Carter's Hill | Jan. 1, 2020 | 3.840% | 1,406,630 | 987,400 | 1,044,567 |
| Infill 1985 | Apr. 1, 2021 | 4.590% | 880,530 | 629,045 | 657,417 |
| Carter's Hill— Sebastian Court | Aug. 1, 2021 | 4.260% | 2,013,175 | 1,479,788 | 1,544,834 |
| | | | 30,612,744 | 21,457,225 | 22,439,593 |
| Less: current portion | | | | 1,040,903 | 980,141 |
| | | | | 20,416,322 | 21,459,452 |

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

SCHEDULE OF REVENUE

Year ended December 31

| SCHEDULE 4 | 2006 | | 2005 |
|---|------------|-----------------------|------------|
| | Actual | Budget (Unaudited) | Actual |
| | \$ | \$ | \$ |
| TAXATION | | | |
| Real property | 71,602,781 | 70,170,000 | 69,535,032 |
| Business | 19,256,769 | 19,425,740 | 18,953,907 |
| Utility | 5,778,984 | 5,500,000 | 5,600,620 |
| Accommodation | 1,591,062 | 1,103,800 | 1,607,899 |
| | 98,229,596 | 96,199,540 | 95,697,458 |
| GOVERNMENT GRANTS | | | |
| Government of Newfoundland and Labrador | | | |
| Municipal operating grant | 3,101,298 | 3,101,300 | 3,747,629 |
| Recovery of debt charges | 9,768,401 | 9,158,430 | 8,479,279 |
| Rental housing projects | 55,505 | 55,500 | 55,505 |
| Other | 122,263 | 55,000 | 39,258 |
| | 13,047,467 | 12,370,230 | 12,321,671 |
| SALES OF GOODS AND SERVICES | | | |
| Environmental health services | | | |
| Water tax | | | |
| -basic | 16,838,480 | 16,665,000 | 10,461,798 |
| -harbour clean-up | 1,910,235 | 1,663,310 | 1,702,768 |
| -water treatment facilities | – | – | 2,232,210 |
| Water sales | 3,583,405 | 3,348,000 | 2,384,041 |
| Tipping fees | 3,420,522 | 3,350,040 | 3,561,393 |
| Other | 89,405 | 93,000 | 97,001 |
| General government services | 790,285 | 788,840 | 821,840 |
| Transportation services | | | |
| Parking meters | 1,152,580 | 1,097,000 | 1,171,111 |
| Parking permits | 202,794 | 241,560 | 218,065 |
| Other | 27,020 | 96,600 | 15,931 |
| Recreation and cultural services | 1,088,012 | 1,237,300 | 805,173 |
| Other general services | 318,716 | 90,360 | 117,082 |
| | 29,421,454 | 28,671,010 | 23,588,413 |

SCHEDULE OF REVENUE

Year ended December 31

| SCHEDULE 4 | 2006 | | 2005 |
|--|-----------|-----------------------|-----------|
| | Actual | Budget (Unaudited) | Actual |
| | \$ | \$ | \$ |
| OTHER REVENUE FROM OWN SOURCES | | | |
| Interest on tax arrears | 1,717,159 | 2,000,000 | 1,753,346 |
| Fines | 1,686,194 | 2,130,000 | 1,782,607 |
| Construction and other permits | 1,940,861 | 1,671,820 | 2,011,816 |
| Interest earned | 990,217 | 527,300 | 225,686 |
| Business and amusement licenses | 128,786 | 119,300 | 123,127 |
| Rents, concessions and franchises | 36,141 | 35,400 | 38,292 |
| Assessments for water, sewer and street improvements | 605,660 | 350,000 | 618,746 |
| Sub-Division assessments | 126,576 | 250,000 | 306,847 |
| | 7,231,594 | 7,083,820 | 6,860,467 |
| GRANTS IN LIEU OF TAXES | | | |
| Government of Canada | 1,938,731 | 2,000,000 | 1,922,274 |
| Water tax | 619,127 | 830,000 | 900,680 |
| Government of Canada agencies | 1,478,654 | 540,000 | 601,203 |
| Government of Newfoundland and Labrador agencies | 73,495 | 50,000 | 64,680 |
| | 4,110,007 | 3,420,000 | 3,488,837 |

SCHEDULE OF EXPENDITURE

Year ended December 31

| SCHEDULE 5 | | 2006 | 2005 |
|--|------------|-----------------------|------------|
| | Actual | Budget (Unaudited) | Actual |
| | \$ | \$ | \$ |
| GENERAL GOVERNMENT SERVICES | | | |
| Legislative | 862,726 | 830,310 | 747,495 |
| General government | 15,497,124 | 15,480,550 | 14,943,892 |
| Engineering services | 3,886,301 | 4,027,170 | 3,778,707 |
| Pensions and employee benefits—current | 2,600,291 | 2,039,640 | 2,409,947 |
| Other general government services | 332,848 | 350,000 | 688,402 |
| | 23,179,290 | 22,727,670 | 22,568,443 |
| FISCAL SERVICES | | | |
| Debenture debt charges | | | |
| Sinking fund payments | 5,347,014 | 4,485,000 | 4,072,500 |
| Sinking fund in lieu of interest | 1,667,174 | 1,667,200 | 1,973,154 |
| Interest | 9,706,588 | 12,303,180 | 9,515,467 |
| Discounts | 23,481 | 23,480 | 27,117 |
| Other long-term debt | | | |
| Principal | 4,797,637 | 4,797,640 | 3,161,947 |
| Interest | 2,840,006 | 2,558,650 | 2,266,299 |
| Interest on temporary bank loans | 183,463 | 200,000 | 58,589 |
| Other debt charges | 292,721 | 136,000 | 102,570 |
| | 24,858,084 | 26,171,150 | 21,177,643 |
| TRANSPORTATION SERVICES | | | |
| Road transport | | | |
| Administration | 2,271,612 | 2,187,470 | 2,101,192 |
| Fleet services | 177,144 | — | (309,760) |
| Snow clearing | 10,706,292 | 11,684,800 | 10,017,829 |
| Streets, roads and sidewalks | 3,947,662 | 4,455,380 | 4,448,320 |
| Maintenance depot | 1,158,508 | 1,091,170 | 1,216,304 |
| Traffic services | 1,188,570 | 1,042,260 | 1,108,686 |
| Street cleaning | 108,268 | 92,280 | 82,447 |
| | 19,558,056 | 20,553,360 | 18,665,018 |
| Street lighting | 3,459,535 | 3,380,880 | 3,334,968 |
| Transportation handicapped | 849,949 | 750,000 | 785,374 |
| Parking meters | 61,609 | 92,400 | 91,620 |
| | 23,929,149 | 24,776,640 | 22,876,980 |

SCHEDULE OF EXPENDITURE

Year ended December 31

| SCHEDULE 5 | 2006 | | 2005 |
|---|-------------------|-----------------------------|-------------------|
| | Actual \$ | Budget (Unaudited) \$ | Actual \$ |
| PROTECTIVE SERVICES | | | |
| Fire protection | 14,563,847 | 15,191,060 | 14,785,529 |
| Protective inspections | 2,857,073 | 2,895,750 | 2,734,556 |
| Traffic enforcement | 2,114,586 | 2,238,860 | 2,227,006 |
| Animal and pest control | 749,857 | 695,070 | 673,573 |
| | 20,285,363 | 21,020,740 | 20,420,664 |
| ENVIRONMENTAL HEALTH SERVICES | | | |
| Water supply and distributions | 12,186,321 | 12,274,640 | 10,504,067 |
| Garbage and waste collection and disposal | 6,279,892 | 5,899,610 | 5,920,018 |
| Sewage collection and disposal | 473,586 | 610,940 | 437,247 |
| | 18,939,799 | 18,785,190 | 16,861,332 |
| RECREATION AND CULTURAL SERVICES | | | |
| Parks and open spaces | 5,821,188 | 5,739,010 | 5,635,439 |
| Recreation | 4,939,185 | 5,142,020 | 4,363,820 |
| St. John's Memorial Stadium | — | — | 4,865 |
| Railway Coastal Museum | 57,947 | 50,000 | 153,914 |
| Avalon Convention and Visitor's Bureau | 670,532 | 450,000 | 679,651 |
| Other recreation and cultural services | 2,039,620 | 826,010 | 912,214 |
| | 13,528,472 | 12,207,040 | 11,749,903 |
| ENVIRONMENTAL DEVELOPMENT SERVICES | | | |
| Environmental planning and zoning | 942,349 | 1,037,070 | 839,771 |
| Housing and real estate | 1,077,200 | 960,560 | 942,322 |
| Other environmental development services | 1,682,867 | 1,762,160 | 1,790,850 |
| | 3,702,416 | 3,759,790 | 3,572,943 |
| OTHER | | | |
| Provision for uncollectible accounts | 1,501,841 | 1,000,000 | 2,714,212 |
| Contribution to capital fund for capital expenditures | 8,828,050 | 6,899,030 | 8,191,580 |
| Capital expenditure accounts | 1,016,889 | 821,010 | 1,072,757 |
| Transfer to parks and development reserve | 260,900 | — | 188,739 |
| Transfer to harbour clean-up reserve | 1,910,235 | 1,663,310 | 1,702,768 |
| Transfer to landfill capital improvements reserve | 231,998 | 647,990 | 739,831 |
| Provision for obsolete inventory | 62,996 | 25,000 | 55,289 |
| Transfer to snow and ice reserve | — | — | 100,000 |
| Transfer to water treatment facility reserve | — | — | 2,232,210 |
| | 13,812,909 | 11,056,340 | 16,997,386 |

SCHEDULE OF CAPITAL EXPENDITURES

Year ended December 31

| SCHEDULE 6 | 2006 | 2005 |
|--|------------|------------|
| | \$ | \$ |
| LAND | | |
| Expropriation, disturbances, street widening and improvement | 52,194 | 576,336 |
| BUILDINGS | | |
| Municipal recreation facilities | 3,760,443 | 2,451,171 |
| City Hall | 370,291 | 739,293 |
| Depot | 2,273,998 | 4,206,363 |
| Fire stations | 795,275 | 46,825 |
| Robin Hood Bay | 312,590 | 5,359 |
| Goulds | 4,449 | – |
| Anna Templeton Centre | 113,671 | – |
| Non-Profit Housing | 525,235 | – |
| STREETS | | |
| Reconstruction, paving and resurfacing, curb and sidewalks | 12,962,114 | 7,657,164 |
| Plans and studies | 140,007 | 171,087 |
| WATER AND SEWER | | |
| Water mains and sanitary sewers | 4,015,200 | 6,586,684 |
| Harbour clean-up | 21,278,208 | 11,633,458 |
| Windsor Lake treatment plant | 7,412,255 | 17,629,858 |
| Regional water reservoir | – | 939,142 |
| EQUIPMENT | | |
| Operating departments | 3,907,263 | 4,352,551 |
| Regional fire department | 585,877 | 606,559 |
| Regional water system | 2,341,276 | 4,025,727 |
| ST. JOHN'S TRANSPORTATION COMMISSION | 2,681,470 | 432,297 |
| ST. JOHN'S SPORTS & ENTERTAINMENT LTD. | 322,863 | 845 |
| | 63,854,679 | 62,060,719 |

CITY COUNCIL 2006



Seated (l—r):
Councillor Wally Collins (Ward 5), Councillor Keith Coombs (Ward 3), Mayor Andy Wells, Deputy-Mayor Dennis O’Keefe, Councillor Art Puddister (Ward 1)

Standing (l—r):
Councillor Frank Galgay (Ward 2), Councillor Shannie Duff (At Large), Councillor Sandy Hickman (At Large), Councillor Ron Ellsworth (Ward 4), Councillor Gerry Colbert (At Large), Councillor Tom Hann (At Large)

CHIEF COMMISSIONER AND DIRECTORS



Back (l—r):
Michael Dwyer—Director, Regional Fire Services; Neil Martin—Associate Commissioner / Director of Corporate Services & City Clerk; Paul Mackey—Director, Public Works & Parks; Kevin Breen—Director, Human Resources; and Robert Bishop—Director, Finance and City Treasurer

Front (l—r):
David Blackmore—Director, Building and Property Management; Elizabeth Lawrence—Director, Economic Development, Tourism & Culture; Art Cheeseman—Associate Commissioner / Director, Engineering; Ron Penney—Chief Commissioner and City Solicitor; Cliff Johnson—Director of Planning; and Jill Brewer—Director, Recreation

Contacting City Hall

MAYOR AND MEMBERS OF COUNCIL

| | Telephone | Fax |
|-------------------------------------|-----------|----------|
| Mayor Andy Wells | 576-8477 | 576-8250 |
| Deputy Mayor Dennis O'Keefe | 576-8567 | 576-8474 |
| Councillor Gerry Colbert (At Large) | 576-7689 | 576-8474 |
| Councillor Shannie Duff (At Large) | 576-8583 | 576-8474 |
| Councillor Tom Hann (At Large) | 576-8219 | 576-8474 |
| Councillor Sandy Hickman (At Large) | 576-8045 | 576-8474 |
| Councillor Art Puddister (Ward 1) | 576-2332 | 576-8474 |
| Councillor Frank Galgay (Ward 2) | 576-8577 | 576-8474 |
| Councillor Keith Coombs (Ward 3) | 576-8643 | 576-8474 |
| Councillor Ron Ellsworth (Ward 4) | 576-2383 | 576-8474 |
| Councillor Wally Collins (Ward 5) | 576-8584 | 576-8474 |

FREQUENTLY CALLED NUMBERS

| | |
|-------------------------------------|----------|
| General Inquiries/Service Requests: | 3-1-1 |
| City Hall (9:00 am-4:30 pm): | 576-8600 |
| After Hours/Emergency: | 3-1-1 |

MAILING ADDRESS

City of St. John's,
PO Box 908
St. John's, NL Canada
A1C 5M2

WEB SITE

www.stjohns.ca



NEW CITY LOGO

The new identity, St. John's, is presented with clean, modern lines and subtle iconic elements which is symbolic of the narrows and sheltered harbour. The use of capital lettering and the subtle underline brings strength to St. John's as a major city.

ST. JOHN'S



CITY OF ST. JOHN'S
PO Box 908
ST. JOHN'S, NEWFOUNDLAND AND LABRADOR
A1C 5M2