



2013 Annual Report

City of Moncton

Moncton, New Brunswick, Canada Year ending December 31, 2013



City of Moncton
2013 Annual Report for Fiscal Year Ending December 31, 2013

Prepared by:

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Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

**City of Moncton
New Brunswick**

For its Annual
Financial Report
for the Year Ended

December 31, 2012

Jeffrey P. Emmer
Executive Director/CEO

Canadian Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Moncton for its annual financial report for the fiscal year ended December 31, 2012. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded this Canadian Award, for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements and as such we are submitting it to the GFOA for consideration for the 2013 award.

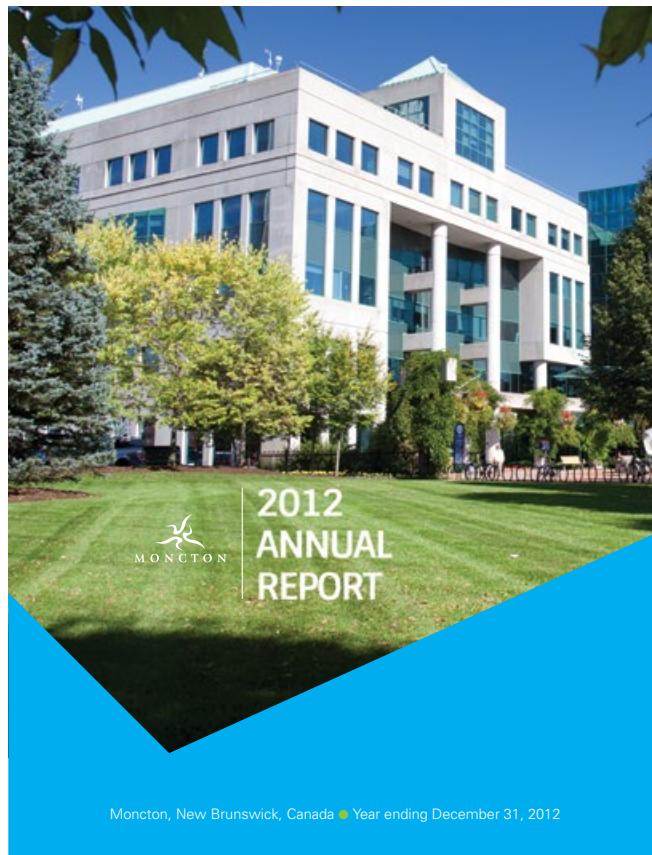


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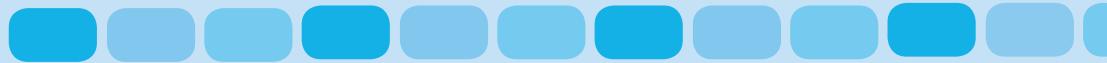
● FINANCIAL

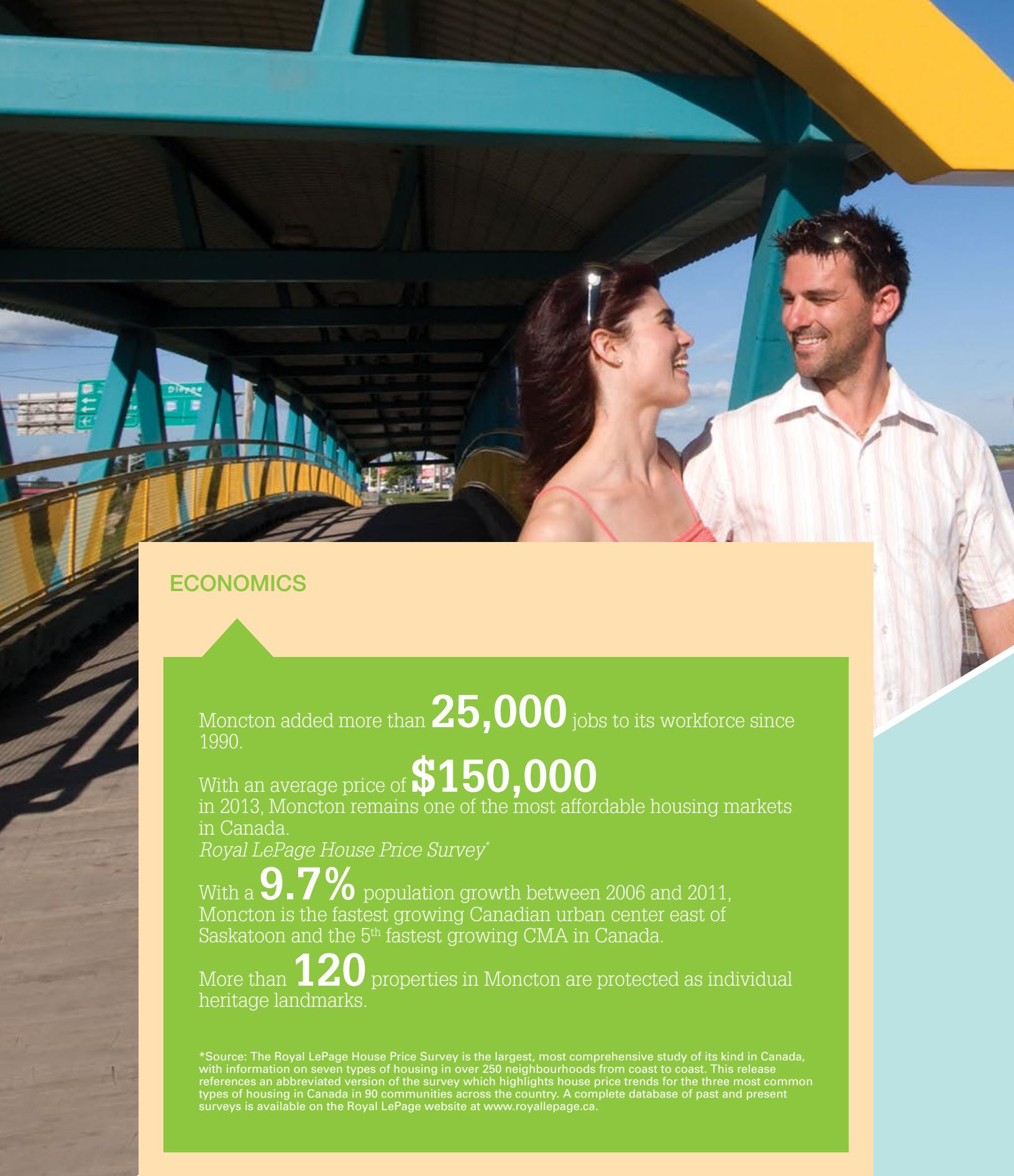
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Introductory





ECONOMICS

Moncton added more than **25,000** jobs to its workforce since 1990.

With an average price of **\$150,000** in 2013, Moncton remains one of the most affordable housing markets in Canada.

*Royal LePage House Price Survey**

With a **9.7%** population growth between 2006 and 2011, Moncton is the fastest growing Canadian urban center east of Saskatoon and the 5th fastest growing CMA in Canada.

More than **120** properties in Moncton are protected as individual heritage landmarks.

*Source: The Royal LePage House Price Survey is the largest, most comprehensive study of its kind in Canada, with information on seven types of housing in over 250 neighbourhoods from coast to coast. This release references an abbreviated version of the survey which highlights house price trends for the three most common types of housing in Canada in 90 communities across the country. A complete database of past and present surveys is available on the Royal LePage website at www.royallepage.ca.

At a Glance

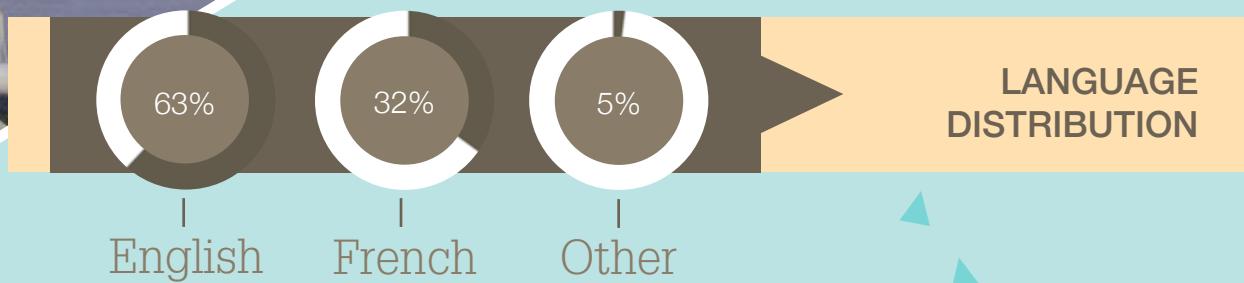
69,074

(AS OF 2011 CENSUS)

MONCTON POPULATION

1,970

HOURS OF SUNSHINE



INFRASTRUCTURE

- **70** km of trails
- **55** playgrounds
- **83** parks
- **3,500** acres of parkland
- Approximately **1,000** total lane kms



Awards and Recognition

Moncton's great reputation keeps growing ...



Moncton was named the most cost competitive city in which to do business in Canada in 2013.

KPMG Competitive Alternatives Report, an extensive study that compares business cost competitive locations across Canada and more than 100 cities in 10 countries around the world



Moncton's Magnetic Hill Zoo received a TripAdvisor Certificate of Excellence Award in 2013

This award honors hospitality excellence and designated the city's zoo as a must visit destination and world class attraction.



Magnetic Hill Zoo received the Eleanore Oakes Award in 2013

This award, from Canada's Accredited Zoos and Aquariums (CAZA) was in recognition of the zoo's new Keeper Camp program for youth ages 14-17 years



Moncton's consumer confidence was the highest of Maritime cities tracked in 2013

Survey conducted by Corporate Research Associations (CRA) Inc. and released in December, 2013



Moncton received the Canadian Award for Financial Reporting for its 2012 Annual Report and the Distinguished Budget Presentation Award for its 2013 budget

These awards were presented by the Government Finance Officers Association of the United States and Canada (GFOA)



Moncton became the first municipality in Atlantic Canada to undertake a comprehensive cultural mapping project in 2013.

The Cultural Mapping Project was undertaken as a means of strengthening the link between the city and its important cultural, business and community partners to realize the opportunities presented by these plans to strengthen the city's cultural sector and increase culture's contribution to larger city plans.



The City of Moncton experienced the best tourism performance by a Maritime destination in a decade in 2013.

Industry consultant Rob Cunningham, president of McKellar, Cunningham and Associates, making a presentation before City Council



Moncton received the “Medium Centre” National Public Works Week Award in 2013

The award, by the Canadian Public Works Association, was for their May 2012 events program.



Moncton is repeatedly listed as the best place in Canada to buy a house.

MoneySense Magazine starting in 2010



Moncton is consistently named among Canada’s Top Ten Best Places to Live.

MoneySense Magazine



Moncton is identified as one of Canada’s best cities in which to retire.

50 Plus Magazine



Moncton is recognized by the Intelligent Community Forum (ICF) as one of the Top Seven Intelligent Cities in the World

Intelligent Community Forum (ICF)



Moncton has been recognized nationally as the most polite and honest city in Canada.

Reader’s Digest

Mayor's Message

On behalf of Moncton City Council, I am pleased to present our 2013 Annual Report.

Moncton continues to lead the charge and build for the future. We are in the enviable position of having to manage significant growth and to ensure long-term prosperity and sustainability, mindful planning continues to be vital. Our municipal strategic plan, which includes Council's priorities, builds the foundation for our future growth, while recognizing the budget realities.

FIFA Women's World Cup Canada 2014 and 2015 events

In June of 2013, FIFA Women's World Cup Canada announced that Moncton would host a second major world soccer event, the FIFA U-20 Women's World Cup Canada 2014. We were one of only four cities selected for this honour, with the others including Montreal, Toronto and Edmonton.

The Under-20 tournament, slated for August, 2014, consists of 16 teams and will be the world class event for women's youth footballers.

This exciting news came on the heels of an earlier announcement in 2012 that Moncton had been selected as an official host city for the FIFA Women's World Cup Canada from June 6 to July 5, 2015. This is the largest single sports event for women in the world and the biggest international sporting event Moncton has ever hosted. We will showcase our community to a worldwide audience of more than half a billion people.

The event, to be held at Stade Moncton Stadium, will bring in an estimated \$27 million in economic activity for our city and will solidify Moncton's place as the sports and entertainment capital of the Maritimes.

City's Impressive Growth

A combination of new large-scale retail developments, warehouse construction, strip mall renovations, health institution growth and the construction of three new schools all contributed to pushing Moncton to record its second highest building permit activity totals in its history. A total of 969 permits valued at \$188.5 million were issued in 2013 – an average of more than \$500,000 of construction each and every day.

Continuing a two-year trend, Moncton was once again cited as one of the fastest growing metropolitan areas in Canada in terms of population. Statistics Canada reported a continued increase in the area's population, bringing the total to 144,491 in the Metro Moncton area and ensuring our city's place as a marketplace leader.

Correspondingly, a survey conducted by Corporate Research Associates (CRA) Inc. released in December of 2013 suggested that Moncton consumer confidence is rising, and was the highest of the four Maritime cities tracked on a quarterly basis.

Downtown Development

The creation of a multi-use Downtown Centre, to be located at the site of the former Highfield Square Shopping Centre, took significant steps forward this year.

Council began the process of purchasing the property, directed Deloitte to help prepare the final Request for Proposals (RFP) document that will formally define the Downtown Centre's specifications and made a firm commitment to gather public and stakeholder feedback on the site's amenities and services.

Continuing a two-year trend, Moncton was once again cited as one of the fastest growing metropolitan areas in Canada in 2013 in terms of population.

Growth of Tourism Sector

Moncton's tourism performance was outstanding in 2013. For the fourth consecutive year, we outperformed the Maritime region (all provinces and all other cities) by at least 20 percent.

The City did exceptionally well in every category, including total visitors, room nights sold, attraction attendance and airport volumes. In contrast, other Maritime tourism destinations were either flat or saw decreases in the year.

One of our key attractions, the Magnetic Hill Zoo, received a Trip Advisor Certificate of Excellence Award honoring its excellence as a must-visit destination and world-class attraction.

Engaged Citizens Fuel Quality of Life

In 2013, our Mayor's Seniors Advisory Committee teamed up with a research team from Université de Moncton and Mount Allison University to facilitate a Seniors' Needs Study. This was an important step in assessing priorities and moving forward toward achieving a senior-friendly city. It was also rewarding to learn that the majority of seniors surveyed were very proud to be citizens of Moncton.

Our Mayor's Youth Advisory Committee staged a well-attended eighth annual YouthFest where they engaged young citizens to the workings of municipal government. Participants took part in a mock election and council session where they debated key issues of concern in the city.

The City of Moncton also led an Immigration Summit in May and citizens gathered to discuss ways to improve and influence immigration in our region. Thanks to participants' feedback, a regional strategy will be developed.

A variety of festivals and fairs held throughout the four seasons also served as gathering places for local residents to get together and enjoy the quality of life in our city.

Transportation Discovery Centre

Work continued this year on Resurgo Place, the new home of the Transportation Discovery Centre, the Moncton Museum and a Visitor Information Centre. The facility will open in 2014, and undoubtedly become one of the area's most popular attractions.

Looking to the Future

As Moncton moves into 2014, we have clearly established our priorities and will continue to foster a culture of fiscal responsibility.

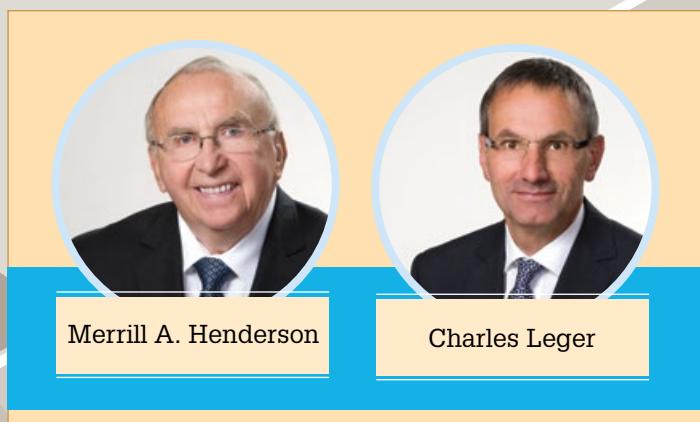
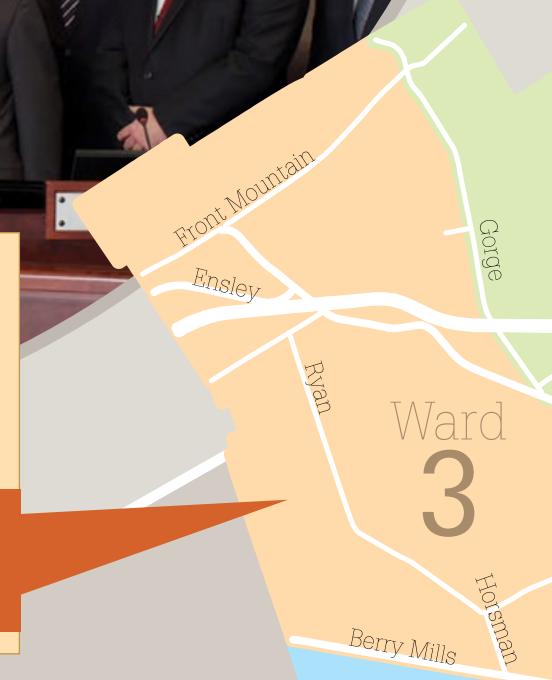
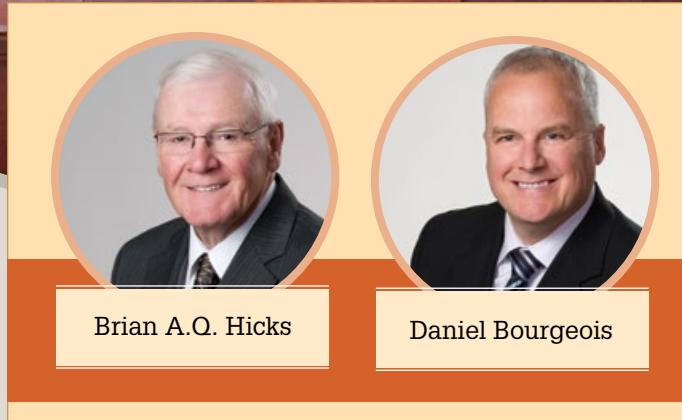
At the same time, we resolve to stimulate economic growth and development, implement public transit improvements, establish a tourism marketing fund, promote business-friendly services and processes and fuel downtown revitalization.

Together we will work hard to grow our community and help it sustain its quality of life. We will strive to ensure that we are a place to live where old and young alike can achieve their dreams in a vibrant tomorrow.



George H. LeBlanc
Mayor
City of Moncton

2012-2016 Council



Ward 2

Salisbury



René (Pepsi) Landry



Paul A. Pellerin

Ward
4



Ward
1



Shawn Crossman



Paulette Thériault

Moncton City Hall Hôtel de ville de Moncton



Dawn Arnold
Councillor-At-Large
conseillère générale



Pierre Boudreau
Councillor-At-Large
conseiller général

Moncton City Council Priorities to 2016

Operating Budget Priorities

1. Continue to foster a culture of fiscal responsibility.
2. Stimulate economic growth and development.
3. Implement public transit service improvements.
4. Establish a Tourism Marketing Fund.
5. Promote business-friendly services and processes.
6. Stimulate downtown revitalization.
7. Encourage environmental stewardship: trees, land, water, air quality
8. Attract and retain immigrants
9. Invest in parks and trails.
10. Launch Magnetic Hill Zoo five-year plan.
11. Promote Moncton as a sport and entertainment hub.
12. Support and promote art, culture and heritage; Incent public art with an emphasis in the downtown.
13. Establish seniors' centres and programs.
14. Enhance democracy in our local government
15. Improve enforcement of Moncton's bylaws.
16. Promote affordable housing/assist in poverty reduction.



Capital Budget Priorities

1. Reduce Moncton's infrastructure deficit.
2. Build a downtown centre for sports and entertainment.
3. Invest in street improvements (focus on developing complete streets).
4. Develop a North End Community Centre.
5. Build the new Elmwood Fire Station



City Manager's Message

As City Manager, I am proud to lead a team of dedicated municipal employees committed to delivering a wide range of services to the citizens of Moncton, with both quality and cost in mind.

Significant Progress in Key Areas

Responsible financial management

In 2013, the City of Moncton not only lived within its means, and continued to do more on a "pay as you go" basis; we invested almost \$22.6 million for water and sewer infrastructure and renewal and more than \$20.2 million on road and sidewalk construction and improvement projects.

Construction Activity

A combination of new retail developments, industrial and warehouse construction, health care facility renovations and the construction of three new schools all contributed to pushing Moncton to record its second highest building permit dollar value in the last 15 years.

A total of 969 permits were issued, valued at over \$188 million, up 18.4 percent from 2012.

Events, Tourism and Culture

In 2013, Moncton became the first municipality in Atlantic Canada to undertake a comprehensive cultural mapping project to identify and document the community's rich and diverse cultural resources. The City also presented and hosted a variety of events and festivals throughout all seasons. The strong resurgence of the Tidal Bore phenomenon created national and international awareness of the Petitcodiac River, with thousands of residents and visitors who lined the riverfront during the peak tides.

Overall, Moncton's tourism sector performed extremely well. In fact according to independent analysis undertaken by Cunningham and Associates, it was "the best performance by a Maritime destination in a decade."

Downtown Multipurpose Centre

Moncton took the first giant steps towards the purchase of land for the new multipurpose downtown centre.

In October, City Council engaged the services of Deloitte to help prepare the final Request for Proposals (RFP) document that will formally define the centre's specifications. This document will be provided to the two proponents retained by the city in June, 2013, EllisDon and Bird Construction.

The downtown centre, when built, must respect the community's needs for a sports and entertainment centre, and be affordable.

Quality of Life

Significant investments of time and resources were made to increase the quality of life in our community. The City invested \$5.3 million in recreation, parks and leisure services, including enhancements to sports fields, parks, trails, a bike park, and recreation master plan projects. In addition, \$5.6 million was dedicated to completing the construction of the Transportation Discovery Centre and close to \$751,000 to the Magnetic Hill Zoo for, among other initiatives, the Big Cats project and the playground upgrade.

The City funded its summer parks leadership program and provided enhancements to the Moncton Public Library valued at just over \$104,000.



An amount of \$200,000 was earmarked to study how the Moncton Coliseum might be repurposed as a community recreation centre and to begin architectural design work on a new north end community centre.

Finally, an action plan, developed and implemented to encourage increased commercial bilingual signage, places emphasis on assisting, encouraging and facilitating the private sector to increase its level of bilingual signage.

**A total of
969 permits
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up 18.4
percent from
2012.**

Transportation Master Plan

In September, the City of Moncton joined the City of Dieppe, the Town of Riverview and the Province of New Brunswick to move forward with the Destination2040 Regional Sustainable Transportation Master Plan. The resulting Master Plan, that addresses all modes of transportation, is expected to be unveiled in the fall of 2014.

Strategic Human Resources

We are grateful for all City of Moncton staff and acknowledge their excellent work and results on behalf of Monctonians. We employ strategic human resource management practices to secure the best possible delivery of services for our residents in exchange for their tax dollars.

For example, we successfully negotiated a four-year collective agreement with the City Hall Employees' Association.

With the recognition that most senior staff members can retire in the next five-years, a formal succession planning process began in 2013, including defining the core competencies required for future leaders. The results of this initiative will form the basis of learning plans for staff members that show the potential to advance to senior leadership positions in the organization.

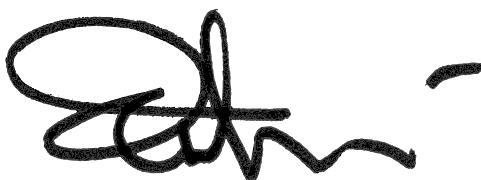
Distinctions

We were honored that the Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Moncton the Canadian Award for Financial Reporting for its 2012 Annual Report, as well as the Distinguished Budget Presentation Award for its 2013 Budget.

These distinctions reflect the commitment of our staff in the Finance Department, to meeting the highest principles of governmental budgeting and financial reporting. This also corresponds well with Council's top operational priority, which is to foster our culture of fiscal responsibility. Moncton also received the "Small Centre" National Public Works Week Award from the Canadian Public Works Association.

Challenges for the future

The future of this great city is bright and is closely linked to the principles of community engagement, partnerships, team work, fiscal discipline and political courage. It is clear we are up to the challenges ahead for we are, above all, a city of great character and compassion always receptive to positive changes and creative growth. Please accept our thanks for your contributions of the past and unwavering commitment to a brighter future.



Jacques Dubé
City Manager
City of Moncton

Organizational Chart

CITIZENS OF THE CITY OF MONCTON

MONCTON CITY COUNCIL

CITY MANAGER

Jacques Dubé

Internal Auditor
Bernard LeBlanc

General Manager

Corporate
Services
Catherine Dallaire

CFO / General Manager

Finance and
Administration Services
John Martin

General Manager

Community
Safety Services
Don MacLellan

General Manager

Legal and
Legislative Services
Stephen Trueman

Director
Tourism and Culture
Vacant

Deputy Treasurer
Corporate and Management
Accounting
Andrea Flanders

Director
Building Inspection
Sherry Sparks

Director, Legislative
Services / City Clerk
Barb Quigley

Director
Corporate Communications
Isabelle LeBlanc

Deputy Treasurer
Controller
Gregg Houser

Moncton Fire
Department Chief
Eric Arsenault

Solicitor
Anne Caron

Director
Information Systems
Dan Babineau

Director
Treasury Operations
Pearl Landry

General Manager
Codiac Transpo
Angela Allain

Solicitor
Nick Robichaud

Director
Strategic Initiatives
Claude Després

Director, Administration
and Operations Support
Stephen Mitton

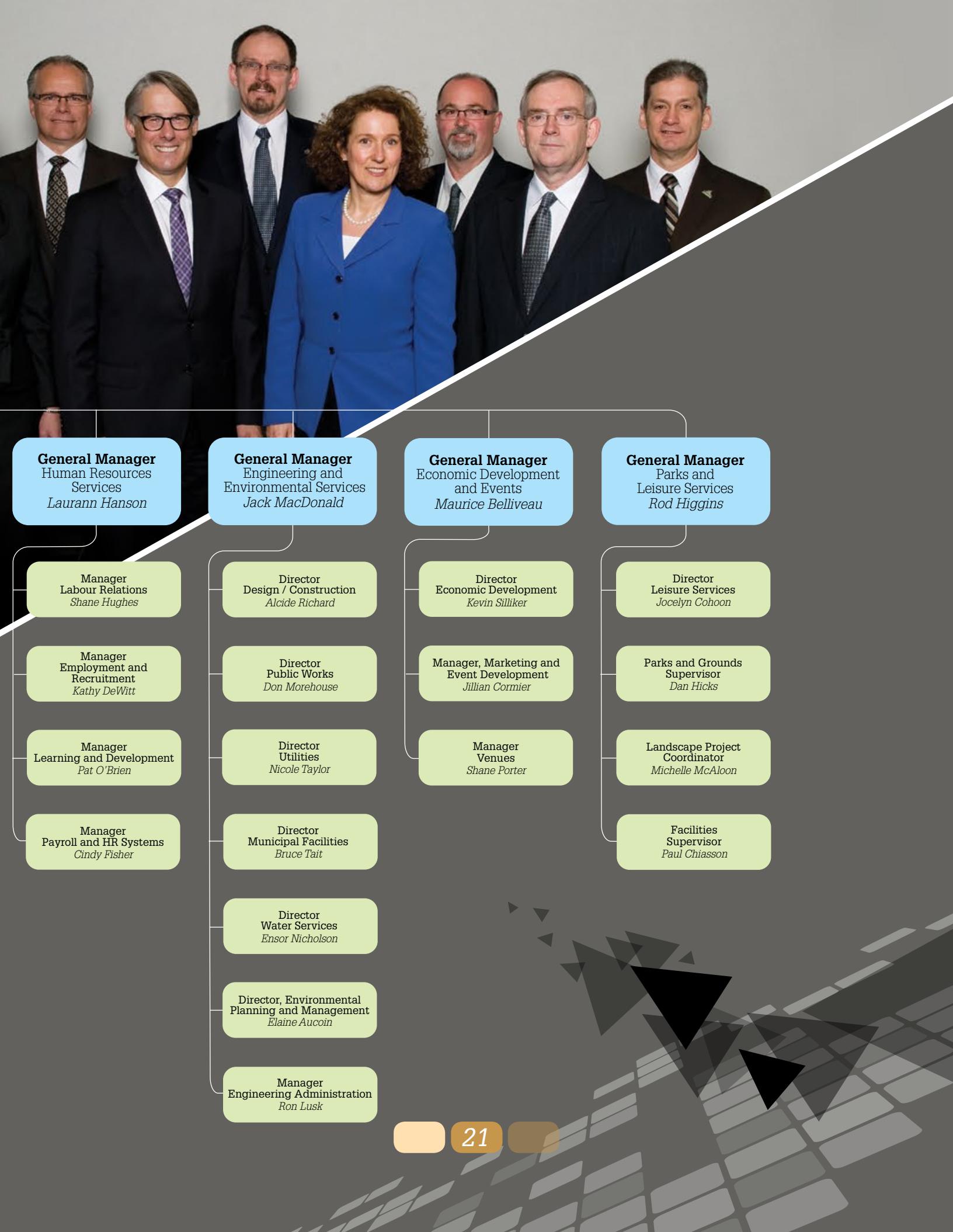
By-Law
Enforcement Officer
Amanda MacNeil

Senior Real Estate
Officer
John Gillis

{ LIAISON:
• Customer Service
• Special Projects

Manager
Purchasing
Tanya Carter

{ LIAISON:
• Codiac Regional RCMP
• EMO and EOC Management
• Special Projects
• Land-Use Planning



Strategic Plan

Introduction

In 2013, Moncton's City Council and Staff took up the challenge of how to ensure that the continued expansion of one of Canada's fastest growing cities occurs in a sustainable fashion.

Council and staff determined a course for future growth that would be mindful of Moncton residents' quality of life, environmental stewardship, and fiscal responsibilities.

Building a sustainable community is not just a buzz-word for our city. Council and staff and informed residents are all mindful that growth at any cost would place an unreasonable burden on future generations.

We are aware that communities who do not replenish their resources at an adequate rate can fall far behind, and we did not want to compromise the ability of the next generation of Monctonians to meet their needs.

Ultimately the City of Moncton Corporate Strategic Plan was presented to City Council by the City Manager in 2013 and it was accepted.

It establishes clear guidelines for council and staff priorities from now until 2016, the term of the current council. Furthermore, Moncton's Municipal Progress Report ("Report Card") will be publically presented annually to the community on the status of the priorities listed within the Corporate Strategic Plan.

The plan is built upon five distinctive pillars:

- **social**
- **environment**
- **culture**
- **economy**
- **governance**

In the pages that follow, we will explain these pillars and how they are intrinsically linked to the city's trademark sound financial planning and responsible management for the future.

We will illustrate how the city is already moving into this defined direction with the launch of certain initiatives in 2013 that will continue to grow in the years to come.

To read the city's complete strategic plan, go to:
http://www.moncton.ca/Government/Strategic_Plan.htm.



1

Social

Our Goal: To be a healthy community

Herbert Giradet, co-founder of World Future Council, once described a sustainable city as one that is organized to enable all its citizens to meet their own needs and to enhance their health and well-being without damaging the natural world or endangering the living conditions of other people, now or in the future. This is food for thought as we consider the “social” pillar of the City of Moncton’s sustainability plan.

The health of a community depends on safe drinking water, good quality air, healthy food and affordable housing as its basic concerns. It extends beyond municipal boundaries to include educational opportunities and the provision of good health care.

Within municipal boundaries, it encompasses safety in public places and programs catering to the needs of the young, the seniors, and special needs populations.

It also involves partnerships with individual residents for its full achievement. That is

because many of the choices that keep us healthy are personal, from what we eat to the amount of exercise we do and the way each of us handles stress.

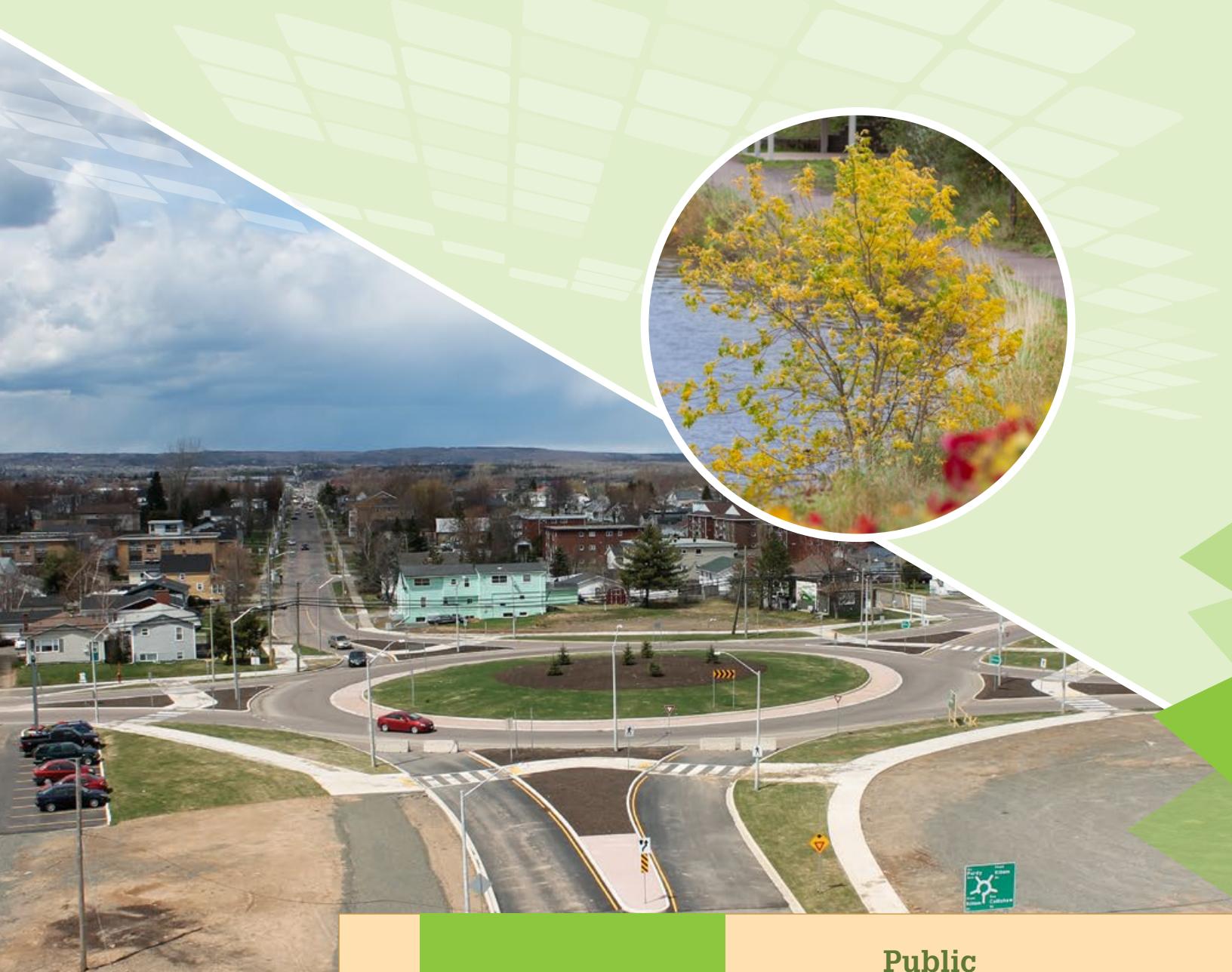
How can the City of Moncton assist its residents in staying healthy?

Our first commitment is to ensure that we consistently supply drinking water that meets or exceeds national guidelines.

City Council has further committed to actively participating in strategies that encourage affordable housing in our community.

They will also take steps to work with community associations dedicated to poverty reduction.

As part of ensuring the safety of residents, the city also committed in 2013 to completing the new fire station on Elmwood Drive to replace the aging McLaughlin Road fire station.



By the numbers

Public Transportation Improvements

\$126,304
Capital Budget Allocation

\$9,487,819
Operating Budget Allocation

We are engaged in improving our area's overall public transportation system, studying routes that will entail fewer stops, reduced travel time, increased ridership per capita and more frequent buses.

2

Environment

Our Goal: To be a green community

Our environment is the central pillar of our sustainable community and the foundation of a strong economy and a healthy population.

The City of Moncton adopted in 2013 a strategic goal of becoming a “green community.”

How do we set about achieving such a challenge?

The journey starts by focusing attention on five areas: sustainable energy, smart growth principles, urban forest, water, and transportation.

It is a reality that cities which are not developed with sustainability in mind gradually become more and more expensive to maintain. Infrastructure such as roads and sewer systems must be built and repaired at a reasonable rate, public transportation systems must be upgraded to become more energy efficient, and water supplies must be protected and expanded to handle future requirements.

If we fail in any of these areas, our residents could find themselves without sufficient water to quench their thirst and without adequate green spaces to restore their minds and bodies.

We are already moving towards achieving our environmental goals in significant areas.

Urban Forests

\$266,488

Operating Budget Allocation

The City of Moncton is working to increase our urban tree canopy with an extensive tree planting program. We are also working towards protecting trees during the preparation of raw land for development.

Water Supply

\$18,735,281

Capital Budget Allocation

\$14,878,296

Operating Budget Allocation

To ensure a potable water supply for decades, the city is constructing a second dam. Work continued in 2013.

Smart Growth

The city has identified the importance of finding ways to reduce its greenhouse gasses and improve air quality.

Infrastructure Upgrade

\$24,001,052

Capital Budget Allocation

\$17,176,801

Operating Budget Allocation

Street upgrades include the widening of Salisbury Road, improvements to Elmwood Drive (securing a provincial contribution), Woodhaven Crescent (ensuring safe access to Mountain Road for pedestrians), Ryan Road, Horsman Road and Twin Oaks.

3

Culture

Our Goal: To be a vibrant community

The vitality and quality of life in any community is closely related to the energy of its cultural engagement, expression, dialogue and celebration.

We are focused on ensuring Moncton sustains itself as a place where people want to live and work and visit.

What is it that makes a city vibrant?

It is that undercurrent of excitement that makes people eager to go out into the city and celebrate it and its offerings. It is a spirit that defines all its possible activities, a diversity of experiences and cultures coupled with a sense of pride.

It is physical places where people can gather and do things together. It is the inner pulse of the city that beats loudly and sustains its life. In Moncton, vibrancy was nourished in 2013 with the continuing growth and maintenance of our popular parks and trails systems, the enhancement of our key family attraction, the Magnetic Hill Zoo, the encouraging of diversity and public expression of culture through festivals through all seasons and the inclusion of more art in public places, support for our seniors centre, and the focus on creating more recreational centres in neighbourhoods in the future.

By the numbers

Parks and Trails

\$5,310,117
Capital Budget Allocation

\$8,007,692
Operating Budget Allocation

In a move to enhance the city's trail system, a priority is to develop trail connections to existing trails (i.e. Parlee Drive).

Magnetic Hill Zoo

\$750,900
Capital Budget Allocation

\$2,130,891
Operating Budget Allocation

In addition to maintaining the status of this leading attraction in New Brunswick, a five-year plan was undertaken for the zoo with a focus on the redesign of its geographic regions.





Arts and Cultural Programs

\$126,883

Operating Budget Allocation

The city is looking to increase public art in our downtown area.

Transportation Discovery Centre

\$5,596,046

Capital Budget Allocation

\$567,005

Operating Budget Allocation

Work continued on the city's newest attraction, the Transportation Discovery Centre, slated to open in 2014.

Seniors Centre and Programs

\$101,114

Capital Budget Allocation

\$101,501

Operating Budget Allocation

The city is moving to develop a strategy to ensure that seniors' programming is delivered in convenient locations.

4

Economy

Our Goal: To be a prosperous community

City Council in 2013 embraced the goal of being a “prosperous community” and recognized the scope that such an ambitious undertaking would entail.

To be prosperous means that our people can engage in meaningful work, that our businesses can retain their place in a competitive environment and expand in the future, that new businesses will be attracted to settle here, and that we can create wealth as a community.

A sustainable economy is one that can leverage its assets to support entrepreneurship and nourish and grow its human and technical resources.

In Moncton, we also want to find a way to support key sectors of economic growth, such as tourism, and help it to grow and sustain itself in the future.

We are also conscious that the initiatives we launch should be measurable.

We can accomplish these goals by focusing on economic development planning, the implementation of a fair hotel levy, instilling the qualities of a business friendly community, revitalizing our downtown, focusing on immigration, and maintaining and growing our status as a sports and entertainment hub. A number of significant steps were taken in 2013 to move in the direction of creating a prosperous community.

By the numbers

Economic Development Planning

\$396,098
Operating Budget Allocation

Arriving at a desired destination commences with a good roadmap. To move the City of Moncton closer to its goal of prosperity, the city allocated funds for the creation of an economic development plan that contained increased measurability.



PHOTO CREDIT: TIMES & TRANSCRIPT

Growth as Sports and Entertainment Hub

\$18,029

Capital Budget Allocation

\$72,440

Operating Budget Allocation

The city took steps to finalize the Magnetic Hill concert site plan in conjunction with stakeholders.

Immigration

\$100,468

Operating Budget Allocation

The City of Moncton led a community dialogue on immigration May 29-30 and discussed ways to improve and influence immigration in our region. The discussion will lead to a new strategy.

5

Governance

Our Goal: To be an engaged community

As a pillar of sustainability, governance refers to the myriad of organizations, individuals and institutions, including government, that make decisions which impact the lives of others.

It is crucial as we strive to sustainability that the decisions we make as a city reflect the needs and wants of our community. This cannot be done alone.

An engaged and active citizenry willing to help create solutions and participate in discussions about challenges facing the community is essential.

Specific areas of interest impacted under the pillar of governance are accountability, engagement, volunteers, youth, seniors and regional cooperation.

City staff and management will work hand-in-hand with City Council to maintain our climate of fiscal responsibility, providing ac-

countability for expenditures and budgets and holding the line on tax increases. In the long term, we are studying steps to improve the transparency of municipal government and increase citizen consultations. We plan to develop a five-year outlook on ways to enhance democracy and set specific targets.

We will look at improving bylaw enforcement using existing staff and funds.

One of our biggest challenges will be focusing on the controlled growth and support of our municipal labour force and implementing succession planning for critical positions.



At the core of our governance program, we know that we must first ensure that the City of Moncton remains able to attract, retain and motivate our staff in an increasingly competitive environment. The rationale is simply that without a skilled and dedicated staff,



there can be no delivery of quality public services. A city without a staff is just a collection of infrastructure and assets. The city is conscious that its employee demographics suggest a significant number of staff, about 40 per cent, will be eligible to retire in the

next five years. Besides replacing and training new staff, the city will strive to support and foster the ability of staff to adapt to the changing nature of work and the way they perform their job. They will provide opportunities for staff to take ownership of their personal de-

velopment and career goals. Municipal staff will need to meet the challenges of the future by being engaged and informed in order to manage effectively in a vertical and horizontal manner.

2013 Capital Works

Project Highlights

Water and Sewer Improvements

Almost \$23 million was invested in 2013 for water and sewer infrastructure improvements and renewal

Road and Sidewalk Construction

More than \$20 million was invested in road and sidewalk construction and improvement projects.

Recreation, Parks and Leisure Services

The City invested \$5.3 million in recreation, parks and leisure services, including enhancements to sports fields, parks, trails, a bike park, recreation master plan projects.

Tourism and Events

The City dedicated a total of \$6.5 million on Tourism and Events, of which \$5.6 million was dedicated to the Transportation Discovery Centre and nearly \$751,000 to the Magnetic Hill Zoo.

Downtown Centre

The creation of Moncton's new Downtown Centre was aided with a \$10 million investment for the purchase, demolition and cleanup of the Highfield Square property for the proposed new sports and entertainment facility.

Coliseum and North End Centre

A total of \$200,000 was allocated to study the feasibility of repurposing the Moncton Coliseum as a community recreation centre as well as to start architectural design work on a new north end community centre.



New Police Headquarters

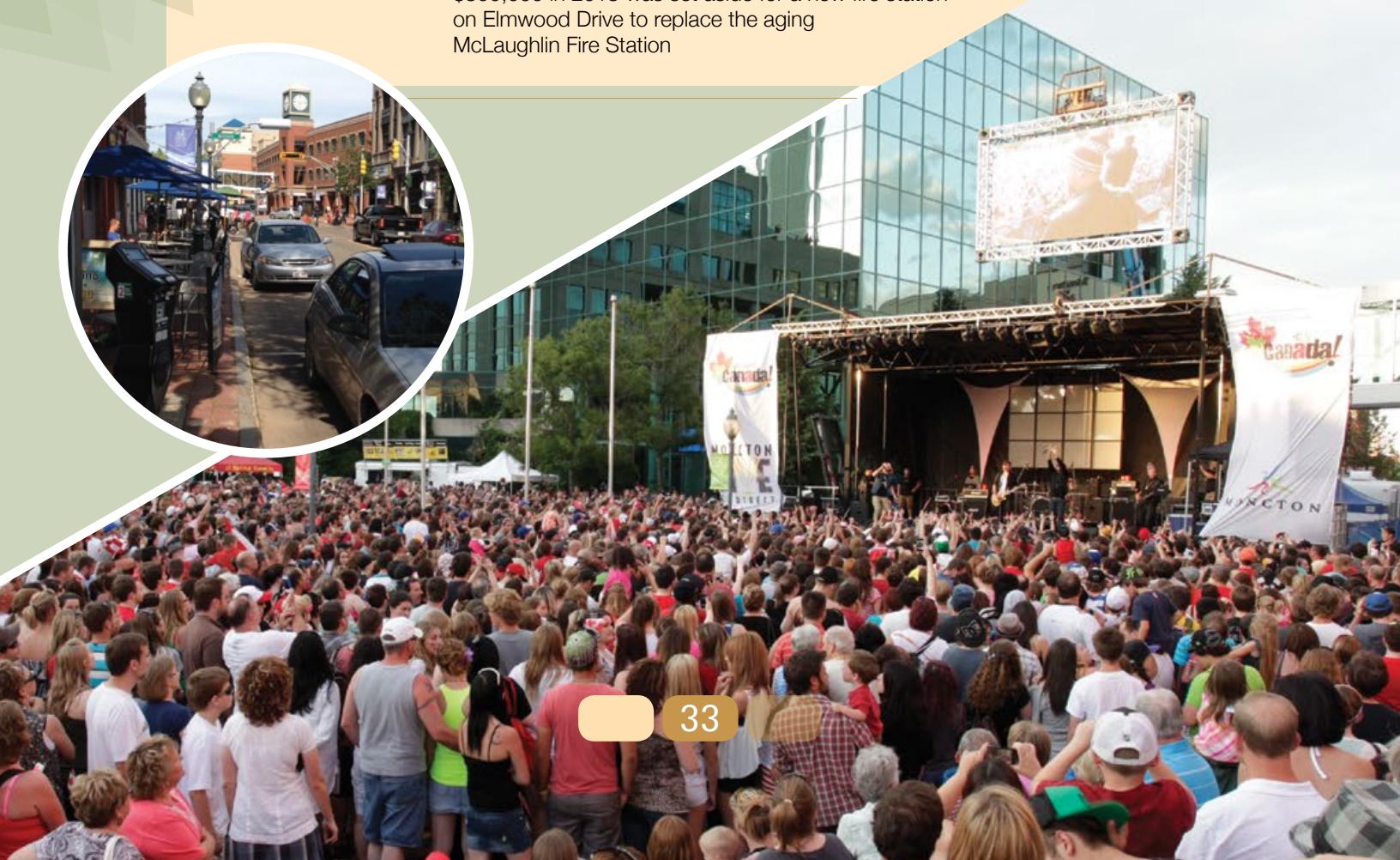
\$500,000 was set aside to study options for a new police headquarters

Improved Public Transit

An investment of \$425,000 was allocated towards the purchase of smaller buses as part of Codiac Transpo's annual fleet replacement

New Fire Station

\$300,000 in 2013 was set aside for a new fire station on Elmwood Drive to replace the aging McLaughlin Fire Station



2013 Capital Works

Net Spend \$

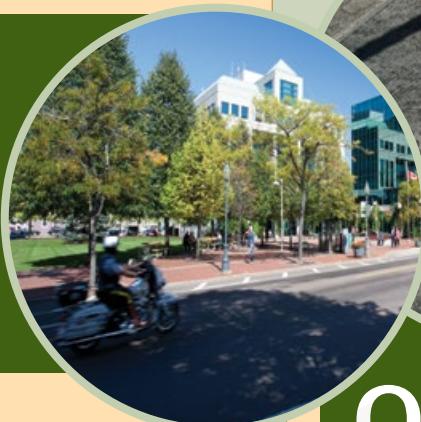
Water & Sewer

\$22,570,511



Community Safety Services

\$2,392,627



Other

\$3,435,822

Facility, Information Systems,
Parking and Other Upgrades

City Hall, upgrades to heat
exchanger, control software,
renovations, Other IT Upgrades

Codiac Transpo

Bus shelter, terminal and fleet

\$126,304

Fire

Replace two quint engine and apparatus, hose replacement and building upgrades

\$2,006,992

Police

Building upgrade program

\$259,331

Tourism & Events

\$6,514,155

Transportation Discovery Centre \$5,596,046

Coliseum Upgrades \$149,180
Partial roof replacement and rider scrubber sweeper

Concert Site Upgrades \$18,029
Legal Surveying - Gorge Rd. access

Magnetic Hill Zoo \$750,900
Big Cat project, Playground safety upgrades and site upgrade programs

Transportation Projects

\$20,165,822



Storm Sewer \$7,415,808

Sherrard Ave. \$649,613
Hildgarde Detention Basins \$237,122
Other Storm Sewer Projects \$2,035,808
Storm Sewer Masterplan Implementation \$521,723
Ryan Street Upgrade \$587,905
Subdivision Infrastructure Development \$3,383,637

Sidewalks \$58,378

Traffic Signals \$432,690

Berry Mills at Edingburg, Robinson Court upgrades, Elmwood drive at Transcanada Highway, Centracts Advanced Transportation Systems

Street Resurfacing & Reconstruction \$3,642,237
Colishaw, Edgett, St.-George Blvd.

Killam Drive Roundabout \$2,461,859

Ryan Street \$1,305,729

Berry Mills, Elmwood Drive widening \$2,157,590

Other \$184,521

Subdivision Infrastructure Development \$2,507,010

Recreation, Parks & Leisure Services \$5,310,117

Centennial Park Upgrades \$343,900
Ski bridge, Washroom upgrade, maintenance depot

Park Upgrades \$406,004
Victoria Park, Fairview Knoll, Grove Hamlet, East Street, Parlee Drive Park

Recreation Master Plan \$600,614
West Lane Park, Gagnon Park, Tobin St. Park, Freeman Park - Docking at Jones Lake, Evergreen Park and Canadian Heights Park

Field Upgrades \$2,699,542
Hal Betts, CN Sportsplex, Sportsfields renewals

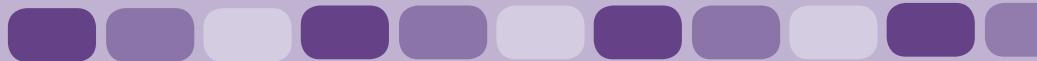
Moncton Library \$104,291
Building upgrades program

Trail Development and Upgrades \$271,209
Millenium, Irishtown Park Trails

Other Recreation Upgrades \$884,557
Senior Centres, Stadium Locker rooms, Bike Park, Outdoor Aquatics, Crossman Centre



Financial



CFO's Message

I am pleased to present the City of Moncton's audited consolidated financial statements for the year ending December 31, 2013.

The financial statements are the responsibility of the City's management. The financial statements have been audited by Grant Thornton LLP who have expressed their opinion that these statements present fairly, in all material aspects, the financial position of the City as at December 31, 2013. The financial section includes the Independent Auditor's Report, the 2013 audited financial statements and supplementary information for the City of Moncton.

The City's Annual Report has been awarded the Canadian Award for Financial Reporting by the Government Finance Officer's Association of the United States and Canada for the years ending December 31, 2011 and December 31, 2012. The City's Financial Statements continue to comply with all aspects of Public Sector Accounting Board and CICA standards for accounting and financial reporting.

The City is committed to sound fiscal management and maintains a system of internal accounting controls designed to safeguard the assets of the corporation and provide reliable financial information.

Financial Indicators & Financial Highlights

Net Debt

The public sector standards require that the municipality distinguish between financial and physical assets. In the consolidated statement of financial position, the financial assets, the financial liabilities and non-financial assets represents Net Debt. The net debt component is a key financial indicator that relates to the City's financial position as it reflects the relationship between annual surplus, tangible capital assets, and treatment of other inventories or expenses.

The tangible Capital Assets net book value reported is \$627 million representing historical costs of \$964 million and accumulated amortization of \$337 million, meaning that the City has used 34.9% of the useful life of the City owned tangible capital assets to its services provided. The tangible capital assets are a key component of the relationship between net debt and accumulated surplus. They represent the main drivers of many of the services and programs in the City.

The City strengthened its financial position in 2013, reducing its net debt by \$3.6 million.

Moncton is recognized as a vibrant, growing City with an excellent quality of Life.

Annual Surplus and Accumulated Annual Surplus

The annual surplus for the year of \$39.2 million represents all operating and capital activities. The surplus positively impacts the net debt position by \$3.6 million. Another component directly affecting the annual surplus is the non-financial assets which also increases the annual surplus by \$35.6 million.

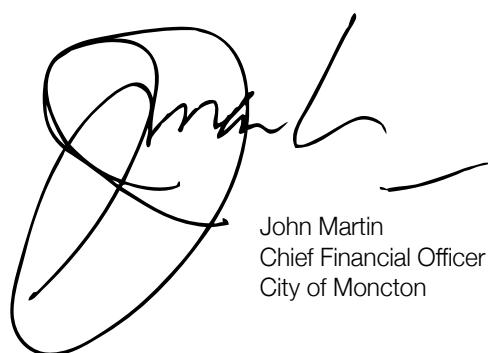
The results of \$39.2 million is explained by \$26.4 million increase General Operating Fund, a \$6.4 million increase in Reserves, a \$3.6 million increase in the Utility Operating Fund, \$3.5 million increase in Capital Funds and an (\$866,075) operating deficit of Moncton Industrial Development Limited, a subsidiary of the City.

The annual surplus of \$39.2 million improved the accumulated surpluses to \$495.6 million. This is a good indicator that the City is in a stable financial position.

Future Outlook

Moncton is recognized as a vibrant, growing City with an excellent quality of Life. To maintain and enhance this quality of life, and with a continued focus on current economic conditions, the City continues to address the many challenges it faces. With the implementation of a long term financial plan for the General Fund, a number of financial strategies are in place or are being developed to minimize tax rate risks and to address the ongoing funding gaps in the operating and capital budgets to ensure the long-term sustainability of the City.

The delivery of this report, and Moncton's continued success in managing its fiscal challenges, are made possible through the continued efforts of City staff. My appreciation is extended to all departments for their ongoing cooperation and assistance.



John Martin
Chief Financial Officer (CFO)
City of Moncton

Management Representation Letter

April 22, 2014

Grant Thornton LLP
633 Main St. Suite 500
Moncton, NB E1C 8P2

Dear Sirs:

We are providing this letter in connection with your audit of the consolidated financial statements of the City of Moncton as of December 31, 2013, and for the year then ended, for the purpose of expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, changes in net debt and cash flows of City of Moncton in accordance with Canadian public sector accounting standards.

We acknowledge that we have fulfilled our responsibilities for the preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal controls to prevent and detect fraud error. We have assessed the risk that the consolidated financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it's probable that its omission from or misstatement in the consolidated financial statements would influence the decision of a reasonable person relying on the consolidated financial statements.

We confirm, to the best of our knowledge and belief, as of April 22, 2014, the following representations made to you during your audit.

Financial statements

- 1 The consolidated financial statements referred to above present fairly, in all material respects, the financial position of the City as at December 31, 2013 and the result of its operations, changes in net debts and its cash flow for the year then ended in accordance with Canadian public sector accounting standards, as agreed to in the terms of the audit engagement.

Completeness of information

- 2 We have made available to you all financial record and related data and all minutes of the meetings of Council, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant Council actions are included in the summaries.

- 3 We have provided you with unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
- 4 There are no material transactions that have not been properly recorded in the accounting records underlying the consolidated financial statements. The adjusting journal entries which have been proposed by you are approved by us and will be recorded on the books of the City.
- 5 There were no restatements made to correct a material misstatement in the prior period consolidated financial statements that affect the comparative information.
- 6 We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
- 7 We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated financial statements or as the basis of recording a contingent loss.
- 8 We have disclosed to you all known deficiencies in the design operation of internal control over financial reporting of which we are aware.
- 9 We have identified to you all known related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.
- 10 You provided a non-audit service by assisting us with drafting the consolidated financial statements and related notes. In connection with this non-audit service, we confirm that we have made all management decisions and performed all management functions, have the knowledge to evaluate the accuracy and completeness of the consolidated financial statements, and accept responsibility for such consolidated financial statements.

Fraud and error

- 11 We have no knowledge of fraud or suspected fraud affecting the City involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the consolidated financial statement.
- 12 We have no knowledge of any allegations of fraud or suspect fraud affecting the City's consolidated financial statements communicated by employees, former employees, analysts, regulators or others.
- 13 We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud.

continued

Recognition, measurement and disclosure

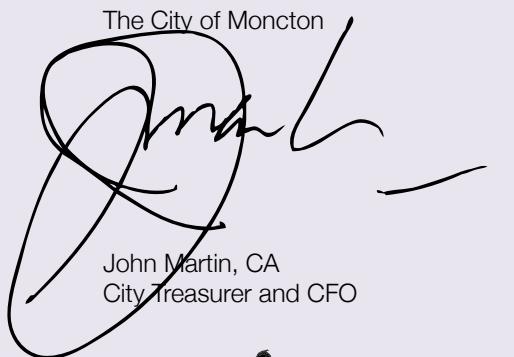
- 14 We believe that the significant assumptions used by us in making accounting estimates, including those used in arriving at the fair values of financial instruments as measured and disclosed in the consolidated financial statements, are reasonable and appropriate in the circumstances.
- 15 We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the consolidated financial statements.
- 16 All related party transactions have been appropriately measured and disclosed in the consolidated financial statements.
- 17 The nature of all material measurement uncertainties has been appropriately disclosed in the consolidated financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect to the change could be material to the consolidated financial statements.
- 18 Any business combined that occurred during the year has been properly accounted for with appropriate consideration of amounts that should be allocated to goodwill and other intangible assets.
- 19 There are no intangibles recorded on the books of the City.
- 20 All outstanding and possible claims, whether or not they have been disclosed with legal counsel, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
- 21 All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated financial statements. Refer to Note 13 of the consolidated financial statements.
- 22 All “off-balance sheet” financial instruments have been properly recorded or disclosed in the financial statements.
- 23 Any derivative financial instruments are purchased for speculative purpose. For any derivative financial instruments that the City has entered into we have used reasonable assumptions and methodologies in valuing these derivative financial instruments and have appropriately reflected all such transactions in the financial statement, including identifying and accounting for any embedded derivative financial instruments. We have provided to you the terms of transactions involving derivative financial instruments have been conducted at arm's length and at fair value. The City complies with the documentation required of the Canadian public sector accounting standards for derivative financial instruments that are conditions precedent to be specified hedge accounting treatments. As well we have provided to you details of any written options that the City has entered into.
- 24 With respect to environmental matters:
 - a) at year end, there were no liabilities or contingencies that have not already been disclosed in the financial statements; and
 - b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the consolidated financial statements, and;
 - c) commitments have been measured and disclosed, as appropriate, in the consolidated financial statements.

- 25 The City satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the City's assets nor has any been pledged as collateral.
- 26 We have disclosed to you, and the City has complied with, all aspects of contractual agreements that could have a material effect on the consolidated financial statement ion the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
- 27 The Good and Service Tax (GST) and Harmonized Sales tax (HST) transactions recorded by the City are in accordance with the federal and provincial regulations. The GST's and HST's liability/receivable amounts recorded by the City are considered complete.
- 28 Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of Section 3461 Employee Future Benefits of the Canadian Institute of Chartered Accountants (CICA) Handbook Part II – Accounting.
- 29 There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the consolidated financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustments of those financial statements and related notes.

Other

- 30 We have considered whether or not events have occurs or conditions exist which may cast significant doubt on the City's ability to continue as a going concern and have concluded that no such events or conditions are evident.

Yours very truly,

The City of Moncton

John Martin, CA
City Treasurer and CFO


Jacques Dubé
City Manager





Grant Thornton

Consolidated Financial Statements

City of Moncton

December 31, 2013

Independent auditors' report

To His Worship the Mayor
And Members of City Council

Grant Thornton LLP
Suite 500
633 rue Main Street, PO Box 1005
Moncton, NB
E1C 8P2

T +1 506 857 0100
F +1 506 857 0105
www.GrantThornton.ca

We have audited the consolidated statement of financial position of the City of Moncton as at December 31, 2013 and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net debt and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Moncton as at December 31, 2013 and the results of its operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Moncton, New Brunswick

April 22, 2014

Chartered Accountants

City of Moncton

Consolidated Statement of Financial Position

Year Ended December 31

2013

2012

Financial assets

Cash and cash equivalents	\$ 9,931,367	\$ 246,003
Restricted cash (Note 2)	622,904	664,310
Receivables (Note 3)	<u>27,778,329</u>	32,171,336
Mortgage receivable (Note 4)	1	1
Long-term investments (Note 5)	2,945,319	2,591,231
Land and land development	<u>16,025,180</u>	17,346,225
Unamortized debenture discounts	<u>1,199,891</u>	<u>1,181,050</u>
	<u>58,502,991</u>	<u>54,200,156</u>

Liabilities

Payables and accruals (Note 7)	29,757,431	27,419,675
Deferred government transfers (Note 8)	2,334,480	3,215,575
Long-term debt (Note 9)	<u>148,072,994</u>	148,880,246
Accrued pension liability (Note 10)	3,495,500	3,152,900
Other post employment liabilities (Note 11)	<u>8,865,900</u>	<u>9,180,505</u>
	<u>192,526,305</u>	<u>191,848,901</u>

Net debt

Net debt	(134,023,314)	(137,648,745)
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Non-financial assets

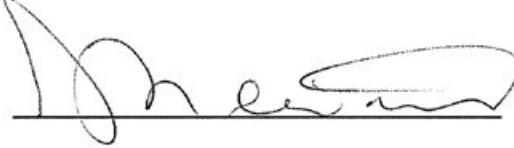
Tangible capital assets (Note 12)	627,388,179	591,207,973
Inventory of supplies	2,139,775	2,285,247
Prepays	<u>186,514</u>	<u>619,467</u>
	<u>629,714,468</u>	<u>594,112,687</u>

Accumulated surplus

\$ 495,691,154	\$ 456,463,942
-----------------------	-----------------------

Commitments and contingencies (Note 13)

On behalf of the Council



See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31

	2013	2012
Revenue		
Warrant of assessment	\$ 114,663,008	\$ 114,663,008
Unconditional transfers from Provincial Government	10,423,174	10,423,174
Federals grant in lieu	15,841	15,841
Government transfers for operating (Page 21)	868,308	874,397
Other revenue from own sources (Page 21)	11,330,671	12,351,081
Water and sewerage revenue (Page 21)	30,638,886	29,810,117
Interest	<u>590,000</u>	<u>1,218,684</u>
	<u>168,529,888</u>	<u>169,356,302</u>
Expenses (Pages 22 - 23)		
General government services	45,561,021	46,202,349
Protection services	32,570,004	32,266,025
Transportation services	27,325,289	26,664,620
Environmental health and development services	6,080,944	5,827,672
Recreation and cultural services	18,793,573	18,816,643
Water and sewer	<u>25,947,012</u>	<u>25,679,996</u>
	<u>156,277,843</u>	<u>155,457,305</u>
Annual surplus before capital contributions	12,252,045	13,898,997
Other contributed assets for capital (Page 21)	700,000	9,910,091
Government transfers for capital (Page 21)	<u>6,062,852</u>	<u>15,418,124</u>
Annual surplus	19,014,897	39,227,212
Accumulated surplus, beginning of year	-	456,463,942
Accumulated surplus, end of year	<u>\$ _____ -</u>	<u>\$ 495,691,154</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Changes in Net Debt

Year Ended December 31

2013

2012

	<u>PSAB Budget</u>		
Annual surplus	<u>\$ 19,014,897</u>	<u>\$ 39,227,212</u>	<u>\$ 41,876,441</u>
Acquisition of tangible capital assets	(48,800,000)	(60,200,924)	(65,345,411)
Proceeds on disposal of tangible capital assets	-	129,861	613,212
Amortization of tangible capital assets	23,556,556	23,556,556	22,203,445
(Gain) loss on sale of tangible capital assets	<u>-</u>	<u>334,301</u>	<u>(259,250)</u>
	<u>(25,243,444)</u>	<u>(36,180,206)</u>	<u>(42,788,004)</u>
Change in prepaid expenses	-	432,953	162,183
Change in supplies inventory	<u>-</u>	<u>145,472</u>	<u>(264,094)</u>
	<u>-</u>	<u>578,425</u>	<u>(101,911)</u>
Decrease (increase) decrease in net debt	(6,228,547)	3,625,431	(1,013,474)
Net debt, beginning of year	<u>(137,648,745)</u>	<u>(137,648,745)</u>	<u>(136,635,271)</u>
Net debt, end of year	<u>\$ (143,877,292)</u>	<u>\$ (134,023,314)</u>	<u>\$ (137,648,745)</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Cash Flows

Year Ended December 31

2013

2012

Net cash inflow (outflow) related to the following activities:

Operating activities

Annual surplus	\$ 39,227,212	\$ 41,876,441
Items not affecting cash:		
Amortization of tangible capital assets	23,556,556	22,203,445
Gain on sale of tangible capital assets	334,301	(259,250)
Change in accrued pension liability	342,600	(401,800)
Change in other post employment benefits	(314,605)	502,900
Changes in non-cash working capital:		
Change in receivables	4,393,007	1,727,764
Change in payables and accruals	2,337,756	(775,988)
Change in supplies inventory	145,472	(264,094)
Change in prepaid expenses	432,953	162,183
Change in land and land development	1,321,045	909,930
Change in debenture discounts	(18,841)	(64,607)
Net cash provided by operating activities	<u>71,757,456</u>	<u>65,616,924</u>

Capital activities

Acquisition of tangible capital assets	(60,200,924)	(65,345,411)
Change in deferred government transfers	(881,095)	1,119,288
Proceeds on sale of tangible capital assets	129,861	613,212
Net cash used for capital activities		
	<u>(60,952,158)</u>	<u>(63,612,911)</u>

Financing activities

Issuance of long-term debt	28,938,000	28,131,000
Repayment of long-term debt	(29,745,252)	(23,293,302)
Net cash used for financing activities		
	<u>(807,252)</u>	<u>4,837,698</u>

Investing activities

Change in investments	(354,088)	(320,097)
Net cash used for investing activities		
	<u>(354,088)</u>	<u>(320,097)</u>

Increase in cash and cash equivalents	9,643,958	6,521,614
Cash and cash equivalents (deficiency) at beginning of year		
	<u>910,313</u>	<u>(5,611,301)</u>

Cash and cash equivalents at end of year	<u>\$ 10,554,271</u>	<u>\$ 910,313</u>
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Summary of cash and cash equivalents:

Cash	\$ 9,931,367	\$ 246,003
Restricted cash	<u>622,904</u>	<u>664,310</u>
Cash and cash equivalents at end of year		
	<u>\$ 10,554,271</u>	<u>\$ 910,313</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

The Corporation of the City of Moncton (the "City") is incorporated and operates under the provisions of the Province of New Brunswick Municipalities Act.

The City provides municipal services such as police, fire, public works, engineering, parks and recreation, community development and other general government operations.

1. Summary of significant accounting policies

The consolidated financial statements of the City are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

a) **Reporting entity**

These consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in fund balances and change in financial position of the reporting entity. The City is comprised of all organizations, local boards and commissions that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources. In addition to the City's municipal government operations, they include the operations of Moncton Industrial Development Limited ("MID") and the Water and Light Department ("utility operations").

Inter-departmental and organizational transactions and balances are eliminated.

b) **Government transfers**

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for which expenses are not yet incurred are included in deferred revenue.

c) **Deferred revenue**

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired. In addition all funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenues until used for the purpose specified.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

1. Summary of significant accounting policies (continued)

d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

e) i) Tangible capital assets

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

Asset type	Years
Land improvements	15-25 years
Buildings and leasehold improvements	10-50 years
Vehicles and equipment	5-30 years
Computer hardware and software	5 years
Roads, streets, sidewalks and culverts	20-50 years
Parking lots	30 years
Water and wastewater networks	30-80 years

Interest on debt used to purchase tangible capital assets is not capitalized.

ii) Assets under construction

Assets under construction are not amortized until the asset is available for productive use.

iii) Contribution of tangible capital assets

Contributed capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

f) Inventories of materials and supplies

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and net realizable value.

g) Land inventory and development costs

Land held for resale in MID is carried at the lower of cost and net realizable value. Development costs are carried at the lower of cost and net realizable value as well. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing. Land and development costs are being amortized against the cost of lot sales.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

1. Summary of significant accounting policies (continued)

h) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

i) Employee future benefits

The City and its employees contribute to the City of Moncton Municipal Pension Plan, a jointly trustee pension plan. The Plan provides for service pensions based on length of service and rate of pay (a defined benefit plan).

In addition to the Municipal Pension Plan, other retirement benefits also accrue to the City's employees. The City allows a portion of unused sick benefits which have vested to be paid to employees upon retirement or resignation. The costs of these benefits are actuarially determined based on service and best estimate of retirement ages and expected future salary increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. The City also provides continuation of unused sick banks which do not vest to be used during the employees' period of employment.

j) Budget

The budget figures contained in these consolidated financial statements were approved by Council on February 18, 2013 and the Minister of Local Government approved the General Operating Budget on June 24, 2013, Capital Budget on March 26, 2013 and Utility Operating Budget on June 24, 2013.

k) Reserves and funds

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/from reserves and reserve funds are recorded as an adjustment within accumulated surplus. Schedule 4 "Schedule of Reserve Funds" to the consolidated financial statements is included to show the reserve fund balances as supplementary information.

i. Operating funds

Operating funds are established for general, and sewer operations of the City. Operating funds are used to record the costs associated with providing City services.

ii. Capital funds

Capital funds are established for general, water, and sewer capital. Capital funds track the acquisition cost of various capital assets and the financing of those assets, including related debt.

iii. Reserve funds

Under the Municipalities Act of New Brunswick, Council may establish discretionary reserves for each fund listed above. In addition the Community Planning Act requires that a statutory Land Reserve be established and maintained for the purposes of acquiring and developing land held for public purposes.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

1. Summary of significant accounting policies (continued)

I) Segmented information

The City is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the City's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments as follows:

General government services

This department is responsible for the overall governance and financial administration of the Municipality. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

Protective services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

Transportation services

This department is responsible for common services, roads and streets maintenance, street lighting, traffic services, parking and other transportation related functions.

Environmental health services and development services

This department is responsible for the provision of waste collection and disposal for planning and zoning, community development, tourism and other municipal development and promotion services.

Recreation and cultural services

This department is responsible for the maintenance and operation of recreational and cultural facilities, including the swimming pool, arena, parks and playgrounds and other recreational and cultural facilities.

Water and wastewater systems

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

m) Revenue recognition

These revenues are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

1. Summary of significant accounting policies (continued)

n) Expenses recognition

Expenses are recognized in the period that the goods and services were acquired and a liability was incurred. Expenses are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

o) Trusts funds

There are no trusts funds included in these financial statements as there are currently no trust funds administered by the City.

p) Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. As such, actual results could differ from the estimates. Areas requiring the greatest degree of estimation include provision for future employee benefits, valuation of donated capital assets, assessment of contingency liabilities, and allowance for doubtful accounts receivable.

2. Restricted cash

2013

2012

Restricted cash is comprised of the following:

Deposits on program funding – Transportation		
Discovery Centre	\$ 153,535	\$ 153,535
Deposits on land	64,189	190,978
Cash held to pay performance rebates on land sales	340,180	262,297
Cash held for transition fund	<u>65,000</u>	<u>57,500</u>
	<u>\$ 622,904</u>	<u>\$ 664,310</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

3. Receivables	2013	2012
Sewer construction improvements	\$ 21,348	\$ 53,783
City of Dieppe	373,696	236,912
Town of Riverview	150,461	128,440
Local improvements	126,943	151,789
Federal/Provincial government - capital and operating contributions	12,554,715	17,692,887
Federal/Provincial government - HST	2,092,898	1,617,752
Beausejour Gymnos	49,049	21,578
Canadian Football League	3,705	-
Magic Mountain Water Park Ltd.	56,500	56,500
Théâtre Capitol Theatre Inc.	168,796	182,888
Moncton Wildcats Junior Hockey Club Limited	22,880	21,446
Moncton Arena Partners	246,757	216,401
Rotary Club of Moncton, New Brunswick Inc.	80,000	100,000
Moncton Squash Club	103,172	108,172
Indoor Sports Management	61,182	99,962
Moncton Football Association Incorporated	310,246	350,607
Bernice MacNaughton High School Field of Dreams Committee	250,000	-
Harrison Trimble High School - Woody Hayes Field Committee	250,000	-
Jardine Auctioneers	112,916	-
Atlantic Nationals Automotive Extravaganza Ltd.	-	15,000
Other - various (net of allowance)	961,218	723,807
Water and sewer receivables	9,770,645	10,378,472
Moncton Industrial Development Limited receivables	11,202	14,940
	\$ 27,778,329	\$ 32,171,336

4. Mortgage receivable

The mortgage receivable of \$1.9 million is non-interest bearing with no set terms for repayment and represents a security position from the Théâtre Capitol Theatre Inc. as a result of the transfer of the Theatre property to that Corporation in 1999 equal to the City's net contribution to the refurbishment of the Theatre. An allowance provision has been recorded effectively reducing the carrying value to \$1 given that the mortgage continues without interest and without any terms for repayment. The City's legal position continues with a \$1.9 million first claim on the Theatre facility.

5. Long-term investments

The long-term investment of \$2,945,319 represents amounts deposited for the benefit of the City with Maritime Life Assurance Company in accordance with the Moncton Place lease agreement. Under the lease agreement, monthly deposits are to be invested to build a fund of \$7 million over 25 years that will be available for the City to use at its discretion in pursuing various options for the premises. The interest rate being applied is 10.135% and is fixed for the entire 25 years.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

6. Bank indebtedness

Bank indebtedness for operating purposes is within the limit prescribed by the Municipalities Act. The credit facility with the City's bank has combined authorizing borrowing limit of \$25 million for the City operations excluding Moncton Industrial Development Limited.

7. Payables and accruals	<u>2013</u>	<u>2012</u>
Accounts payable and commitments	\$ 16,025,473	\$ 14,597,235
Payable to the Policing Authority	5,898,545	5,149,379
Contractors' holdbacks	6,812,943	6,425,602
Interest on long-term debt	479,579	540,422
Moncton Industrial Development Limited payables, accruals and deposit on land	505,630	671,776
Local improvement deposits	<u>35,261</u>	<u>35,261</u>
	<u>\$ 29,757,431</u>	<u>\$ 27,419,675</u>

8. Deferred government transfers

Deferred government transfers represent Department of Transportation and gas tax amounts held at year end to be applied to approved projects. These deferred contributions consist of the following:

	<u>2013</u>	<u>2012</u>
Federal contributions - Gas tax	\$ 2,334,480	\$ 1,819,363
Provincial contribution - Department of Transportation	<u>-</u>	<u>1,396,212</u>
	<u>\$ 2,334,480</u>	<u>\$ 3,215,575</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

9. Long-term debt	2013	2012
<u>New Brunswick Municipal Financing Corporation</u>		
Debentures:		
AO3 3.05% - 5.0%, due 2013, OIC #01-0015	\$ -	\$ 818,100
AP11 2.75% - 5.125%, due 2013, OIC #01-0015, #02-0018	-	798,000
AP12 2.75% - 5.125%, due 2013, OIC #01-0015	-	573,000
AQ1 2.75% - 5.5%, due 2014, OIC #02-0018	956,100	1,863,000
AR9 2.75% - 4.8%, due 2014, OIC #02-0018, #03-0017	912,000	1,783,000
AR10 2.75% - 4.8%, due 2014, OIC #02-0018	411,000	803,000
AS1 2.85% - 4.35%, due 2015, OIC #03-0017, #03-0020, #04-0010	1,804,000	2,653,000
AT12 3.75% - 4.375%, due 2015, OIC #03-0017, #04-0010	1,780,000	2,616,000
AT13 3.75% - 4.375%, due 2015, OIC #03-0017	823,000	1,211,000
AU1 4.15% - 4.7%, due 2015, OIC #04-0010, #05-0016	4,117,000	5,378,000
AV13 4.15% - 4.45%, due 2015, OIC #05-0016	1,249,000	1,632,000
AV14 4.15% - 4.45%, due 2015, OIC #04-0010	3,025,000	3,951,000
AW1 4.3% - 4.55%, due 2016, OIC #00-0018, #03-0017, #04-0010, #05-0016, #06-0019	5,430,000	6,644,000
AX12 4.45% - 4.85%, due 2017, OIC #06-0019	3,234,000	3,954,000
AY5 3.3% - 4.85%, due 2018, OIC #05-0016, #06-0019, #07-0015, #07-0093	6,701,000	7,943,000
AY6 3.3% - 4.85%, due 2018, OIC #05-0016	4,094,000	4,812,000
AZ10 2.1% - 5.55%, due 2018, OIC #04-0010, #05-0016	3,300,000	3,903,000
BA7 0.95% - 5%, due 2019, OIC #05-0016, #06-0019, #07-0015, #08-0014	9,058,000	10,839,000
BA8 0.95% - 5%, due 2019, OIC #06-0019	1,939,000	2,235,000
BC5 1.5% - 4.55%, due 2020, OIC #07-0015, #08-0014, #09-0025	11,423,000	12,877,000
BC6 1.5% - 4.55%, due 2020, OIC #07-0015	3,467,000	3,896,000
BD11 1.5% - 3.85%, due 2020, OIC #07-0015, #08-0014	7,008,000	7,937,000
BE21 1.65% - 4.25%, due 2021, OIC #08-0014, #09-0025, #10-0018	12,768,000	14,439,000
BE2-2 1.65% - 4.25%, due 2021, OIC #09-0025, #10-0018	4,391,000	4,870,000
BF9 1.35% - 3.45%, due 2021, OIC #09-0025, #10-0018	5,186,000	5,777,000
BG10 1.65% - 3.4% due 2022, OIC #06-19, #08-14, #09-0025, #10-0018, #10-0068, #11-0038, #11-0100	13,828,000	15,415,000
BH12 1.35% - 3.1% due 2022, OIC #06-19, #08-14, #09-0025, #09-0072, #10-0018, #11-0038, #12-0016	2,616,000	3,011,000
BH13 1.35% - 3.1% due 2022 OIC #06-19, #07-15, #08-14, #09-0025, #10-0018, #11-0038	8,782,000	9,705,000
BI9 1.35% - 3.25%, due 2023, OIC #09-0025, #10-0018, #11,0038, #12-0016	7,926,000	-
BI10 1.35% - 3.25%, due 2023, OIC #09-0025, #12-0016	1,562,000	-
BJ10 1.25% - 3.70%, due 2023, OIC #09-0025, #10-0018, #10-0068, #11-0038 #12-0016, #13-0010	11,454,000	-
BJ11 1.25% - 3.70%, due 2023, OIC #06-0019, #08-0014, #09-0025, #10-0018 #11-0038, #12-0016	3,596,000	-
	<u>142,840,100</u>	<u>142,336,100</u>
<u>Maritime Life Assurance Company</u>		
Mortgage payable, 8.186%, due 2019.	836,562	944,146
<u>Scotiabank Bankers Acceptance - Moncton Industrial Development Limited</u>		
Credit facility at banker's acceptance per annum, maturing in 2017 with principal repayments based on lot sales.	4,396,332	-
Repaid during the year.	<u>5,600,000</u>	<u>\$ 148,880,246</u>
	<u>\$ 148,072,994</u>	<u>\$ 148,880,246</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

9. Long-term debt (continued)

The loan with Maritime Life Assurance Company is amortized over twenty-three and three quarter years and matures on November 1, 2019. The loan bears a fixed rate of interest of 8.186% and is secured by leaseholds and a collateral mortgage on certain lands adjacent to City Hall.

Principal payments required during the next five years are as follows:

2014	\$ 25,211,572	2017	\$ 18,690,294
2015	23,099,309	2018	16,185,684
2016	21,423,859		

Approval of the Municipal Capital Borrowing Board has been obtained for the debenture debt reported and all the long-term debt has been approved by an Order-in-Council of the Provincial Legislature.

10. Accrued pension liability

Pension benefits are provided to employees of the City under the Pension Plan for the Employees of the City amended and assented to February 26, 1998. Employees contribute to the plan, which provides for service pensions based on length of service and rate of pay (a defined benefit plan). The City's contribution limits were initially fixed by legislation at 6.65% of employee earnings plus a lump sum amount of \$25,000 per annum. Effective January 2007, the City's contribution limit was increased to 9% of employee earnings.

Effective March 7, 2014, the City's contribution limit will be increased to 10% of employee earnings. An amendment is pending regarding changes to benefits adopted by the Pension Board on October 31, 2013. This amendment is not considered in this valuation.

Employees make contributions equal to 9% of earnings, and the City contributes an equal amount. The contribution by the City in the year was \$3,376,800 (2012 - \$3,062,900). Total benefit payments to retirees during the year were \$9,700,300 (2012 - \$10,023,100). A separate pension fund is maintained. The City is in a net funded position for accounting purposes at December 31, 2013, as follows:

	<u>2013</u>	<u>2012</u>
Fair market value of plan assets	\$ 195,939,900	\$ 178,402,900
Accrued benefit obligation	<u>(189,239,700)</u>	<u>(184,014,100)</u>
	<u>6,700,200</u>	<u>(5,611,200)</u>
Unamortized actuarial gains (losses)	<u>10,195,700</u>	<u>(2,458,300)</u>
Accounting pension liability	<u>\$ (3,495,500)</u>	<u>\$ (3,152,900)</u>

Actuarial valuations for accounting purposes are performed annually using the projected benefit method prorated on services. The 2013 expenditure/expense is based on an actuarial valuation for accounting purposes conducted as at June 30, 2012 and extrapolated to December 31, 2012 reflecting December 31, 2012 assumptions and actual cash flows. The accrued benefit obligation as at December 31, 2013 is based on another actuarial valuation conducted as at June 30, 2013 and extrapolated to December 31, 2013 reflecting December 31, 2013 assumptions and actual cash flows. There is a net unamortized actuarial gains to be amortized on a straight-line basis over the expected average remaining service life of the employee group (16 years).

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

10. Accrued Pension liability (continued)

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the City's best estimates:

	<u>2013</u>	<u>2012</u>
(a) Discount rate	6.75%	6.25%
(b) Rate of compensation increases	2.65%	2.65%
(c) Rate of inflation	2.10%	2.25%
 (a) Mortality		
	CPM – 2014 Public mortality table with CPM-B projection scale AA.	
 Retirement age		
	60% at earliest retirement age without reduction and remainder at age 65.	
	<u>2013</u>	<u>2012</u>
Current period benefit cost	\$ 6,766,000	\$ 6,093,300
Amortization of actuarial gains	<u>(14,600)</u>	<u>(367,500)</u>
	6,751,400	5,725,800
Less: employee contributions	<u>(3,376,800)</u>	<u>(3,063,700)</u>
Pension expense	3,374,600	2,662,100
Interest cost on the average accrued benefit obligation (asset)	<u>344,800</u>	<u>(1,000)</u>
 Total expenses related to pension	\$ 3,719,400	\$ 2,661,100

The employer contribution expense of \$3,376,800 is included in the consolidated statement of operations as a component of department expenses. The change in pension liability of \$342,600 is recorded in the general government services.

	Percentage of Plan Assets
Benefit plan assets consist of:	<u>2013</u>
Bonds	41.20%
Canadian equities	18.70%
International equities	38.70%
Short-term investments	<u>1.40%</u>
	100.0%
	<u>100.0%</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

11. Sick and other post-employment liabilities

The City provides various groups of employees in accordance with applicable collective agreements the ability to accumulate sick bank benefits payable either upon retirement or resignation.

	<u>2013</u>	<u>2012</u>
Employee benefits obligations		
Vested benefits	\$ 6,955,700	\$ 8,268,705
Unamortized actuary gains (losses) vested	429,500	(519,500)
Non-vested benefits	2,298,300	1,431,300
Unamortized actuary (losses) non-vested	(817,600)	-
Accrued employee benefit obligation	\$ 8,865,900	\$ 9,180,505
 Accrued employee benefit obligation	 \$ 8,865,900	 \$ 9,180,505
Less: funded amount	(2,178,923)	(1,803,972)
Unfunded employee benefit obligation	6,686,977	7,376,533
Less: non-vested benefits	(1,480,700)	(1,431,300)
Vested benefits to be funded from future revenue	\$ 5,206,277	\$ 5,945,233

Vested benefits represent the City's liability for future employee benefits including sick leave banks and lump sum retirement payments in the year of retirement or resignation which are contractually required to be paid to an employee independent of his or her further employment. Non vested benefits represent the City's estimated liability of future costs related to benefits for employees that are conditional on his or her future employment.

The actuarial method used was the projected benefit method prorated on service to calculate the accrued benefit obligation. The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions used reflect the City's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increase is 2.65% (2012 - 3.25%);
- the discount rate used to determine the accrued benefit obligation is 3.75%;
- retirement age is 65; and
- estimated net excess utilization of rate of sick leave varies with age.

The sick leave is an unfunded benefit. Benefits are paid out of general revenue as they come due.

City of Moncton
Notes to the Consolidated Financial Statements
December 31, 2013

12. Consolidated tangible capital assets

General Capital Assets										Water and Sewer Assets			
	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer, Hardware and Software	Land Improvements	Asset under Construction	Parking Lots	Road, Streets, Sidewalks, Culverts	W&S Buildings and Leasehold Improvements	Water and Sewer	Assets under Construction	2013	2012	
Cost	\$ 18,434,809	\$ 71,954,131	\$ 47,120,028	\$ 8,061,732	\$ 35,723,139	\$ 12,664,871	\$ 11,770,231	\$ 251,938,096	\$ 47,386,231	\$ 366,912,454	\$ 35,760,663	\$ 907,726,385	
Opening cost													
Additions and transfers	222,801	1,879,327	4,233,842	366,106	3,304,575	8,477,340	68,898	12,323,850	-	22,348,545	6,975,640	60,200,924	
Disposals and transfers	-	-	(1,501,516)	-	-	-	-	(1,520,002)	-	-	-	(3,021,518) (1,223,560)	
Closing cost	18,657,610	73,833,458	49,852,354	8,427,838	39,027,714	21,142,211	11,839,129	262,741,944	47,386,231	389,260,999	42,736,303	964,905,791	907,726,385
Accumulated amortization													
Opening accumulated Amortization	-	(28,666,637)	(30,339,177)	(6,435,305)	(13,642,484)	-	(5,696,579)	(102,012,687)	(23,926,503)	(105,798,990)	-	(316,518,412) (295,184,565)	
Amortization	-	(1,923,018)	(3,462,099)	(906,609)	(2,148,648)	-	(386,736)	(7,989,216)	(1,169,879)	(5,570,351)	-	(23,556,556) (22,203,445)	
Disposals	-	-	1,308,057	-	-	-	-	1,249,299	-	-	-	2,557,356 869,598	
Closing accumulated amortization	-	(30,589,705)	(32,493,219)	(7,341,914)	(15,791,132)	-	(6,083,315)	(108,752,604)	(25,096,382)	(111,369,341)	-	(337,517,612) (316,518,412)	
Asset net book value	\$ 18,657,610	\$ 43,243,753	\$ 17,359,135	\$ 1,085,924	\$ 23,236,582	\$ 21,142,211	\$ 5,755,814	\$ 153,989,340	\$ 22,289,849	\$ 277,891,658	\$ 42,736,303	\$ 627,388,179	\$ 591,207,973

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

13. Commitments and contingencies

Commitments

- (a) In 1996, the City entered into a new long-term lease agreement to lease the new City Hall complex, for 25 years, which includes an option to purchase. The minimum annual lease payments are as follows:

2014	\$ 1,389,384
2015	1,389,384
2016	1,473,671
2017	1,533,876
2018	1,533,876

In addition, an amount approximating \$74,688 per year is being allocated to the General Capital Reserve (formerly the City Hall Development Fund) and invested through an arrangement under the lease. These funds would be available under the lease agreement for the City to exercise various options at its discretion.

- (b) Under the terms of a lease for the City library which is now assigned to Fortis Properties Inc., the City is responsible for the proportionate share of the common area operating costs. In 2013 this approximated \$624,928 and approximately 46% was recovered from the Province under a sub-lease for its proportionate share of the costs. The lease expires in 2053.
- (c) Under a lease agreement for computers with Dell Financial Services Canada Limited, the City is committed to lease payments totaling \$189,635 in 2014, \$174,410 in 2015, \$114,128 in 2016, and \$29,823 in 2017, plus HST.
- (d) The City is committed under an agreement with Moncton 4Ice Sports Inc. (the Service Provider) to pay a service fee of \$119,430 per month for a total of \$1.433 million annually to provide and operate the 4Plex facility for the benefit of the citizens of Moncton. The initial term of the agreement is for 20 years with a 10 year renewal option. The City also has the ability to exercise purchase options after 20 and after 30 years.
- (e) The City is committed to provide \$500,000 to the Atlantic Ballet Theatre of Canada over a 10 year period of \$50,000 per year. At December 31, 2013, 3 installments remain.
- (f) City has entered into a number of multi year contracts for the delivery of services, the construction of assets, and operating leases. These contract obligations will become liabilities in the future when the terms of the contract are met.
- (g) Subsequent to December 31, 2013, the City has entered into an agreement to acquire a parcel of land, which is a portion of the former Highfield Square Property. The purchase price is \$12,500,000.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2013

13. Commitments and contingencies (continued)

Contingencies

- a) City Council has approved the extension of a \$150,000 loan guarantee for the Atlantic Ballet Theatre of Canada. This guarantee commenced on January 1, 2010 and loan guarantee will expire on December 31, 2014. At December 31, 2013, the guarantee stands at \$60,000.
 - b) The City has an outstanding claim against it for approximately \$8.9 million for additional compensation for the expropriation of approximately 600 acres of wooded land on Berry Mills Road. The eventual outcome of this claim is not determinable at year end.
 - c) In the normal course of the City's activities, the City is subject to a number of claims and litigation. The City intends to defend and negotiate such claims and litigation. The eventual outcome of these claims and litigation is not determinable at year end.
-

14. Regulatory reporting

The Department of Local Government of New Brunswick has requested some disclosures in addition to Canadian Public Sector Accounting Standards for monitoring purposes. The City has provided these disclosure requirements in the consolidated financial statements provided to the Department of Local Government of New Brunswick.

15. Reclassification

Certain amounts in the prior year balances have been reclassified to conform to the current year Financial Statement presentation. These reclassifications have not any impact on previously reported Surplus.

16. Tangible capital asset contributions from a third party	<u>2013</u>	<u>2012</u>
<u>Utility:</u>		
Water distribution	\$ 1,475,330	\$ 1,893,800
Sanitary sewer	<u>1,387,326</u>	<u>2,189,629</u>
	<u>2,862,656</u>	<u>4,083,429</u>
<u>Treasury:</u>		
Storm sewers	2,916,361	2,942,445
Road construction	2,552,931	2,210,288
Sidewalks	<u>515,171</u>	<u>471,346</u>
	<u>5,984,463</u>	<u>5,624,079</u>
	<u>\$ 8,847,119</u>	<u>\$ 9,707,508</u>

City of Moncton

Schedule 1: Consolidated Schedule of Revenues

Year ended December 31, 2013

2013

2013

2012

	Budget	Actual	Actual
Government transfers for capital			
Department of Transportation	\$ 300,000	\$ 1,504,292	\$ 42,862
Infrastructure program	-	83,290	51,307
Canadian Heritage			1,000,000
Regional Development Corporation	-	2,093,055	-
Department of Transportation - designated highways	550,000	258,573	-
Infrastructure Canada - gas tax program	4,983,000	4,467,804	5,267,640
Other government	-	-	17,699
Moncton Industrial Development Limited - grants	229,852	255,022	269,155
Federal/Provincial contributions - water and sewer	-	6,756,088	10,555,896
	<u>\$ 6,062,852</u>	<u>\$ 15,418,124</u>	<u>\$ 17,204,559</u>
Government transfers for operating			
Provincial contributions	\$ 689,308	\$ 695,334	\$ 700,211
Other local governments	179,000	179,063	179,063
	<u>\$ 868,308</u>	<u>\$ 874,397</u>	<u>\$ 879,274</u>
Other contributions for capital			
Donated assets - developers (Note 16)	\$ -	\$ 8,847,119	\$ 9,707,508
Organizations and individuals	700,000	721,447	669,917
Local improvement and branch sewer recoveries	-	341,525	269,615
	<u>\$ 700,000</u>	<u>\$ 9,910,091</u>	<u>\$ 10,647,040</u>
Other revenue from own sources			
Licenses and permits - building permits	\$ 980,000	\$ 1,414,333	\$ 1,249,499
- other	841,109	816,726	610,913
Fines and fees	506,000	508,861	582,104
Parking	2,221,594	2,117,568	2,149,125
Rent	37,000	39,445	127,049
Miscellaneous	254,793	281,318	263,516
Protection	3,500	11,582	5,398
Transportation - other	153,000	142,487	159,546
Public transit	3,799,368	3,184,193	2,030,787
Magnetic Hill Zoo	1,077,000	1,271,535	1,118,642
Magnetic Hill Park	135,000	137,396	336,300
Other recreational	419,250	416,600	446,016
Coliseum - Agrena	884,557	549,671	1,026,255
(Loss) gain on sale of assets	-	(334,300)	259,250
Cash received in lieu	-	20,845	48,149
Water and sewer other revenue	18,500	36,473	36,466
Moncton Industrial Development Limited – land sales	-	1,736,348	723,475
	<u>\$ 11,330,671</u>	<u>\$ 12,351,081</u>	<u>\$ 11,172,490</u>
Water and sewerage revenue			
Water user charges	\$ 18,331,340	\$ 17,384,183	\$ 17,330,249
Sewer user charges	4,877,071	4,761,481	4,702,287
Sewer treatment levy	7,430,475	7,664,453	7,317,419
	<u>\$ 30,638,886</u>	<u>\$ 29,810,117</u>	<u>\$ 29,349,955</u>

City of Moncton

Schedule 2: Consolidated Schedule of Expenses

Year Ended December 31

	2013	2013	2012
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Mayor and Councillors	\$ 574,612	\$ 562,223	\$ 567,432
City Manager and Internal Audit	351,188	337,369	326,700
Corporate Services	148,651	142,709	145,403
Finance and administration	2,278,494	2,177,643	2,121,526
Information systems	1,824,494	1,816,835	1,686,190
Human resources	1,495,476	1,347,388	1,337,245
Legislative services	998,891	961,771	1,080,935
City Hall building	1,762,966	1,738,748	1,819,717
Corporate communications	771,742	762,470	784,897
Other general administration	3,884,016	3,792,742	3,834,334
Grants	1,089,126	1,129,693	1,354,192
Corporate planning and policy development	386,491	381,309	331,463
Moncton Industrial Development Limited	<u>768,428</u>	<u>2,535,732</u>	<u>2,012,536</u>
	<u>16,334,575</u>	<u>17,686,632</u>	<u>17,402,570</u>
Amortization	23,553,165	23,556,556	22,203,445
Interest	3,784,108	3,867,230	4,142,341
Pension	342,600	342,600	(401,800)
Post-retirement liabilities	1,081,573	392,017	853,701
Maintenance facilities	<u>465,000</u>	<u>357,314</u>	<u>287,408</u>
	<u>\$ 45,561,021</u>	<u>\$ 46,202,349</u>	<u>\$ 44,487,665</u>
Protection services			
Police	\$ 17,716,668	\$ 17,756,095	\$ 17,788,126
Fire	12,298,946	12,141,431	11,898,715
Building inspection	1,801,052	1,626,172	1,379,256
Other protective services	<u>753,338</u>	<u>742,327</u>	<u>750,146</u>
	<u>\$ 32,570,004</u>	<u>\$ 32,266,025</u>	<u>\$ 31,816,243</u>
Transportation services			
Engineering administration	\$ 2,034,782	\$ 2,052,719	\$ 1,813,260
Roads, streets and equipment	10,248,820	10,236,228	9,263,732
Street lighting	2,340,799	2,371,910	2,333,960
Traffic and parking	2,251,258	2,049,715	2,137,714
Public transit	9,966,699	9,487,819	7,366,954
Other transportation	<u>482,931</u>	<u>466,229</u>	<u>464,697</u>
	<u>\$ 27,325,289</u>	<u>\$ 26,664,620</u>	<u>\$ 23,380,317</u>
Environmental health and development services			
Garbage and waste collection	\$ 3,485,209	\$ 3,400,975	\$ 3,200,464
Planning commission grant	37,231	(7,019)	596,655
Development	1,728,671	1,554,845	1,060,225
Tourism	<u>829,833</u>	<u>878,871</u>	<u>832,731</u>
	<u>\$ 6,080,944</u>	<u>\$ 5,827,672</u>	<u>\$ 5,690,075</u>

City of Moncton

Schedule 2: Consolidated Schedule of Expenses

(continued)

Year Ended December 31	2013	2013	2012
Recreation and cultural services		Budget	Actual
Parks and Leisure Services	\$ 7,872,647	\$ 8,007,692	\$ 7,480,602
Events and Venues	1,877,000	1,993,266	1,729,640
Library	536,079	434,138	502,767
Magnetic Hill Park	424,901	359,580	723,374
Museum	657,102	567,005	508,147
Magnetic Hill Zoo	2,138,502	2,130,891	2,113,117
Program planning and development	174,090	141,876	124,682
Arenas	2,231,157	2,230,697	2,251,004
Coliseum - Agrena	2,235,243	2,144,866	1,992,191
Other cultural programs and services	159,142	126,883	170,170
Capitol Theatre grant	487,710	679,749	742,480
	<u>\$ 18,793,573</u>	<u>\$ 18,816,643</u>	<u>\$ 18,338,174</u>
Water and sewer expenses			
Water supply		Budget	Actual
Administration	\$ 3,872,797	\$ 3,898,611	\$ 3,672,079
Interest	1,666,990	1,491,909	1,497,504
Transmission and distribution	3,828,662	4,036,532	3,817,846
Purification and source of supply	479,097	435,373	436,553
Power and pumping	568,760	505,201	495,814
Water treatment charges	<u>4,565,800</u>	<u>4,510,670</u>	<u>4,502,772</u>
	<u>14,982,106</u>	<u>14,878,296</u>	<u>14,422,568</u>
Sewer collection and disposal			
Administration	1,436,562	1,436,562	1,381,236
Interest	934,702	752,368	707,528
Maintenance	1,163,167	1,182,295	1,271,428
Sewer treatment charges	<u>7,430,475</u>	<u>7,430,475</u>	<u>7,120,250</u>
	<u>10,964,906</u>	<u>10,801,700</u>	<u>10,480,442</u>
	<u>\$ 25,947,012</u>	<u>\$ 25,679,996</u>	<u>\$ 24,903,010</u>

City of Moncton
Schedule 3: Schedule of Segment Disclosure
December 31, 2013

	<u>General Government</u>	<u>Protection Transportation</u>	<u>Environmental Health & Development</u>	<u>Recreation and cultural</u>	<u>Water & Sewer</u>	<u>M&D</u>	<u>2013 Consolidated</u>	<u>2012 Consolidated</u>
Revenues								
Warrant of assessment *	\$ 114,663,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,663,008
Unconditional transfers from Provincial Government *	10,423,174	-	-	-	-	-	10,423,174	11,247,642
Federal grant in lieu	15,841	-	-	-	-	-	15,841	29,859
Government transfers for operating	-	179,063	695,334	-	-	-	874,397	879,274
Other revenue from own sources	7,307	2,751,503	5,444,248	-	2,375,202	36,473	12,351,081	11,172,490
Water and sewer user fees	-	-	-	-	29,810,117	-	29,810,117	29,349,955
Interest	677,377	-	-	-	538,736	2,571	1,218,684	1,116,372
	125,786,707	2,930,566	6,139,582	-	2,375,202	30,385,326	1,738,919	169,356,302
Expenses								
Salaries and benefits	10,239,869	17,113,384	13,799,402	856,253	8,751,457	3,060,620	-	53,820,985
Goods and services	5,268,485	15,152,641	12,865,218	4,971,419	10,065,186	20,375,099	2,535,592	49,435,340
Amortization*	23,553,026	-	-	-	-	-	3,530	71,223,640
Interest	3,546,336	-	-	-	-	2,244,277	320,894	22,203,445
Pension*	342,600	-	-	-	-	-	-	6,111,507
Post-retirement liabilities*	392,017	-	-	-	-	-	-	342,600 (401,800)
	43,342,333	32,266,025	26,664,620	5,827,672	18,816,643	25,679,996	2,890,016	155,457,305
Annual surplus (deficit) before capital contributions	82,444,374	(29,335,459)	(20,525,038)	(5,827,672)	(16,441,441)	4,705,330	(1,121,097)	13,893,997
Other contributions for capital*	9,910,091	-	-	-	-	-	-	9,910,091
Government transfers for capital*	15,418,124	-	-	-	-	-	-	15,418,124
Annual surplus (deficit) for the year	\$ 107,772,589	\$ (29,335,459)	\$ (20,525,038)	\$ (5,827,672)	\$ (16,441,441)	\$ 4,705,330	\$ (1,121,097)	\$ 39,227,212
								\$ 41,876,441

*The warrant of assessment, unconditional transfers from Provincial Government, amortization, change pension liability, post-retirement liabilities, other contributions for capital and government transfers for capital have been reported under General Government for segment disclosure.

City of Moncton
Schedule 4: Schedule of Reserve Funds
December 31, 2013

	General Operating Reserve	General Capital Reserve	W&S Operating Reserve	W&S Capital Reserve	Reserve for Land Develop Fund	2013 Total	2012 Total
Accumulated surplus, beginning of year	\$ 2,344,813	\$ 10,999,757	\$ 459,017	\$ 3,173,073	\$ 383,503	\$ 17,360,163	\$ 10,270,324
Transfers to/from Water and General Operating Funds							
Allocation from City of Moncton revenue fund	-	74,688	-	-	-	74,688	74,688
Appropriation from Utility Operating fund	-	-	1,300,000	220,000	-	1,520,000	250,000
Appropriation from General Operating fund	2,940,000	-	-	-	-	2,940,000	850,000
Appropriation from General Operating fund for equipment purchases	-	1,928,697	-	-	-	1,928,697	1,828,697
Appropriation from General Operating fund for capital purchases	-	2,505,012	-	-	(94,623)	2,505,012	3,940,691
Transfer to General Capital fund for Land purchase	-	-	(2,204,051)	-	-	(94,623)	(75,198)
Transfer to General Capital fund for equipment purchases	-	-	(67,711)	-	-	(2,204,051)	(609,321)
Transfer to General Capital fund for fuel dispenser purchases	-	-	-	-	-	(67,711)	-
Transfer to General Operating fund for deferred maintenance	(357,314)	-	-	-	-	(357,314)	(287,408)
Transfer to Utility Operating fund to fund deficit	-	-	(500,000)	220,000	(94,623)	(500,000)	-
	2,582,686	2,236,635	800,000	220,000	(94,623)	5,744,698	5,972,149
Interest	81,712	489,844	31,541	67,884	6,395	677,376	451,690
Proceeds on sale of assets	-	25,930	-	-	-	25,930	538,188
Cash received in lieu of land	-	-	-	-	20,845	20,845	127,812
Annual surplus (deficit)	2,664,398	2,752,409	831,541	287,884	(67,383)	6,468,849	7,089,839
Accumulated surplus, end of year	\$ 5,009,211	\$ 13,752,166	\$ 1,290,558	\$ 3,460,957	\$ 316,120	\$ 23,829,012	\$ 17,360,163

City of Moncton
Schedule 5: Schedule of Operating Budget to PSAB budget
December 31, 2013

	Operating Budget General	Operating Budget Water & Sewer	Capital Budget	MID	Amortization & Pension Adjustment	Transfers	Total
Revenue							
Grant from City of Moncton	\$ 114,663,008	\$ -	\$ -	\$ 270,000	\$ -	\$ (270,000)	\$ 114,663,008
Warrant for property taxes	10,423,174	-	-	-	-	-	10,423,174
Unconditional grant	15,841	-	-	-	-	-	15,841
Federal grant in lieu	868,308	-	-	-	-	-	868,308
Government transfers for operating	-	-	5,833,000	229,852	-	-	6,062,852
Government transfers for capital	-	-	6,084,000	268,576	-	(5,652,576)	700,000
Other contributions and transfers	11,312,171	18,500	-	-	-	-	11,330,671
Other revenue from own sources	-	30,638,886	-	-	-	-	30,638,886
Water and sewerage rates	-	3,196,874	-	-	-	-	-
Water supply for fire protection	-	590,000	-	-	-	(3,196,874)	590,000
Interest	-	334,817	-	-	-	-	-
Second previous year's surplus	1,427,761	34,779,077	11,917,000	768,428	(1,762,578)	(10,882,028)	175,292,740
Expenses							
General government services	16,647,720	-	-	768,428	23,895,765	4,249,108	45,561,021
Protective services	35,766,878	-	-	-	-	(3,196,874)	32,570,004
Transportation services	32,759,689	-	-	-	-	(5,434,400)	27,325,289
Environmental health & development services	7,758,972	-	-	-	-	(1,678,028)	6,080,944
Recreation and cultural services	18,793,573	-	23,345,320	-	-	-	18,793,573
Water and sewer	-	-	-	-	-	2,601,692	25,947,012
Fiscal services	-	-	-	-	-	-	-
Long-term debt repayments	16,825,072	7,113,800	-	-	(23,988,872)	(6,385,800)	-
Interest	3,784,108	2,601,692	-	-	-	-	-
Transfer from the General Operating fund to the General Capital fund	4,445,554	-	-	-	(4,445,554)	(1,928,697)	-
Funding current year's capital projects – general	1,928,697	-	-	-	-	-	-
Transfer from the Water and Sewer Operating fund to the Water and Sewer Capital fund	-	1,520,000	-	-	(1,520,000)	-	-
	138,710,263	34,580,812	-	768,428	(23,895,765)	(41,677,425)	156,277,843
Surplus (deficit) for the year	\$ -	\$ 198,265	\$ 11,917,000	\$ -	\$ (23,895,765)	\$ 30,755,397	\$ 19,014,897

City of Moncton
Schedule 6: Schedule of Reconciliation of Annual Surplus
December 31, 2013

	General Fund	General Capital Fund	General Reserve Funds	W & S Current Fund	W & S Capital Fund	Capital Reserve Funds	W & S Cap. Reserve Fund	W & S General Op. Funds	Reserve for Land Dev. Fund	MID	Total All Funds
2013 annual fund surplus (deficit)	\$ 237,519	\$ 39,913,232	\$ 2,664,398	\$ 11,902	\$ 17,207,269	\$ 2,752,410	\$ 287,884	\$ 831,541	\$ (67,383)	\$ 807,332	\$ 64,646,104
Adjustment to annual surplus (deficit) for funding Requirements											
Second previous year's surplus MID – Grant	(1,427,761)	-	-	-	(334,817)	-	-	-	-	(1,670,017)	(1,762,578)
Transfer of Fire Watercosts	1,670,017	-	-	-	(3,238,755)	-	-	-	-	-	-
Transfer of City Hall interest on investment	3,238,755	-	-	-	-	-	-	-	-	-	-
Transfer of Capital from Operating Transfer of Capital from Operating library	74,688	5,434,400	(5,434,400)	-	-	-	-	-	(74,688)	-	-
Capitol Theatre	-	-	-	-	-	-	-	-	-	-	-
Long-term debt principal repayment	210,494	(210,494)	-	-	-	-	-	-	-	-	(192,039)
Long-term debt principal repayment	(192,039)	-	-	-	-	-	-	-	-	-	-
Write-down of leasehold improvements	16,894,584	(16,894,584)	-	-	-	-	-	-	-	-	-
Loss from disposal of tangible capital assets	-	105,555	-	-	7,247,000	(7,247,000)	-	-	-	-	105,555
Equipment sales pending council resolution	-	(464,161)	-	-	-	-	-	-	-	-	(464,161)
Provision for retirement liability	103,931	-	-	-	-	-	-	-	-	-	103,931
Amortization expense	689,556	-	(16,812,936)	-	(6,740,230)	-	-	-	-	-	689,556
Pension expense	(342,600)	-	-	-	-	-	-	-	-	(3,390)	(23,556,556) (342,600)
Total adjustments to 2013 annual surplus (deficit)	26,250,094	(39,607,089)	-	3,673,428	(13,987,230)	(74,688)	-	-	-	(1,673,407)	(25,418,892)
2013 annual surplus (deficit) per PSAB for the year	\$ 26,487,613	\$ 306,143	\$ 2,664,398	\$ 33,685,330	\$ 3,220,039	\$ 2,677,722	\$ 287,884	\$ 831,541	\$ (67,383)	\$ (866,075)	\$ 39,227,212

City of Moncton
Schedule 7: Schedule of Government Transfers
December 31, 2013

	Budget	2013	2012
Transfers for operating:			
Provincial contributions	\$ 689,308	\$ 695,334	\$ 700,211
Other local governments	<u>179,000</u>	<u>179,063</u>	<u>179,063</u>
	<u>868,308</u>	<u>874,397</u>	<u>879,274</u>
 Transfers for capital:			
Department of Transportation	300,000	1,504,292	42,862
Infrastructure program	-	83,290	51,307
Canadian Heritage	-	-	1,000,000
Regional Development Corporation	-	2,093,055	-
Department of Transportation - designated highways	550,000	258,573	-
Infrastructure Canada - gas tax funding	4,983,000	4,467,804	5,267,640
Other government	-	-	17,699
Provincial contributions - MID	229,852	255,022	269,155
Federal/Provincial contributions - water and sewer	-	6,756,088	10,555,896
	<u>6,062,852</u>	<u>15,418,124</u>	<u>17,204,559</u>
 Total government transfers	 <u>\$ 6,931,160</u>	 <u>\$ 16,292,521</u>	 <u>\$ 18,083,833</u>

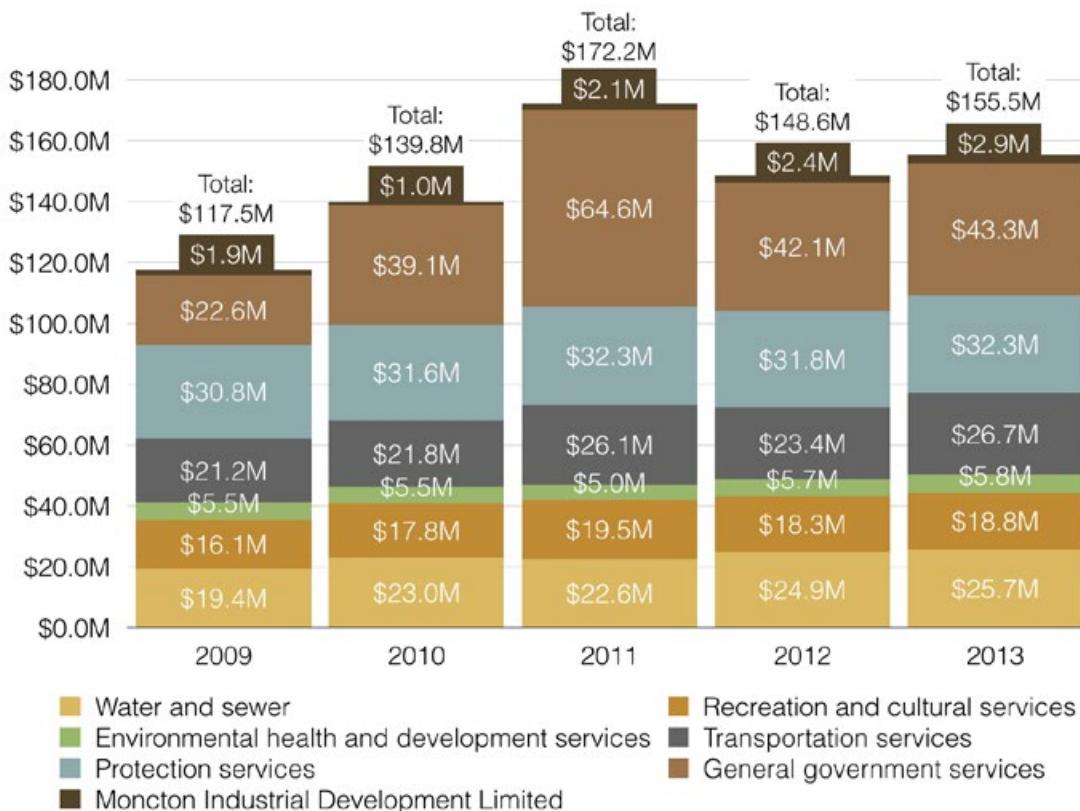
Government transfers do not include grants in lieu of taxes received from the Federal and Provincial governments.

Statistical



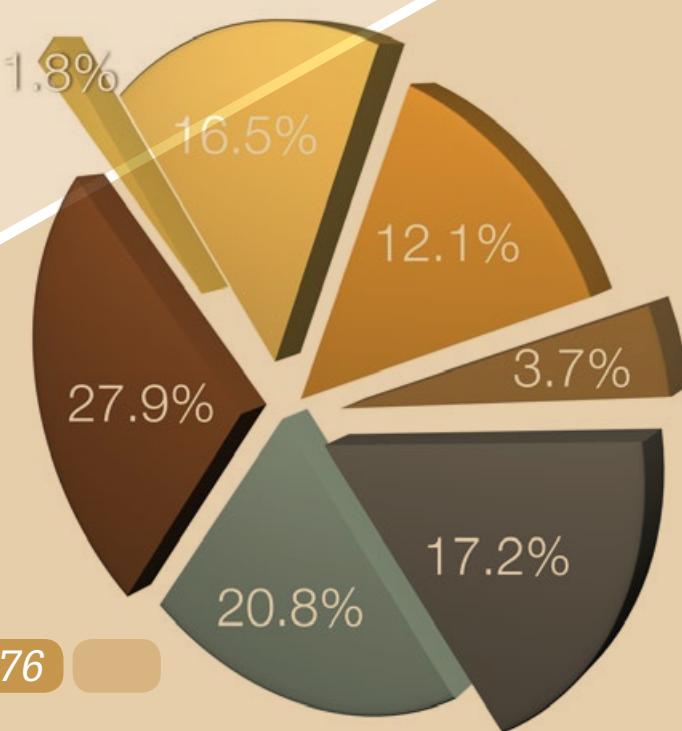
Key statistical financial information

EXPENSES BY FUNCTION 2009 TO 2013
(IN MILLIONS OF DOLLARS)



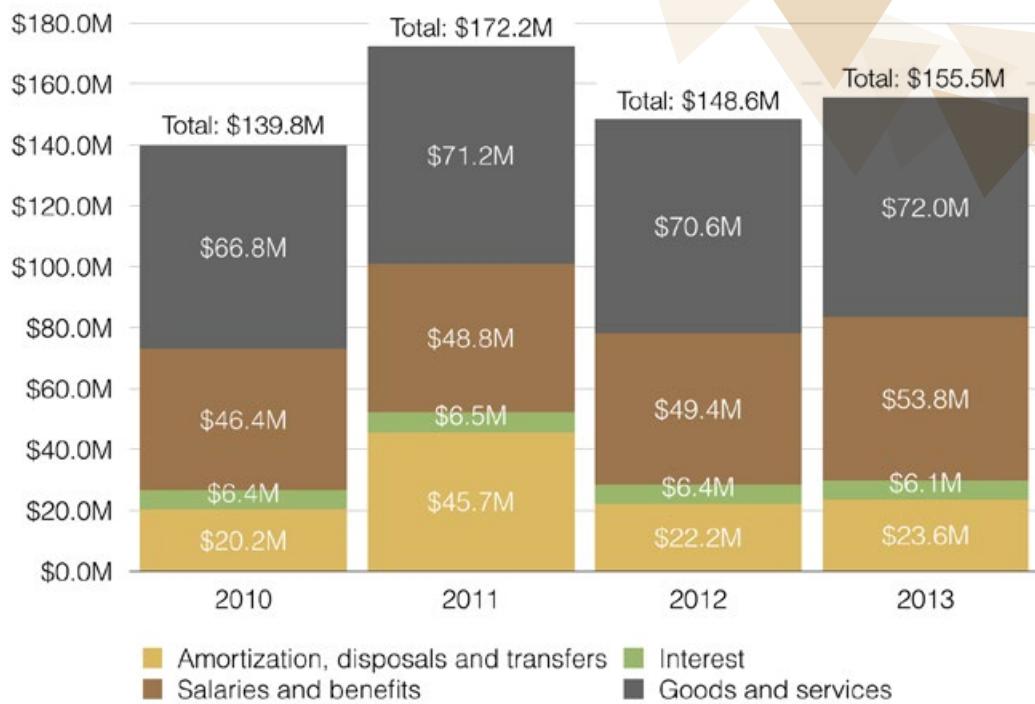
2013 EXPENSES BY FUNCTION (IN PERCENTAGES)

- Water and sewer
- Recreation and cultural services
- Environmental health and development services
- Transportation services
- Protection services
- General government services
- Moncton Industrial Development Limited

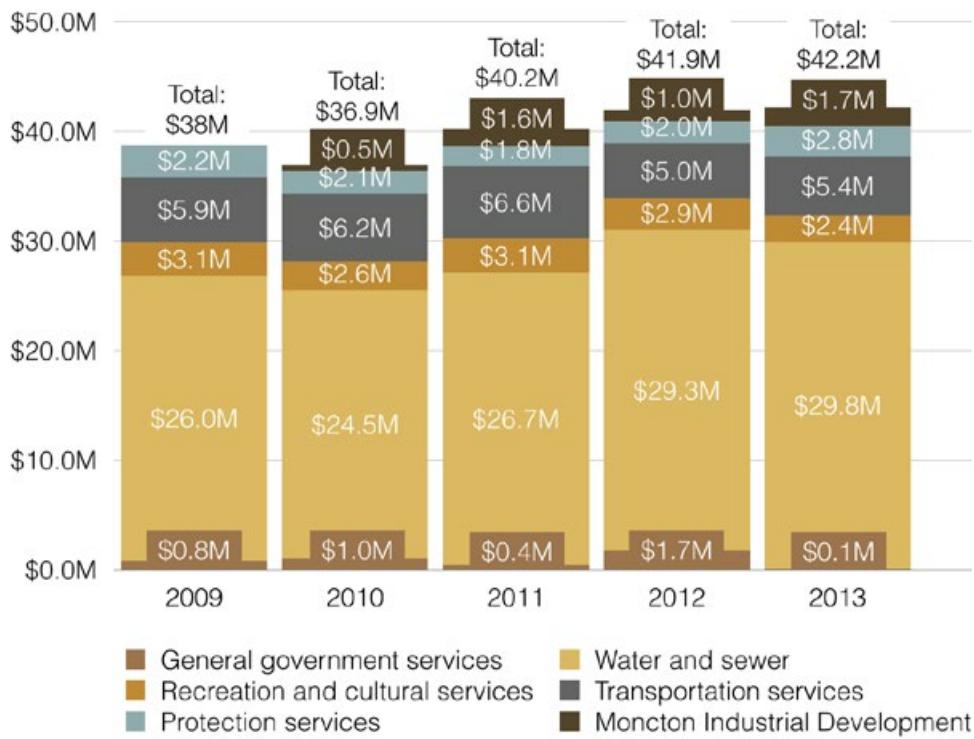


NON TAX REVENUE BY SOURCES 2009 TO 2013 (IN MILLIONS OF DOLLARS)

EXPENSES BY OBJECT 2010 TO 2013 (IN MILLIONS OF DOLLARS)



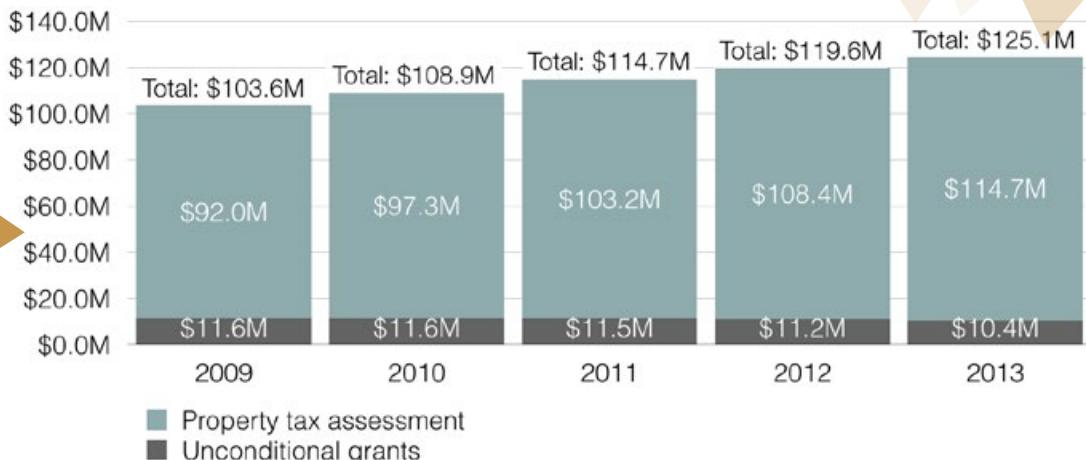
**Figures have been restated to be consistent with the new local reporting model changes introduced by PSAB effective for 2010 and onwards.*



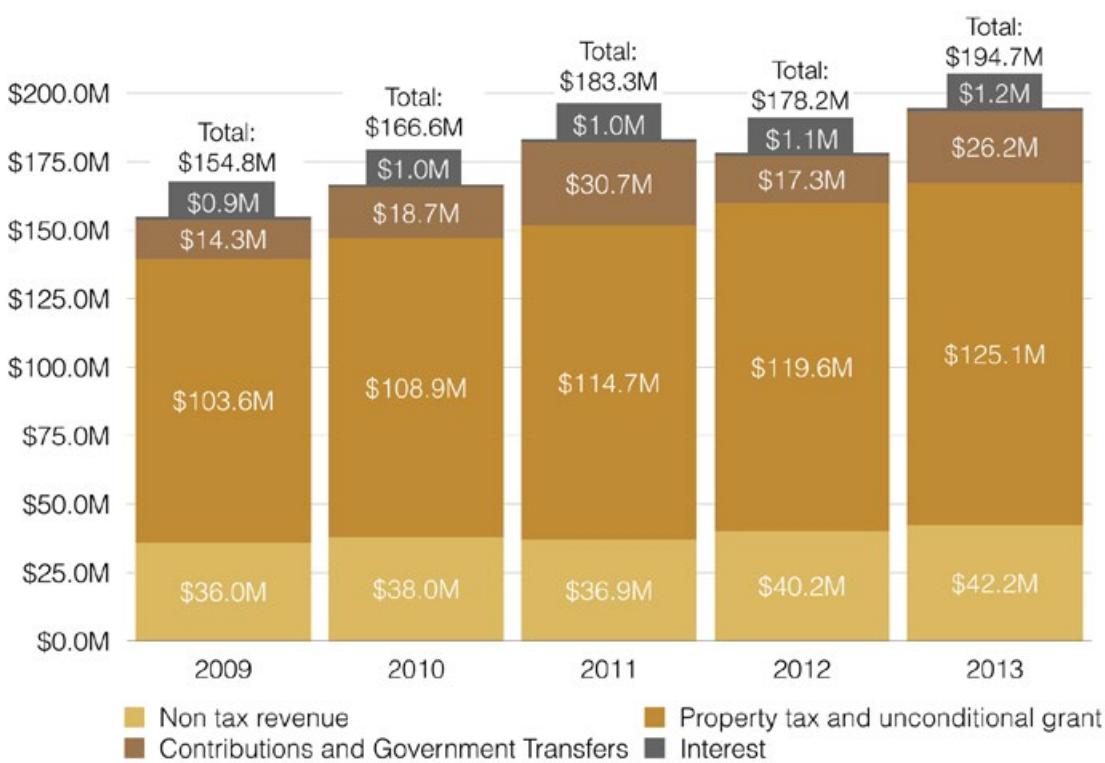
**Figures for 2009 have been restated to be consistent with the new local reporting model changes introduced by PSAB effective for 2010 and onwards.*

	2009	2010	2011	2012	2013
General Capital Acquisitions	\$42,336,574	\$46,555,721	\$34,554,945	\$24,044,055	\$30,876,739
Utility Captial Acquisitions	7,910,088	9,129,259	10,889,393	41,301,356	29,324,185
TOTAL GROSS CAPITAL EXPENDITURES	\$50,246,662	\$55,684,980	\$45,444,338	\$65,345,411	\$60,200,924
Government Transfers					
Infrastructure program	\$4,125,963	\$8,595,523	\$2,298,185	\$51,307	\$83,290
Gas tax program	5,213,257	7,001,000	3,037,046	5,267,640	4,467,804
Regional Development Corporation	0	4,262,881	2,612,119	0	2,093,055
Department of Transportation	1,816,586	2,867,863	624,434	42,863	1,504,292
Department of Environment	0	0	0	0	0
Designed highway recoveries	155,144	310,130	1,250,000	0	258,573
Department of Supply and Services	0	248,856	457,888	0	0
Canadian Heritage	125,000	189,950	200,000	1,000,000	0
Other Government	0	0	0	17,700	0
Provincial / Federal contributions - water and sewer	0	418,418	1,237,912	10,555,896	6,756,088
Moncton Industrial Development Limited	0	1,055,724	218,806	269,155	255,022
Other Capital Contributions					
Developers	7,099,755	4,922,726	4,806,060	9,707,505	8,847,119
Organizations and individuals	59,789	0	495,329	669,917	721,447
Local improvement and bank sewer recoveries	71,798	841,677	81,300	269,615	341,525
TOTAL CAPITAL CONTRIBUTIONS AND GOVERNMENT TRANSFERS	\$18,667,292	\$30,714,748	\$17,319,079	\$27,851,598	\$25,328,215
Contributions from Operating Funds					
Capital out of Operating Funding	(2,728,400)	(2,658,000)	(4,334,000)	(4,734,400)	(5,644,894)
TOTAL NET CAPITAL EXPENDITURES TO BE FUNDED BY DEBT	\$28,850,970	\$22,312,232	\$23,791,259	\$32,759,413	\$29,227,815

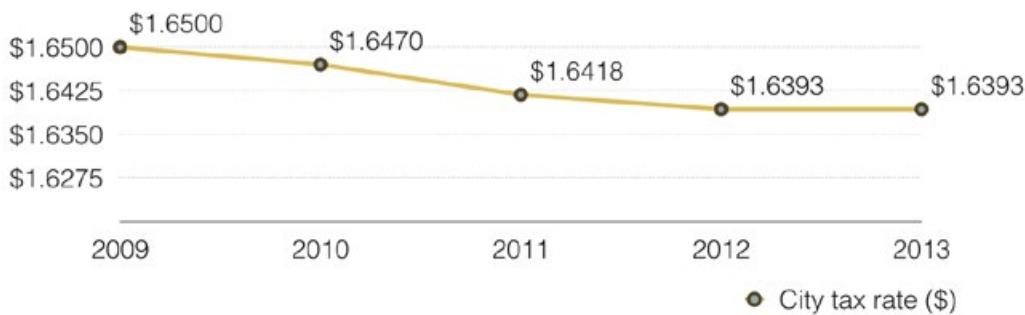
PROPERTY TAX REVENUE AND UNCONDITIONAL GRANT



TOTAL REVENUE



CITY TAX RATE (\$)



Annual Surplus	2010	2011	2012	2013
General Operating Fund	\$16,178,885	\$16,397,638	\$25,671,130	\$26,487,613
General Capital Fund	9,979,241	(21,539,986)	(2,800,767)	306,143
General Operating Reserve Fund	2,266,366	(2,265,937)	608,614	2,664,398
Water & Sewer Operating Fund	4,597,497	7,007,339	4,895,225	3,685,330
Water & Sewer Capital Fund	1,826,638	2,517,589	8,509,213	3,220,039
General Capital Reserve Fund	2,279,123	(2,367,883)	6,100,525	2,677,722
Water & Sewer Operating Reserve Fund	0	400,263	58,754	831,541
Water & Sewer Capital Reserve Fund	238,668	252,552	261,543	287,884
Reserve for Land Development	57,185	63,087	(14,285)	(67,383)
Moncton Industrial Development Ltd.	208,082	583,194	(1,413,511)	(866,075)
Consolidated Annual Surplus	\$37,631,685	\$1,047,856	\$41,876,441	\$39,227,212
Accumulated Surplus	2010	2011	2012	2013
General Operating Fund	\$5,735,376	\$7,566,725	\$33,237,855	\$59,725,468
General Capital Fund	245,535,541	236,453,680	233,652,913	233,959,056
General Operating Reserve Fund	4,002,136	1,736,199	2,344,813	5,009,211
Water & Sewer Operating Fund	3,677,871	6,136,210	11,031,435	14,716,765
Water & Sewer Capital Fund	135,309,231	142,375,820	150,885,033	154,105,072
General Capital Reserve Fund	7,777,397	7,444,409	13,544,934	16,222,656
Water & Sewer Operating Reserve Fund	0	400,263	459,017	1,290,558
Water & Sewer Capital Reserve Fund	2,658,978	2,911,530	3,173,073	3,460,957
Reserve for Land Development	334,701	397,788	383,503	316,120
Moncton Industrial Development Ltd.	8,508,414	9,164,877	7,751,366	6,885,291
Consolidated Accumulated Surplus	\$413,539,645	\$414,587,501	\$456,463,942	\$495,691,154
Net Debt	(\$154,643,748)	(\$136,635,271)	(\$137,648,745)	(\$134,023,314)

*Net Debt and other amounts presented in the prior year have been reclassified to conform to the current year financial statement presentation. These reclassifications have no financial impact on previously reported Surplus.

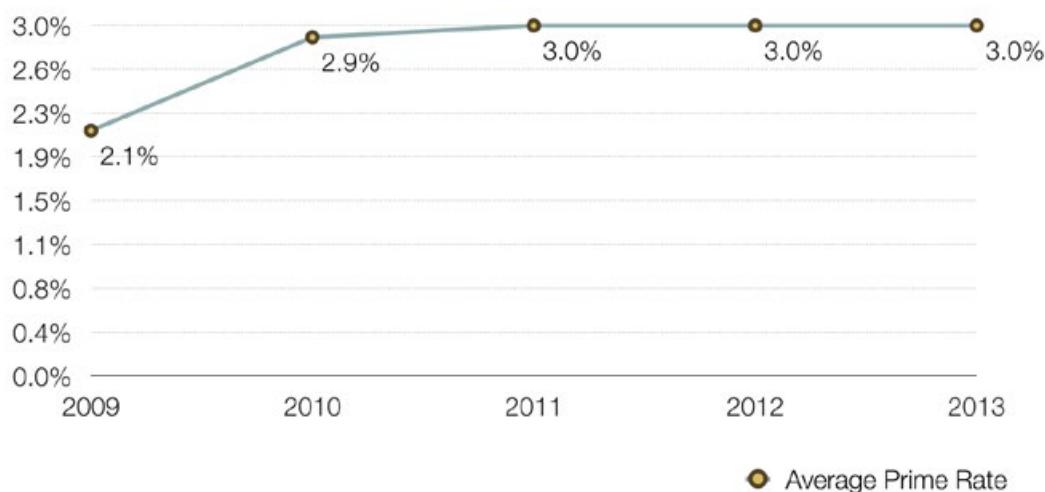
Statistical Assessment Data

COMPOSITION OF TAX BASE

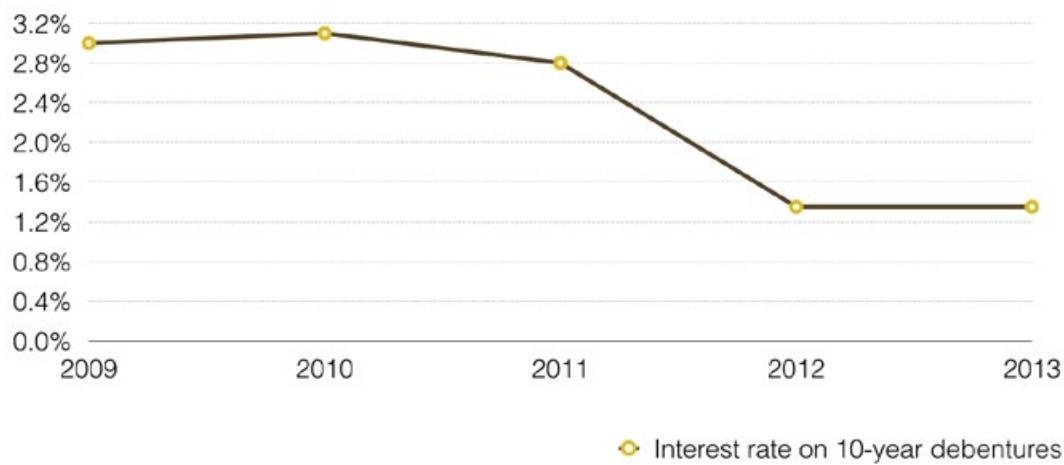
	ACTUAL 2009	ACTUAL 2010	ACTUAL 2011	ACTUAL 2012	ACTUAL 2013
Residential					
General	\$3,219,328,400	\$3,424,395,300	\$3,608,676,800	\$3,816,972,600	\$4,031,512,300
Federal	10,054,600	10,543,800	10,642,900	10,778,300	11,085,600
Provincial	518,271,500	555,964,300	570,218,300	593,403,700	614,217,700
Total Residential	\$3,747,654,500	\$3,990,903,400	\$4,189,538,000	\$4,421,154,600	\$4,656,815,600
Non-Residential					
General	\$1,181,309,700	\$1,237,886,400	\$1,346,475,100	\$1,435,595,300	\$1,514,219,600
Federal	30,781,300	31,167,400	31,263,700	31,619,900	31,958,900
Provincial	8,201,800	8,184,400	17,338,500	11,820,400	12,366,000
Total Non-Residential	\$1,220,292,800	\$1,277,238,200	\$1,395,077,300	\$1,479,035,600	\$1,558,544,500
Total Municipal assessment base	\$4,967,947,300	\$5,268,141,600	\$5,584,615,300	\$5,900,190,200	\$6,215,360,100
Differential Municipal Tax Base	610,146,400	638,619,100	697,538,650	739,517,800	779,272,250
Adjustment for Federal Properties	(1,973,552)	(1,203,193)	(132,338)	-	-
Total Municipal Tax Base for rate	\$5,576,120,148	\$5,905,557,507	\$6,282,021,612	\$6,639,708,000	\$6,994,632,350
Residential	67.21%	67.58%	66.69%	66.59%	66.58%
Commercial	32.79%	32.42%	33.31%	33.41%	33.42%
TAX RATE STRUCTURE					
Residential					
City Tax Rate	\$1.6502	\$1.6469	\$1.6418	\$1.6393	\$1.6393
Provincial Tax Rate	1.5000	1.4573	1.4573	1.3973	1.3973
Assessment Cost	0.0194	0.0194	0.0194	0.0194	0.0194
Subtotal	\$3.1696	\$3.1236	\$3.1185	\$3.0560	\$3.05600
Less:					
Provincial Tax Credit	(1.5000)	(1.4573)	(1.4573)	(1.3973)	(1.3973)
Total tax bill rate	\$1.6696	\$1.6663	\$1.6612	\$1.6587	\$1.6587
Non-Residential					
City Tax Rate at 1.50	\$2.4753	\$2.4704	\$2.4627	\$2.4590	\$2.4590
Provincial Tax Rate	2.2500	2.1860	2.1860	2.1035	2.1035
Assessment Cost	0.0194	0.0194	0.0194	0.0194	0.0194
Total tax bill rate	\$4.7447	\$4.6758	\$4.6681	\$4.5819	\$4.5819

Statistical Information

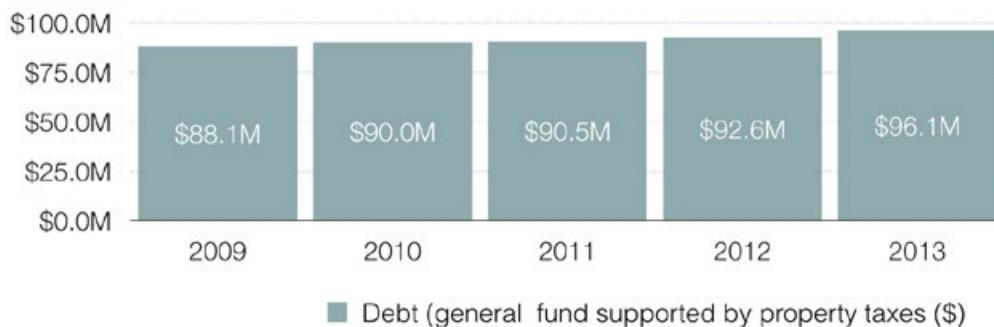
AVERAGE PRIME RATE (%)



INTEREST RATE ON
10-YEAR DEBENTURES



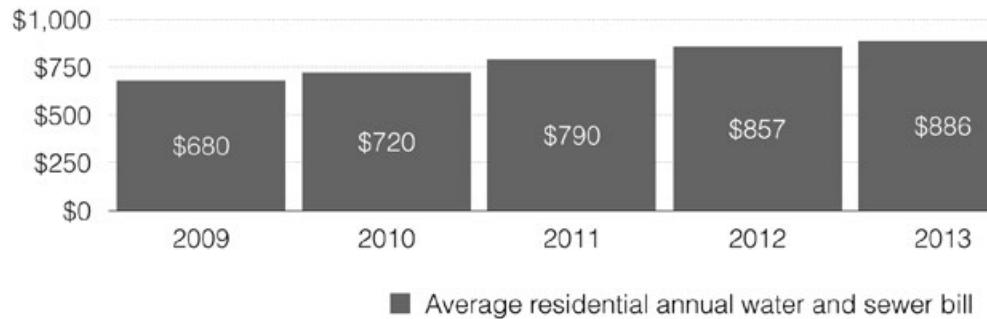
AVERAGE CAPITAL DEBT BASED ON CENSUS POPULATION



TOTAL DEBT (UTILITY FUND) SUPPORTED BY RATE



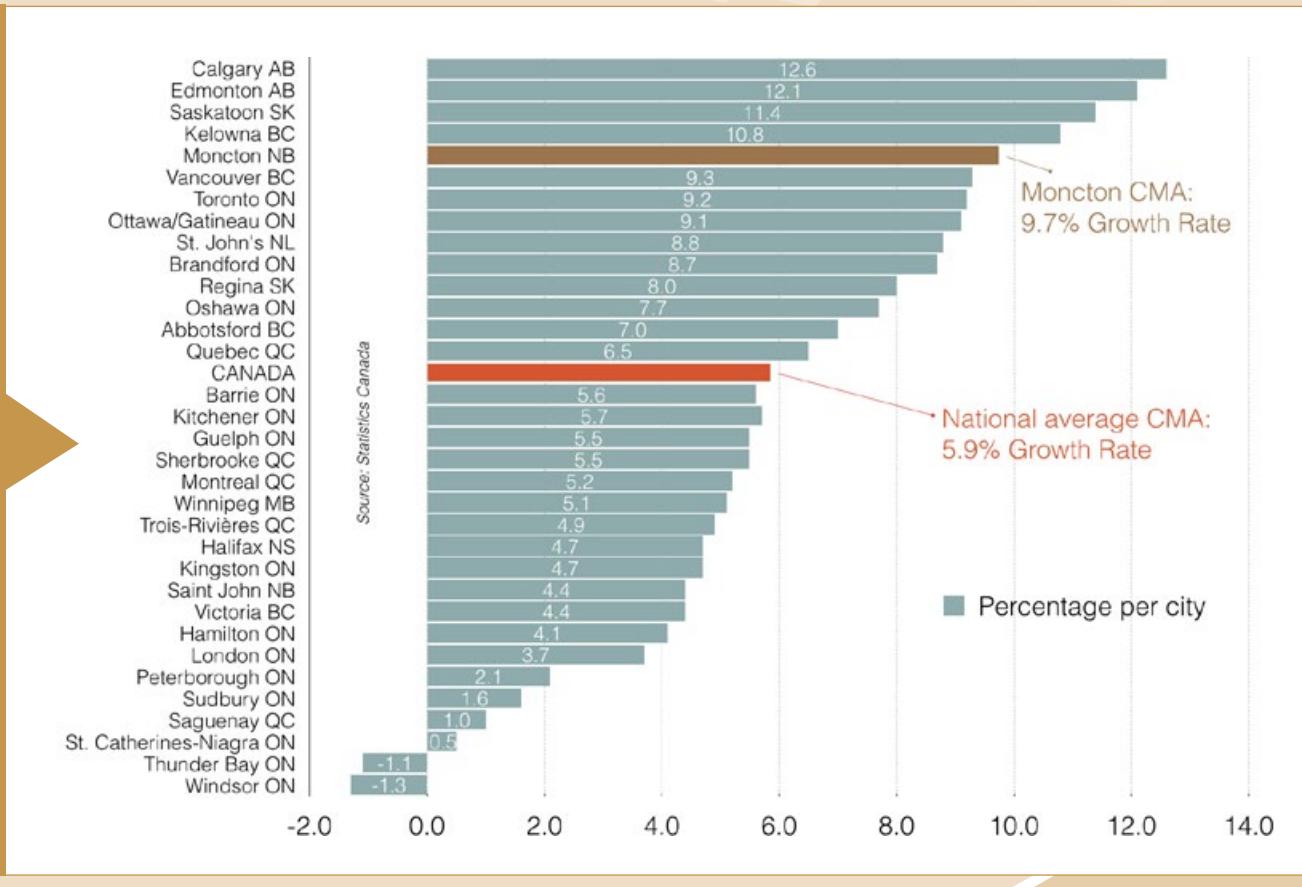
AVERAGE RESIDENTIAL ANNUAL WATER AND SEWER BILL



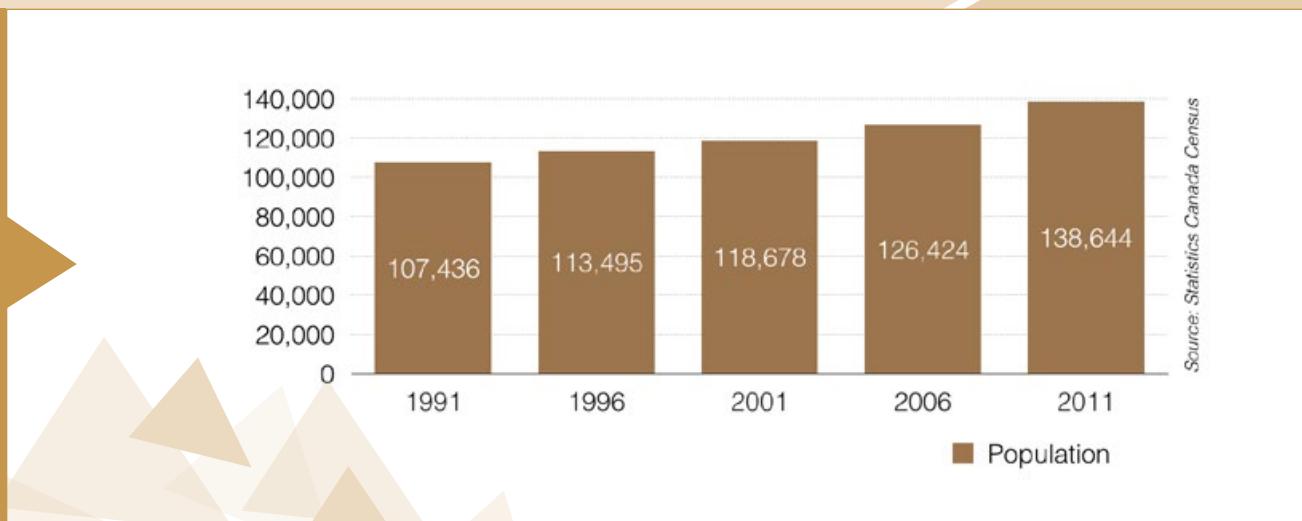
Population

CMA is defined as census metropolitan areas. Statistics Canada defines them as a metropolitan area with a population of at least 100,000 people with an urban core of at least 50,000. CMA areas are different than established municipal boundaries.

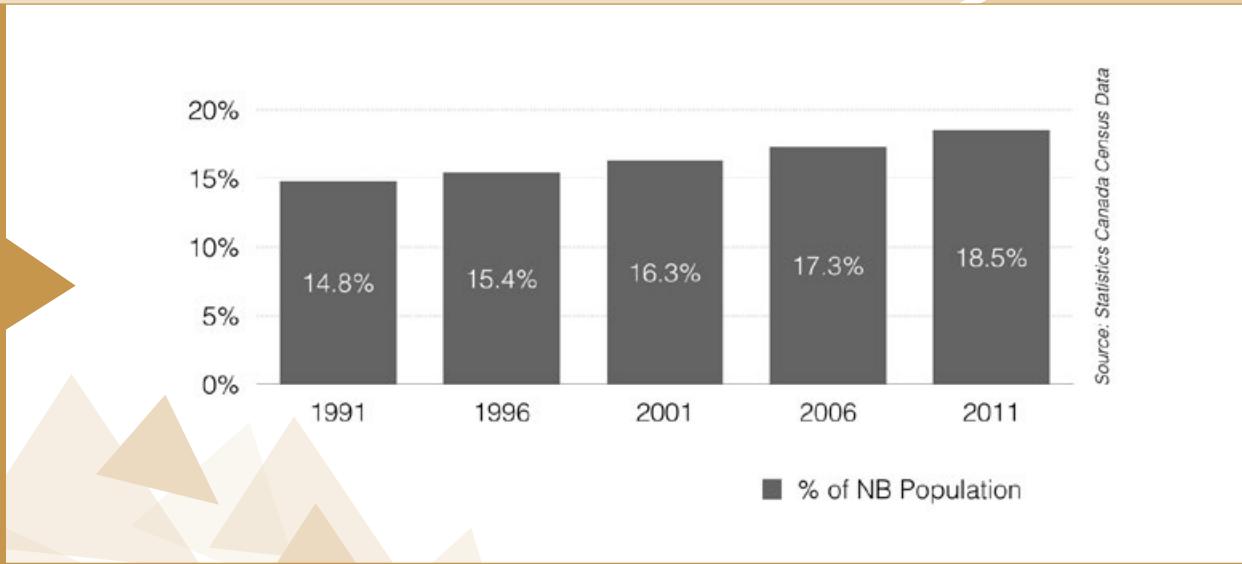
POPULATION GROWTH RATE BY CMA



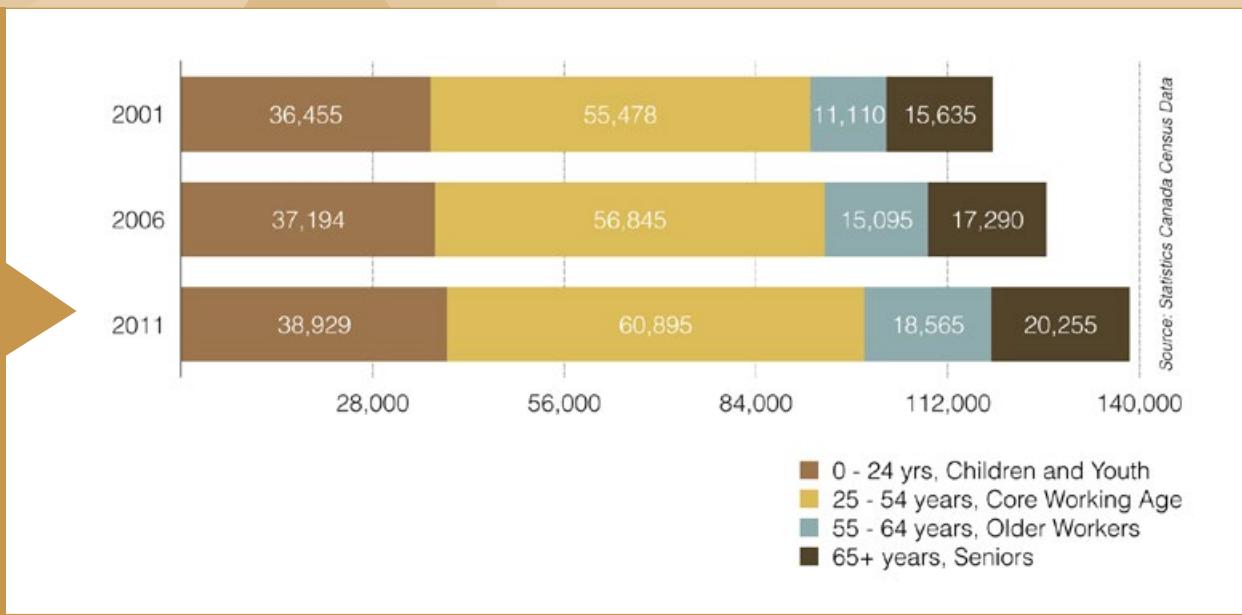
MONCTON CMA POPULATION GROWTH



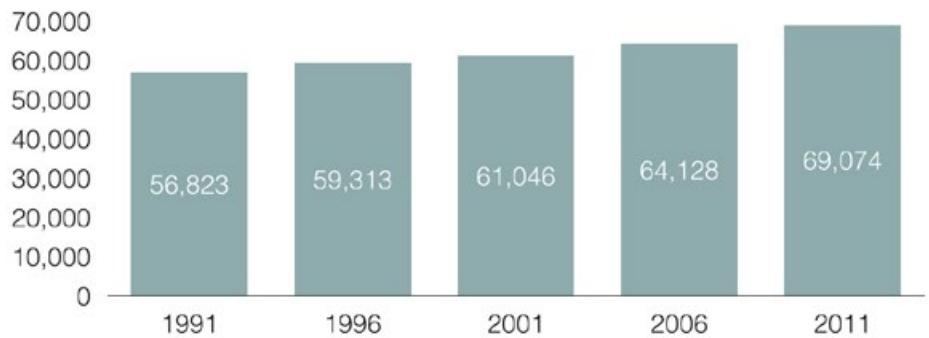
MONCTON CMA POPULATION AS % OF N.B. POPULATION



MONCTON CMA POPULATION BY AGE

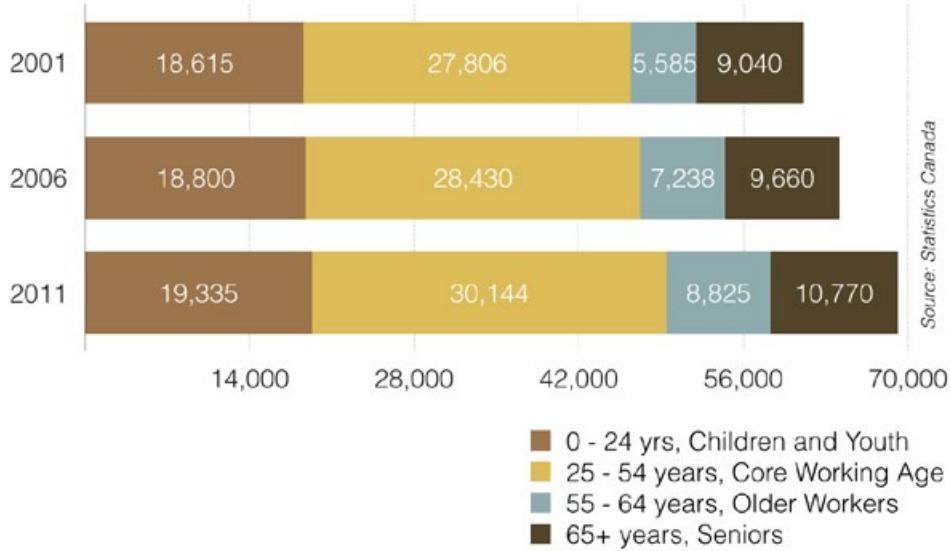


CITY OF MONCTON POPULATION



Source: Statistics Canada Census Data

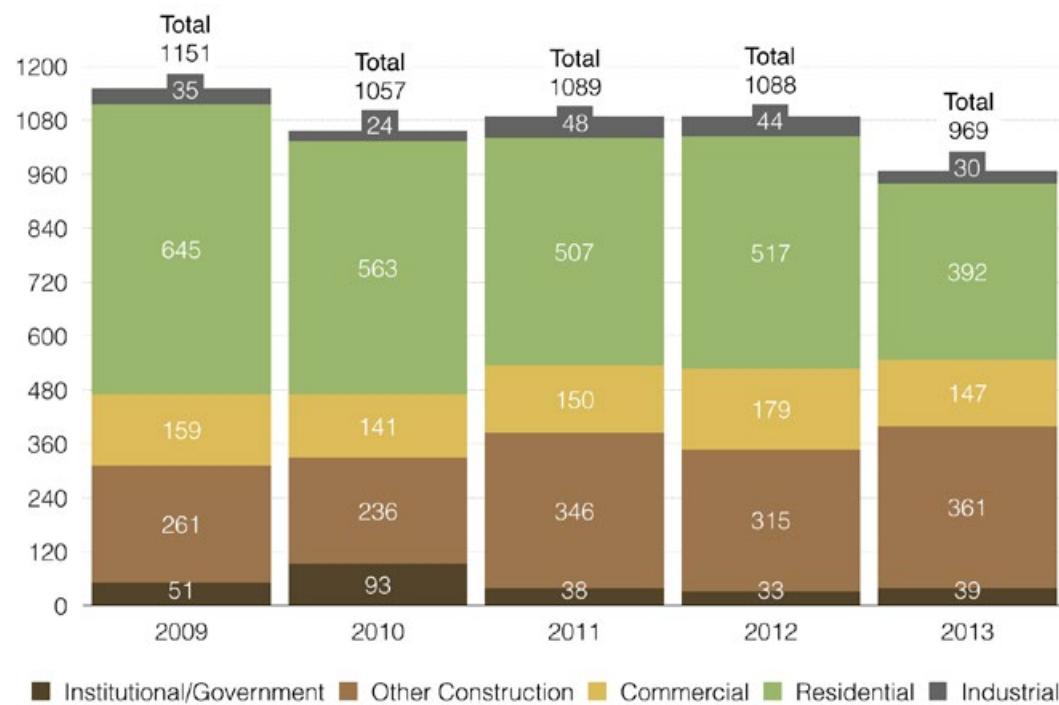
CITY OF MONCTON POPULATION BY AGE



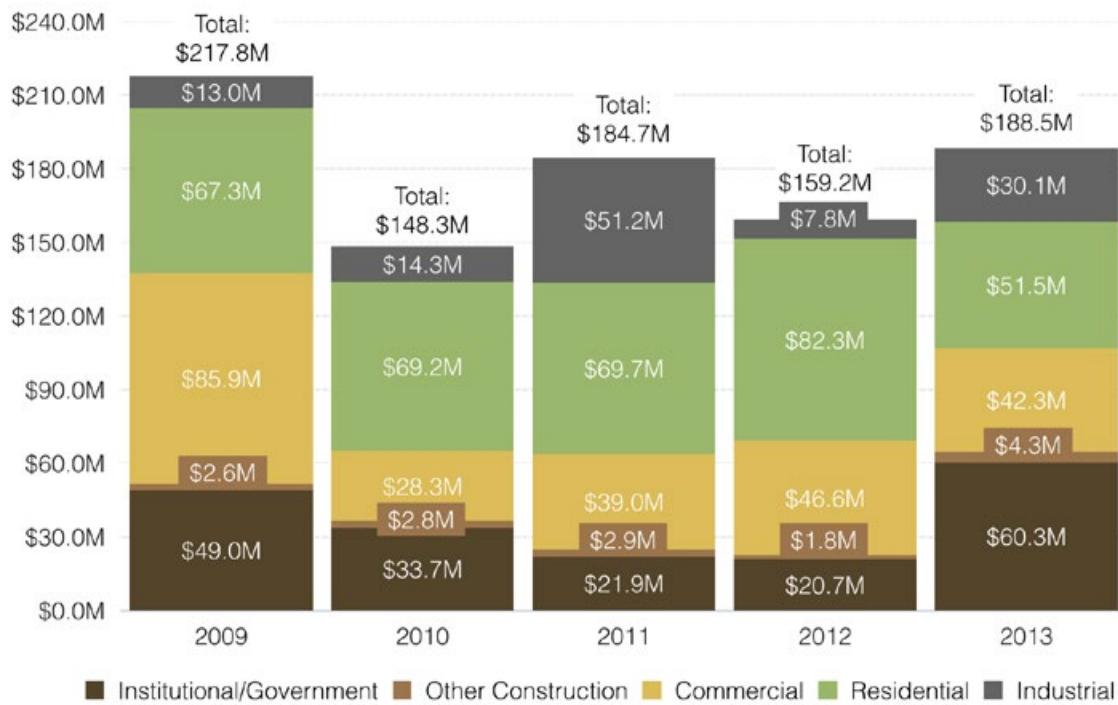
Source: Statistics Canada

New Construction

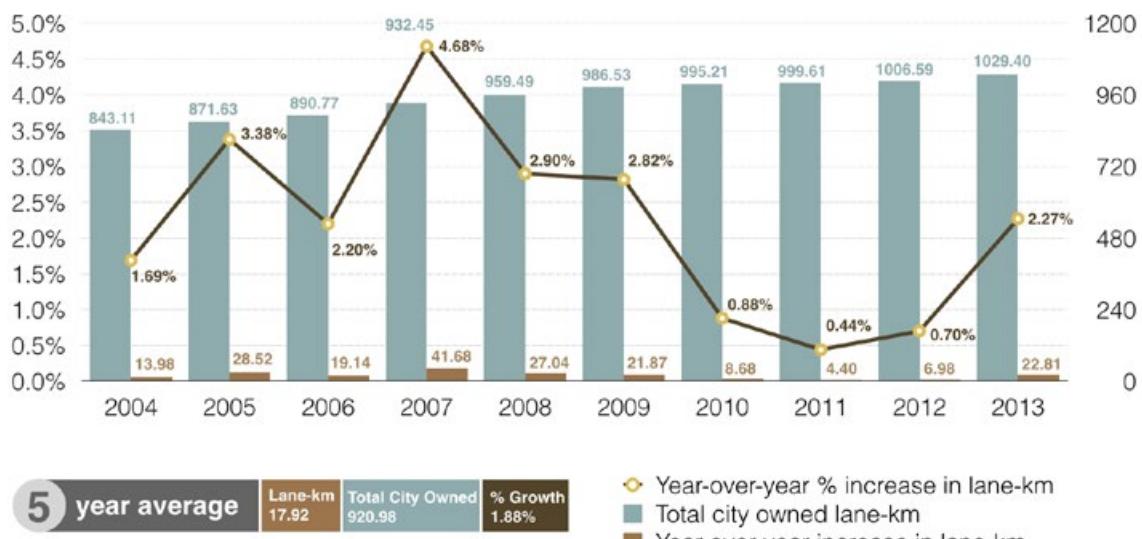
NUMBER OF BUILDING PERMITS ISSUED



\$ VALUE BY TYPE OF BUILDING PERMIT



STREET NETWORK ANNUAL GROWTH



SANITATION COLLECTION

To a large extent, the reason for the growth in both the above and below ground infrastructure is the increase in the number of homes within the City's boundaries. The table below indicates the increase in homes, year over year, for Sanitation Collection:

