

2014 Annual Report City of Moncton





City of Moncton
2014 Annual Report for Fiscal Year Ending December 31, 2014

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, 2013

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, 2013. 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 2014 award.

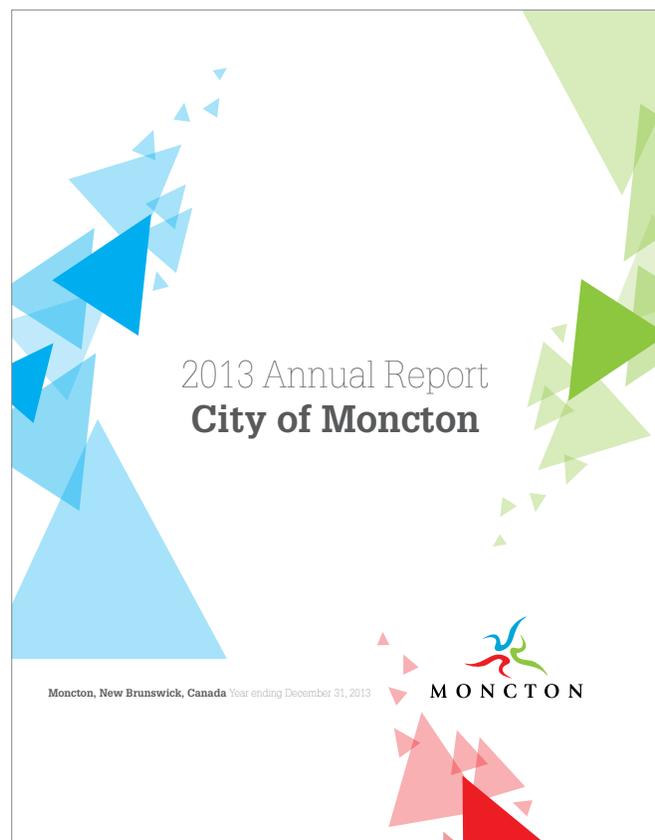


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Introductory

At a Glance

Hours of sunshine

1,970

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*



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

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.

*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.

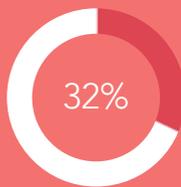
Moncton population

69,074
(AS OF 2011 CENSUS)

Language distribution



English



French



Other

Infrastructure

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

Awards and Recognition



Google awarded Moncton the Google eTown award in 2012.



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.

Moncton's great reputation keeps growing...



KPMG recognized Moncton as the most cost effective city to do business in Canada and the United States in 2014.



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 the Moncton City Council and staff, I am pleased to unveil our 2014 Annual Report.

The year 2014 was a pivotal one in Moncton's history.

On the one hand, we saluted our past with the opening of the impressive Resurgo Place and the planting of 125 trees to prepare for the 125th anniversary of our municipality.

On the other, we anticipated the future with significant upgrades to Moncton Stadium to position ourselves as a leader in world sports tourism. We also acquired ownership of the former Highfield Square shopping mall property in downtown Moncton for the proposed new downtown events centre.

The City was also touched deeply by tragedy on June 4, 2014, as three RCMP officers lost their lives in the line of duty, and two were injured. The courage of first responders and residents in the days that followed exemplified the tremendous character of the community. Moncton's spirit overcame and shone brightly.

OPENING OF RESURGO PLACE

The long-awaited construction of Resurgo Place, which began in March of 2012, was completed in 2014. The \$9.2 million facility, which included an expansion of 31,000 square feet to the original Moncton Museum building, now houses the Moncton Museum, the Transportation Discovery Centre, new exhibition galleries, an education centre, gift shop, café, and an interior public plaza designed to preserve the 1916 sandstone façade of the former City Hall.

The community contributed more than \$1 million to the TDC Fundraising Campaign, with additional funding received from the Government of Canada (Canadian Heritage) and the Province of New Brunswick.

Moncton's heritage was also in the limelight when, in advance of our 125th anniversary celebrations set for 2015, residents were invited to "put down some roots" and assist in the planting of 125 trees along the Vaughan Harvey Boulevard median. The project was part of the city's commitment to the growth and preservation of our urban forest.

U-20 FIFA WOMEN'S WORLD CUP

Moncton was one of six Canadian cities hosting the U-20 FIFA Women's World Cup in 2014, a precursor to its selection as one of six cities hosting the FIFA Women's World Cup in 2015.

The U-20 tournament, held throughout two weeks in August, was an outstanding success and raised awareness for the 2015 FIFA Women's World Cup. Both tournaments will bring an estimated \$53 million in economic activity to host cities and will solidify Moncton's place as the sports and entertainment capital of the Maritimes.

DOWNTOWN DEVELOPMENT

In August, the City of Moncton announced it had acquired ownership of the Highfield Square property at the agreed upon price of \$12.7 million. The site is an ideal location on which to build our Downtown Centre and this deal marked an important milestone in moving the project forward.



“

...council and staff remain keenly aware of their stewardship of taxpayers' money and will continue to work hard to ensure our community remains a place of promise and growth for citizens of all ages.

”

CITY'S GROWTH CONTINUES

On the heels of a 2013 Statistics Canada report that cited Moncton as one of the fastest growing metropolitan areas in Canada in terms of population, Moncton's growth continued in 2014.

As summer started, a combination of residential and retail development, school repairs, and commercial construction pushed the city's building figures to their highest month of July in the last 10 years.

The 1,005 permits valued at \$130.6 million represented a good cross-section of interests, from residential to retail and from institutional to government. (Details on page 91 and 92.)

QUALITY OF LIFE SUPPORTED BY ENGAGED CITIZENS

For the second consecutive year, Magnetic Hill Zoo received a Trip Advisor Certificate of Excellence award. This accolade, which honors hospitality excellence, is given only to establishments that consistently achieve outstanding traveler reviews on TripAdvisor and is extended to qualifying businesses worldwide.

Meanwhile, members of the Mayor's Seniors Advisory Committee staged a fall fair to push forward their Senior-Friendly Business Program in partnership with Downtown Moncton Centre-ville Inc.

LOOKING TO THE FUTURE

As Moncton moves into 2015, it will celebrate its 125th anniversary. We continue to work toward the construction of the Downtown Centre and prepare to host the FIFA Women's World Cup Canada 2015™, two major initiatives that will continue to propel our growth and profile as the city where the doors are open for opportunities.

At the same time, council and staff remain keenly aware of their stewardship of taxpayers' money and will continue to work hard to ensure our community remains a place of promise and growth for citizens of all ages.

George H. LeBlanc
Mayor
City of Moncton

In Memoriam



WARD 2
Merrill A. Henderson

1937 - 2014

“He was a man, in a word, courageous. May all who follow him, at any level of government, follow his example...”

Editorial, Times & Transcript, Moncton
March 19, 2014

Merrill Alfred Henderson was born in Montague, Prince Edward Island, in 1937. He began working with CN Rail in 1956, where he was employed for 40 years in various managerial capacities. Mr. Henderson was first elected as City of Moncton Ward 2 Councillor in a by-election on October 4, 1999 and served until his death in 2014. He was elected Deputy Mayor in 2002, 2005, 2007, 2010 and 2012. Merrill Henderson was a proud Rotarian who was associated with many charitable organizations in the community and served on many committees and boards. It was his life with CN, and later his work with the CN Pensioners' Association Moncton Council #1, that sparked Merrill Henderson's interest in the concept of a Transportation Discovery Centre for Moncton, commemorating Moncton's great history in all modes of transportation. He worked tirelessly to ensure its success and its creation was one of his greatest accomplishments on Moncton City Council.



Brian A.Q. Hicks



Daniel Bourgeois



Blair Lawrence
May 2014



Charles Leger

2012-2016 Council



René (Pepsi) Landry



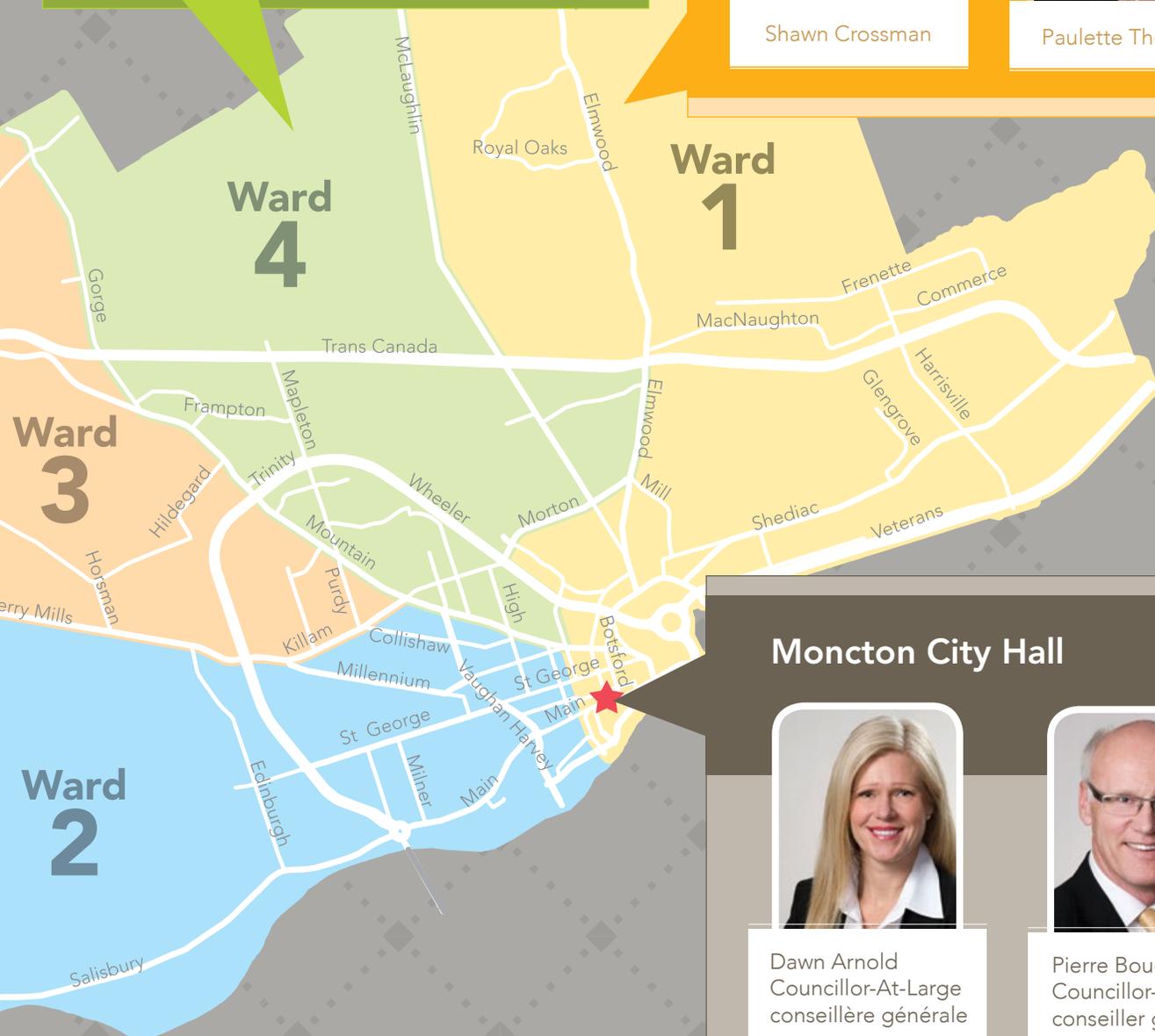
Paul A. Pellerin



Shawn Crossman



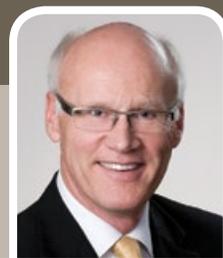
Paulette Thériault



Moncton City Hall



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

Attract and retain immigrants

3

Implement public transit service improvements.

4

Launch Magnetic Hill Zoo five-year plan.

5

Promote business-friendly services and processes.

6

Support and promote art, culture and heritage; Incent public art with an emphasis in the downtown.

7

Encourage environmental stewardship: trees, land, water, air quality

8

Establish seniors' centres and programs.

9

Invest in parks and trails.

10

Enhance democracy in our local government

11

Promote Moncton as a sport and entertainment hub.

12

Improve enforcement of Moncton's bylaws.

13

Stimulate economic growth and development.

14

Promote affordable housing/ assist in poverty reduction.

15

Stimulate downtown revitalization.

16

Establish a Tourism Marketing Fund.

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

The City of Moncton had a year of progress on all its significant portfolios in 2014. The majority of all its key performance indicators (KPI) were surpassed or met. These quantifiable measures are used to gauge performance in terms of meeting our strategic and operational goals. They are significant in allowing us to provide yardsticks of progress from moving where we are now to where we want to be in the future.

As a result of in-depth planning exercises in 2013, Moncton has set its priorities until 2016 around all key sectors of city life. The positive movement forward in so many areas is an encouraging start to our ambitious plans and will greatly influence our future prosperity and sustainability.

SIGNIFICANT PROGRESS IN KEY AREAS

Responsible financial management

Handling the public purse judiciously remained a top priority and in 2014, Moncton continued its trend of being a city that lives within its means. Our target for operating costs for governance and corporate management as the percentage of total operating costs was 1.33 and our actual performance came in at less than 1.4 percent.

Efficiencies put in place by city staff have enabled governance costs to remain stable relative to the overall budget.

Our target for the percentage of goods and services procurable (operating and capital) through the procurement process was targeted at 99.77 percent and our actual was 100 percent. We continue to work closely with finance staff to review and categorize invoices and procurements through the proper payment stream.

We also met our 100 percent target of ensuring that our annual budget items were linked to adherence to the City's long-term financial plan, a document that is revised yearly in order to recognize any anticipated changes brought about by the budget.

Arts, Culture and Heritage

The City adhered to a new cultural grants policy (adopted in 2012) and actions by the Cultural Board designed to increase the total amount of grant dollars allocated to cultural organizations. Our target for 2014 was more than \$10.63 (per capita) and our actual allocation was \$12.97, positioning us well to achieve our 2015 target of more than \$13.29.

The City of Moncton also met its target in adding new public art pieces in 2014. The target was three pieces for a total value of \$66,000: Tidal Bore (a granite sculpture by André Lapointe), two murals coordinated by l'art ici svp (399 & 110 St. George Street), as well as one mural by McKenzie College students in Oak Lane (off Main Street).

In 2014, work also began on a significant public art piece honouring three RCMP officers killed in the line of duty in Moncton in June. The monument is expected to be unveiled in 2016.

The opening of Resurgo Place in 2014, which houses the Moncton Museum and the new Transportation Discovery Centre among other attractions, fell behind its targeted revenue-to-cost ratio (the percentage of operating costs that are recovered by revenues earned from admission fees as well as other operating revenue). However, that was somewhat expected since the building was only open for four months. The target for 2015 is more than 18 percent, or a projected revenue of \$224,500.



“

In 2014, work also began on a significant public art piece honouring three RCMP officers killed in the line of duty in Moncton in June. The monument is expected to be unveiled in 2016.

”

The same formula of cost-to-revenue ratio came closer at the Magnetic Hill Zoo. The target was 54 percent, while the actual was 60 percent. The delay in opening the Big Cats display impacted the revenue projection for 2014; however, the new playground attracted more visitors and helped offset some of the lost revenue.

Environmental Strategies

As part of its urban forest goals, Moncton had a target to plant 235 trees and the number actually planted climbed to 336. The increase was due to extra funding received for the planting of 125 trees on Vaughn Harvey Boulevard in advance of the City's 125th anniversary. Extra funding in 2015 will see the addition of trees for the Hildegard neighbourhood.

In the area of sustainable energy, the City made progress towards its 2017 target of municipal energy use of 24,460,190 KWh. Actions such as changing street lights to LEDS (NB Power) and facility retrofits and operational improvements were completed in 2014 and will invariably help reduce energy consumption.

The focus on water was highlighted in 2014 with the completion of the second dam at Turtle Creek, with the official opening held June 15.

The City is also seeking to reduce the litres of water used per capita per day, working from the baseline of 448.6 million in 2012. The target for 2014 was 407.3 and the actual use was 422.4. The City hopes to meet its goal of 10 percent reduction in per capita water use from 2012 to 2020. Closure of a major industrial water user at the end of 2014 should result in a significant drop in per capita consumption in 2015.

Quality of Life

The cost to operate parks, open spaces and recreational facilities per resident remained at \$137 per person, unchanged from 2013 and it is not expected to change in 2015. As costs rise and the budget remain status quo, the City is striving to deliver the same amount of programs and maintenance.

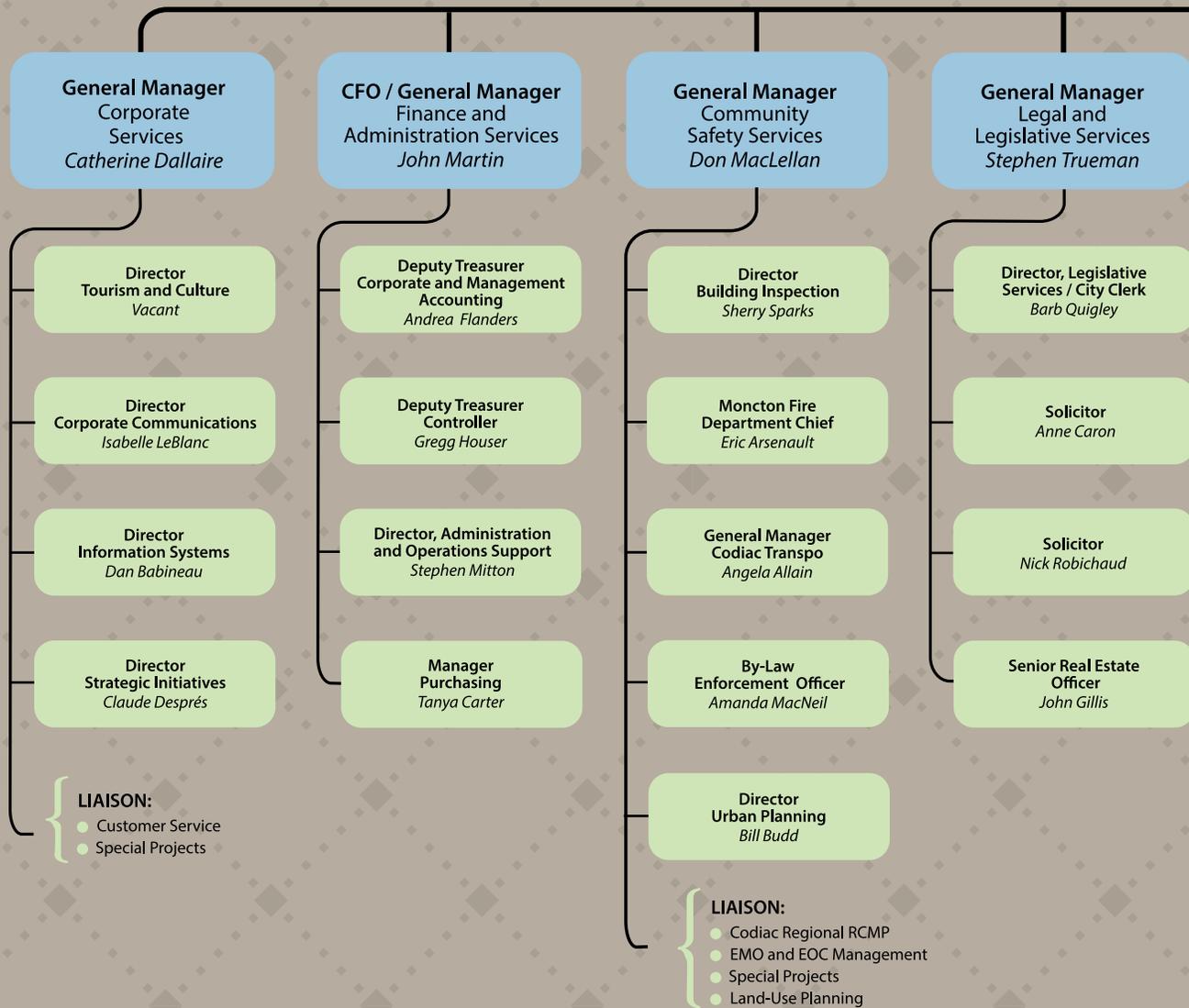
The City also provided one lot for affordable housing. The PlanMoncton initiative has a new section on affordable housing, which will help set baselines and targets in the future.

A Bright Future

We are clearly on line to meet the challenges ahead by its responses to key areas. Our City illustrates that it is receptive to change, able to take responsibility for itself, and keen to grow creatively. It remains a privilege for me to serve City Council and the community as City Manager.

Jacques Dubé
City Manager
City of Moncton

Organizational Chart



CITIZENS OF THE CITY OF MONCTON

MONCTON CITY COUNCIL

Internal Auditor
Bernard LeBlanc

CITY MANAGER
Jacques Dubé

General Manager
Human Resources
Services
Laurann Hanson

General Manager
Engineering and
Environmental Services
Jack MacDonald

General Manager
Economic Development
and Events
Maurice Belliveau

General Manager
Parks and
Leisure Services
Rod Higgins

Manager
Labour Relations
Shane Hughes

Manager
Employment and Recruitment
Kathy DeWitt

Manager
Learning and Development
Pat O'Brien

Manager
Payroll and HR Systems
Cindy Fisher

Director
Design / Construction
Alcide Richard

Director
Public Works
Don Morehouse

Director
Utilities
Nicole Taylor

Director
Municipal Facilities
Bruce Tait

Director
Water Services
Ensor Nicholson

Director, Environmental
Planning and Management
Elaine Aucoin

Manager
Engineering Administration
Ron Lusk

Director
Economic Development
Kevin Silliker

Manager, Marketing and
Event Development
Jillian Cormier

Manager
Venues
Shane Porter

Director
Leisure Services
Jocelyn Cohoon

Parks and Grounds
Supervisor
Dan Hicks

Landscape Project
Coordinator
Michelle McAloon

Facilities
Supervisor
Paul Chiasson

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, 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 presented annually 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 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.

I

n 2014, Moncton City Council's commitment to ensuring the city's sustainability was further solidified with the hiring of Community Development Officer (Social Inclusion) to address some key elements of a healthy community, such as access to fresh, local food, poverty reduction and affordable housing.

A city's sustainability must also consider safety in public places and programs catering to the needs of youth, seniors, and special needs populations. To this end, at the request of the Mayor's Seniors Advisory Committee, the City submitted its application to join the World Health Organization's Global Network of Age-friendly Cities and Communities, which includes nearly 260 cities and communities in 28 countries, covering over 100 million people worldwide.

In addition, the municipality not only offers operational grants on a yearly basis to many non-profit community groups, which assist in delivering such programs, but also collaborates actively with various boards and agencies charged with many essential services to residents (e.g. pest control, policing, public transportation, etc.).

And of course, all relevant decisions consider any impacts on our environment and our obligation to provide basic necessities, such as drinking water that consistently meets or exceeds national guidelines.

1. SOCIAL

SOCIAL

**OUR GOAL:
TO BE A HEALTHY
COMMUNITY**

By the numbers

Public Transportation Improvements

\$146,318
Capital Budget Allocation

\$10,126,676
Operating Budget Allocation





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.

By the numbers

Urban Forest

\$353,339

Operating Budget

Water Supply

\$8,531,763

Capital Budget Allocation

\$14,849,903

Operating Budget Allocation

Transportation Projects

\$21,298,203

Capital Budget Allocation

\$18,731,901

Operating Budget Allocation



2.

ENVIRONMENT

OUR GOAL:
TO BE A GREEN COMMUNITY

ENVIRONMENT



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 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.

B

CULTURE

**OUR GOAL:
TO BE A VIBRANT
COMMUNITY**

CULTURE



By the numbers

Parks and Trails

\$3,007,378

Capital Budget Allocation

\$7,408,565

Operating Budget Allocation

Arts and Cultural Programs

\$137,538

Operating Budget Allocation

Magnetic Hill Zoo & Park

\$942,395

Capital Budget Allocation

\$2,874,416

Operating Budget Allocation

Seniors Centre and Programs

\$99,633

Operating Budget Allocation

Transportation Discovery Centre

\$563,068

Capital Budget Allocation

\$986,053

Operating Budget Allocation





City Council 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.

4.

ECONOMY

OUR GOAL:
TO BE A PROSPEROUS
COMMUNITY

ECONOMY

By the numbers

Economic Development Planning

\$415,740
Operating Budget Allocation

Growth as Sports and Entertainment Hub

\$1,125,302
Capital Budget Allocation
(Stadium Changeroom and
Upper Field Upgrades)

\$55,698
Concert Site Operating Budget
Allocation

\$60,605
Immigration Operating Budget
Allocation

D

GOVERNANCE

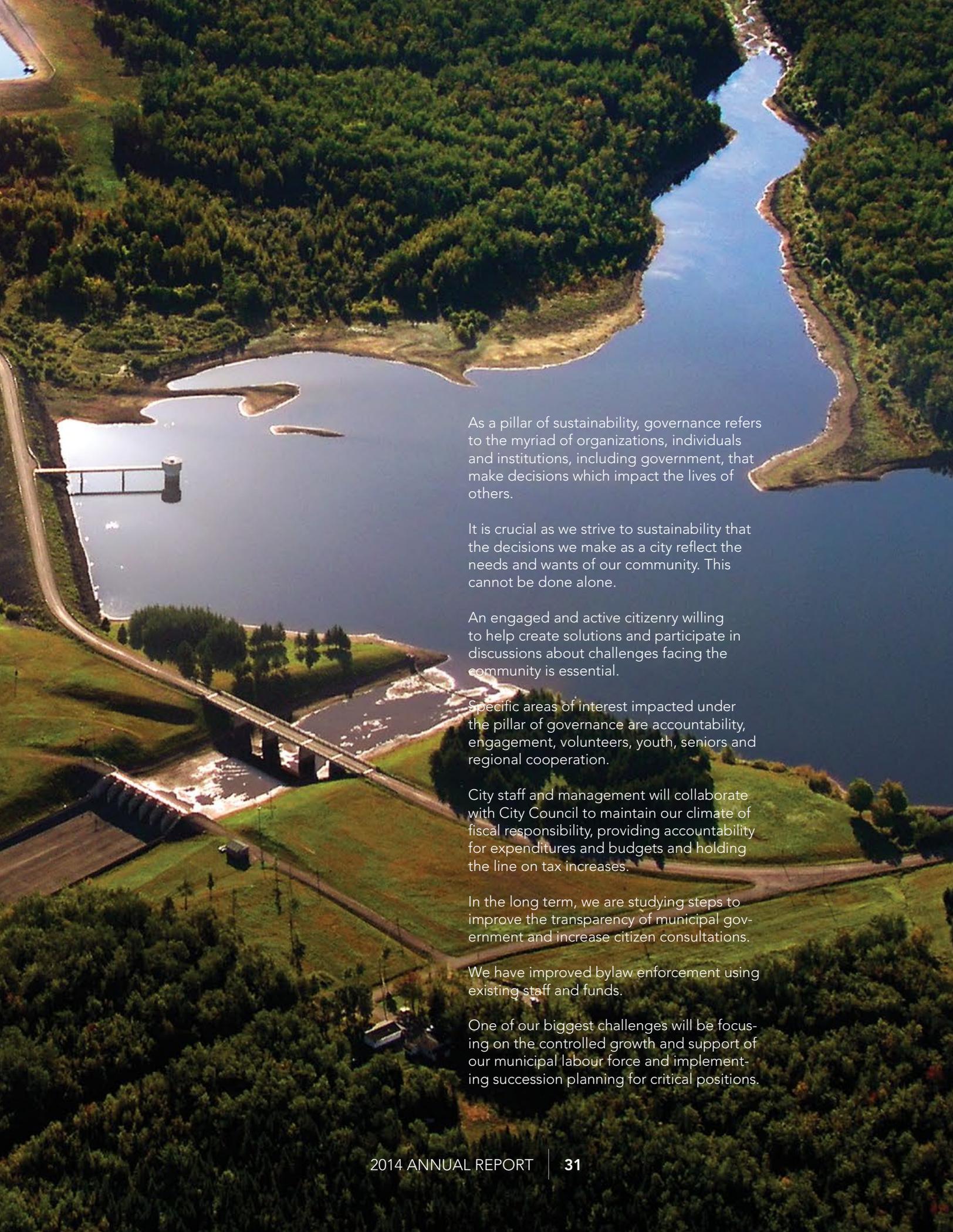
OUR GOAL:
TO BE AN ENGAGED
COMMUNITY

G

By the numbers

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 development 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.



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 collaborate with City Council to maintain our climate of fiscal responsibility, providing accountability 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 have improved 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.

2014 Capital Works Net Spend \$



Water & Sewer

\$13,247,637

Water Systems including: **\$8,531,763**

Watermain Renewals	\$3,987,458
District Area Meter	\$73,894
Royal Oaks Booster Station	\$740,919
Ryan Street Widening	\$413,470
Turtle Creek - Second Dam	\$2,228,498
Other water upgrades	\$1,087,524

Sanitary Sewer including: **\$4,715,874**

Elmwood Drive Upgrades	\$342,510
Mountain Road Upgrades	\$600,381
Highland View Upgrades	\$1,036,476
Other sewer upgrades	\$2,736,507



Community Safety Services

\$669,155

Codiac Transpo **\$146,318**
Bus shelter, terminal and fleet

Fire **\$491,958**
St. George Blvd. retrofit and new fire hall design

Police **\$30,879**
Building Upgrade Program



Other

\$18,346,765

Land Purchases, **\$1,630,226**
Facility Upgrades,
Information Systems,
Parking and Other
Upgrades

Downtown Centre **\$12,704,654**
Land Purchase

Fleet Purchases **\$4,011,885**



Tourism & Events

\$2,939,250

Magnetic Hill Development & Zoo Upgrades	\$942,395
Coliseum Upgrades	\$203,347
Stadium Changeroom and Upper Field Upgrades	\$1,125,302
Transportation Discovery Centre	\$563,068
Treitz House Upgrades	\$105,138

Transportation Projects

\$21,298,203

Storm Sewer	\$3,271,120
Sidewalks & Subdivision Development	\$196,228
Traffic Signals & Traffic Light Installation	\$209,659
Street Resurfacing & Reconstruction	\$8,043,999
Street Widening Ryan Road, Berry Mills	\$1,851,340
Subdivision development road/ storm additions	\$5,558,528
Russ Howard Roundabout (final costs)	\$68,066
Ivy Road Storm Sewer Relief	\$1,450,231
Other	\$649,032

Recreation, Parks & Leisure Services

\$3,007,378

Park & Other Upgrades	\$983,038	Artificial Fields HTHS and BMHS - final components	\$540,348
Moncton Library Upgrades	\$187,799	Trail Development & Upgrades	\$724,048
Recreation Master Plan	\$572,145		

TOTAL \$59,508,388

Financial



CFO Message

I am pleased to present the City of Moncton's audited consolidated financial statements for the year ending December 31, 2014.

The financial statements are the responsibility of the City's management and have been audited by Grant Thornton LLP who has expressed their opinion that these statements present fairly, in all material aspects, the financial position of the City as at December 31, 2014. The financial section includes the Independent Auditor's Report and the 2014 audited financial statements including 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 past three years. The City's Financial Statements continue to comply with all aspects of Public Sector Accounting 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 \$659 million representing historical costs of \$1,019 billion and accumulated amortization of \$360 million, meaning that the City has used 35.3% 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.

For the 2nd year in a row, the City strengthened its financial position by reducing its net debt.



“

For the 2nd year
in a row, the City
strengthened its
financial position by
reducing its net debt.

”

Annual Surplus and Accumulated Annual Surplus

The annual surplus for the year of \$33.7 million represents all operating and capital activities. The surplus positively impacts the net debt position by \$1.2 million. Another component directly affecting the annual surplus is the non-financial assets which also increases the annual surplus by \$32.5 million.

The \$33.7 million surplus is explained by \$33.3 million increase General Operating Fund, a \$7.3 million decrease in Reserves, a \$6.9 million increase in the Utility Operating Fund, \$1.5 million increase in Capital Funds and an (\$665,666) operating deficit of Moncton Industrial Development Limited, a controlled entity of the City.

The annual surplus of \$33.7 million improved the accumulated surplus to \$529.4 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 development of a long term financial plans for the General and Utility Funds, 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 and stability 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 and to City Council for support throughout the year.

John Martin
Chief Financial Officer (CFO)
City of Moncton

Management Representation Letter

June 15, 2015

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

Dear Sir/Madam:

We are providing this letter in connection with your audit of the consolidated financial statements of City of Moncton as of December 31, 2014, 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, 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 and 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 was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the consolidated financial statements. We understand that while your work includes an 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 to 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 is 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 June 15, 2015, 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, 2014 and the results of its operations and its cash flows 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 records and related data and all minutes of the meetings of shareholders, directors, and committees of directors, 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 board and committee 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 or operation of internal control over financial reporting of which we are aware.
- 9 We have identified to you all known related parties and 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 statements.
- 12 We have no knowledge of any allegations of fraud or suspected fraud affecting the City's consolidated financial statements communicated by employees, former employees, analysts, regulators or others.

- 13 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- 14 We believe that the effects of the uncorrected financial statement misstatements summarized in the Audit Results Communication are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

Recognition, measurement and disclosure

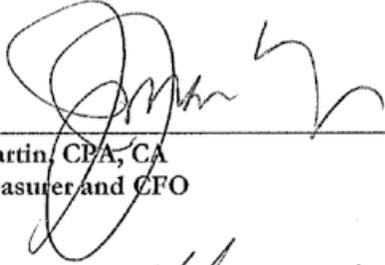
- 15 We believe that the significant assumptions used by us in making accounting estimates, including those used in arriving at the fair values of financial instruments, retirement and post-employment benefits compensated absences, as measured and disclosed in the consolidated financial statements, are reasonable and appropriate in the circumstances.
- 16 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.
- 17 All related party transactions have been appropriately measured and disclosed in the consolidated financial statements.
- 18 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 of the change could be material to the consolidated financial statements.
- 19 All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
- 20 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.
- 21 All “off-balance sheet” financial instruments have been properly recorded or disclosed in the consolidated financial statements.

- 22 Any derivative financial instruments are purchased for hedging purposes. 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 statements, including identifying and accounting for any embedded derivative financial instruments. We have provided to you the terms of transactions involving derivative financial instruments, including any side agreements, and confirm that all transactions involving derivative financial instruments have been conducted at arm's length and at fair value. The City complies with the documentation requirements of the Canadian public sector accounting standards for derivative financial instruments that are conditions precedent to specified hedge accounting treatments. As well we have provided to you details of any written options that the City has entered into.
- 23 With respect to environmental matters:
- a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;
 - 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.
- 24 The City has 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.
- 25 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 statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt
- 26 The Goods and Services Tax (GST) and Harmonized Sales Tax (HST) transactions recorded by the City are in accordance with the federal and provincial regulations. The GST and HST liability/receivable amounts recorded by the City are considered complete.
- 27 Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of Sections PS 3250 Retirement Benefits, PS 3255 Post-Employment Benefits, Compensated Absences and of the Chartered Professional Accountants of Canada (CPA Canada) Handbook Part II– Accounting.
- 28 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 adjustment of those financial statements and related notes.

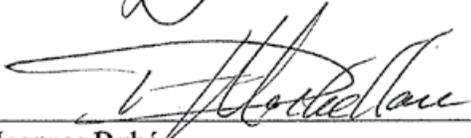
Other

29 We have considered whether or not events have occurred 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,



John Martin, CPA, CA
City Treasurer and CFO



Jac Jacques Dubé
City Manager



Consolidated Financial Statements

City of Moncton

December 31, 2014

Independent auditor's 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

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We have audited the consolidated statement of financial position of the City of Moncton as at December 31, 2014 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Moncton as at December 31, 2014, and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other matter

The Department of Local Government of New Brunswick has requested some additional disclosures based on the Municipal Financial Reporting, Manual dated December 16, 2011. The City has added notes 13, 14 and 15 and schedules 8 and 9 to their consolidated financial statements to comply with these requirements.

Moncton, Canada
June 15, 2015

Grant Thornton LLP
Chartered accountants

City of Moncton

Consolidated Statement of Financial Position

Year Ended December 31

2014

2013

Financial assets

Cash and cash equivalents	\$ 11,418,582	\$ 9,931,367
Restricted cash (Note 2)	760,774	622,904
Receivables (Note 3)	22,157,304	27,778,329
Mortgage receivable (Note 4)	1	1
Long-term investments (Note 5)	3,337,017	2,945,319
Land and land development	15,667,586	16,025,180
Unamortized debenture discounts	1,310,301	1,199,891
Accrued pension asset (Note 10)	1,949,400	-
	<u>56,600,965</u>	<u>58,502,991</u>

Liabilities

Payables and accruals (Note 7)	26,997,582	29,757,431
Deferred capital revenue	73,000	-
Deferred government transfers (Note 8)	-	2,334,480
Long-term debt (Note 9)	153,175,307	148,072,994
Accrued pension liability (Note 10)	-	3,495,500
Other post employment liabilities (Note 11)	9,143,600	8,865,900
	<u>189,389,489</u>	<u>192,526,305</u>

Net debt

(132,788,524) (134,023,314)

Non-financial assets

Tangible capital assets (Note 12)	659,550,764	627,388,179
Inventory of supplies	2,309,588	2,139,775
Prepays	387,827	186,514
	<u>662,248,179</u>	<u>629,714,468</u>

Accumulated surplus

\$ 529,459,655 \$ 495,691,154

Commitment and contingencies (Note 16)

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 2014 2013

	PSAB Budget (page 27)	<u>Actual</u>	<u>Actual</u>
Revenue			
Warrant of assessment	\$ 120,378,361	\$ 120,378,361	\$ 114,663,008
Unconditional transfers from Provincial Government	8,515,544	8,515,544	10,423,174
Federals grant in lieu	14,978	14,978	15,841
Government transfers for operating (Page 22)	874,334	869,471	874,397
Other revenue from own sources (Page 22)	11,864,231	10,678,107	12,351,081
Water and sewer revenue (Page 22)	30,479,449	28,563,545	29,810,117
Interest	460,000	1,343,085	1,218,684
	<u>172,586,897</u>	<u>170,363,091</u>	<u>169,356,302</u>
Expenses (Pages 23-24)			
General government services	41,065,132	40,729,578	45,973,602
Protection services	34,100,366	35,165,606	32,266,025
Transportation services	28,260,716	28,858,577	26,879,833
Environmental health and development services	9,573,084	9,114,065	9,048,864
Recreation and cultural services	16,435,839	16,265,934	15,608,985
Water and sewer	26,886,422	24,212,196	25,679,996
	<u>156,321,559</u>	<u>154,345,956</u>	<u>155,457,305</u>
Annual surplus before capital contributions	16,265,338	16,017,135	13,898,997
Other contributed assets for capital (Page 22)	275,000	8,530,375	9,910,091
Government transfers for capital (Page 22)	5,542,963	9,220,991	15,418,124
Annual surplus	22,083,301	33,768,501	39,227,212
Accumulated surplus, beginning of year	<u>495,691,154</u>	<u>495,691,154</u>	<u>456,463,942</u>
Accumulated surplus, end of year	<u>\$ 517,774,455</u>	<u>\$ 529,459,655</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

2014

2013

	<u>PSAB Budget</u>		
Annual surplus	\$ 22,083,301	\$ 33,768,501	\$ 39,227,212
Acquisition of tangible capital assets	(33,904,000)	(59,508,388)	(60,200,924)
Proceeds on disposal of tangible capital assets	-	892,577	129,861
Amortization and transfer of tangible capital assets	25,291,871	25,291,871	23,556,556
Loss on sale and write-off of tangible capital assets	-	1,161,355	334,301
	<u>(8,612,129)</u>	<u>(32,162,585)</u>	<u>(36,180,206)</u>
Change in prepaid expenses	-	(201,313)	432,953
Change in supplies inventory	-	(169,813)	145,472
	<u>-</u>	<u>(371,126)</u>	<u>578,425</u>
Decrease in net debt	13,471,172	1,234,790	3,625,431
Net debt, beginning of year	<u>(134,023,314)</u>	<u>(134,023,314)</u>	<u>(137,648,745)</u>
Net debt, end of year	<u>\$(120,552,142)</u>	<u>\$(132,788,524)</u>	<u>\$(134,023,314)</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Cash Flows

Year Ended December 31

2014

2013

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

Operating activities

Annual surplus	\$ 33,768,501	\$ 39,227,212
Items not affecting cash:		
Amortization and transfer of tangible capital assets	25,291,871	23,556,556
Loss on sale and write-off of tangible capital assets	1,161,355	334,301
Change in accrued pension liability	(5,444,900)	342,600
Change in other post employment benefits	277,700	(314,605)
Changes in non-cash working capital:		
Change in receivables	5,621,025	4,393,007
Change in payables and accruals	(2,759,849)	2,337,756
Change in supplies inventory	(169,813)	145,472
Change in prepaid expenses	(201,313)	432,953
Change in land and land development	357,594	1,321,045
Change in debenture discounts	(110,410)	(18,841)
Net cash provided by operating activities	<u>57,791,761</u>	<u>71,757,456</u>

Capital activities

Acquisition of tangible capital assets	(59,508,388)	(60,200,924)
Change in deferred government transfers	(2,261,480)	(881,095)
Proceeds on sale of tangible capital assets	892,577	129,861
Net cash used for capital activities	<u>(60,877,291)</u>	<u>(60,952,158)</u>

Financing activities

Issuance of long-term debt	31,436,000	28,938,000
Repayment of long-term debt	(26,333,687)	(29,745,252)
Net cash provided (used) for financing activities	<u>5,102,313</u>	<u>(807,252)</u>

Investing activities

Change in investments	(391,698)	(354,088)
Net cash used for investing activities	<u>(391,698)</u>	<u>(354,088)</u>

Increase in cash and cash equivalents	1,625,085	9,643,958
Cash and cash equivalents at beginning of year	<u>10,554,271</u>	<u>910,313</u>
Cash and cash equivalents at end of year	<u>\$ 12,179,356</u>	<u>\$ 10,554,271</u>

Summary of cash and cash equivalents:

Cash	\$ 11,418,582	\$ 9,931,367
Restricted Cash	760,774	622,904
Cash and cash equivalents at end of year	<u>\$ 12,179,356</u>	<u>\$ 10,554,271</u>

See accompanying notes and schedules to the consolidated financial statements

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

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 Corporation of the City of Moncton 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. These consolidated financial statements include the additional disclosure requirements by the Department of Local Government of New Brunswick. The City has added notes 13, 14 and 15 and schedules 8 and 9 to comply with these requirements.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Significant aspects of the accounting policies adopted by the City of Moncton are as follows:

a) **Reporting entity**

These consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus and change in financial position of the reporting entity. The City of Moncton 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 are recognized as deferred revenue when transfer stipulations have not been met and revenue is recognized as the stipulations are settled.

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, 2014

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 Moncton Industrial Development Limited 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, 2014

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) Long-term debt

Long-term debt is recorded net of any related sinking fund balances. Debt service charges, including principal and interest, are charged against current revenue in the period in which they occur.

j) 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 unused sick banks which do not vest to be used during the employees' period of employment.

k) Budget

The budget figures contained in these consolidated financial statements were approved by Council on December 16, 2013 and the Minister of Local Government approved the General Operating Budget on February 25, 2014, Capital Budget on April 14, 2014 and Utility Operating Budget on February 25, 2014.

l) 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.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

1. Summary of significant accounting policies (continued)

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.

m) **Segmented information**

The City of Moncton 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.

n) **Revenue recognition**

Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Other revenue is recorded when it is earned, and collection is reasonably assured.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

1. Summary of significant accounting policies (continued)

o) **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.

p) **Trusts Funds**

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

q) **Use of estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards 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

Restricted cash is comprised of the following:

	<u>2014</u>	<u>2013</u>
Deposits on program funding – Transportation Discovery Centre	\$ 324,656	\$ 153,535
Deposits on hand	110,169	64,189
Cash held to pay performance rebates on land sales-MID	325,949	340,180
Cash held for transition fund-MID	-	65,000
	<u>\$ 760,774</u>	<u>\$ 622,904</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

3. Receivables	<u>2014</u>	<u>2013</u>
Federal/Provincial government - capital and operating contributions	\$ 6,811,340	\$ 12,554,715
Federal/Provincial government - HST	1,804,379	2,092,898
Other – various (net of allowance)	458,755	961,218
Moncton Arena Partners	349,316	246,757
Friends of the Zoo	321,752	-
Harrison Trimble High School- Woody Hayes Field Committee	303,504	250,000
Moncton Football Association Incorporated	271,466	310,246
Curl Moncton	238,000	-
Beausejour Gymnos	218,898	49,049
City of Dieppe	196,785	373,696
Universite de Moncton	195,659	-
Canadian Soccer Association	187,939	-
Town of Riverview	165,383	150,461
Théâtre Capitol Theatre Inc.	136,234	168,796
Local improvements	131,134	126,943
Bernice MacNaughton High School Field of Dreams Committee	102,329	250,000
Moncton Squash Club	93,172	103,172
Rotary Club of Moncton, New Brunswick Inc.	60,000	80,000
Magic Mountain Water Park Ltd.	56,499	56,500
Indoor Sports Management	41,399	61,182
Moncton Wildcats Junior Hockey Club Limited	29,751	22,880
Sewer construction improvements	11,038	21,348
Jardine Auctioneers	-	112,916
Canadian Football League	-	3,705
Water and sewer receivables	9,967,063	9,770,645
Moncton Industrial Development Limited receivables	5,509	11,202
	<u>\$22,157,304</u>	<u>\$ 27,778,329</u>

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 \$3,337,017 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, 2014

6. Bank indebtedness

Bank indebtedness for operating purposes is within the limit prescribed by the Municipalities Act, and the Municipal Capital Borrowing Board has approved the short-term borrowing outstanding in the Capital Fund at the end of the year. 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>2014</u>	<u>2013</u>
Accounts payable and commitments	\$ 13,997,149	\$ 16,025,473
Payable to the Policing Authority	6,749,501	5,898,545
Contractors' holdbacks	3,271,611	6,812,943
Interest on long-term debt	458,445	479,579
Moncton Industrial Development Limited payables, accruals and deposit on land	458,985	505,630
Deferred revenue	2,026,630	-
Local improvement deposits	<u>35,261</u>	<u>35,261</u>
\$	<u>26,997,582</u>	<u>\$ 29,757,431</u>

8. Deferred government transfers

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

	<u>2014</u>	<u>2013</u>
Federal Contributions – Gas tax	\$ <u>-</u>	\$ <u>2,334,480</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

9. Long-term debt

2014

2013

New Brunswick Municipal Financing Corporation

Debentures:

AQ1	2.75% - 5.5%, due 2014, OIC #02-0018	\$	-	\$	956,100
AR9	2.75% - 4.8%, due 2014, OIC #02-0018, #03-0017		-		912,000
AR10	2.75% - 4.8%, due 2014, OIC #02-0018		-		411,000
AS1	2.85% - 4.35%, due 2015, OIC #03-0017, #03-0020, #04-0010		921,000		1,804,000
AT12	3.75% - 4.375%, due 2015, OIC #03-0017, #04-0010		909,000		1,780,000
AT13	3.75% - 4.375%, due 2015, OIC #03-0017		420,000		823,000
AU1	4.15% - 4.7%, due 2015, OIC #04-0010, #05-0016		2,797,000		4,117,000
AV13	4.15% - 4.45%, due 2015, OIC #05-0016		850,000		1,249,000
AV14	4.15% - 4.45%, due 2015, OIC #04-0010		2,059,000		3,025,000
AW1	4.3% - 4.55%, due 2016, OIC #00-0018, #03-0017, #04-0010, #05-0016, #06-0019		4,162,000		5,430,000
AX12	4.45% - 4.85%, due 2017, OIC #06-0019		2,481,000		3,234,000
AY5	3.3% - 4.85%, due 2018, OIC #05-0016, #06-0019, #07-0015, #07-0093		5,475,000		6,701,000
AY6	3.3% - 4.85%, due 2018, OIC #05-0016		3,345,000		4,094,000
AZ10	2.1% - 5.55%, due 2018, OIC #04-0010, #05-0016		2,696,000		3,300,000
BA7	0.95% - 5%, due 2019, OIC #05-0016, #06-0019, #07-0015, #08-0014		7,225,000		9,058,000
BA8	0.95% - 5%, due 2019, OIC #06-0019		1,633,000		1,939,000
BC5	1.5% - 4.55%, due 2020, OIC #07-0015, #08-0014, #09-0025		9,925,000		11,423,000
BC6	1.5% - 4.55%, due 2020, OIC #07-0015		3,025,000		3,467,000
BD11	1.5% - 3.85%, due 2020, OIC #07-0015, #08-0014		6,060,000		7,008,000
BE21	1.65% - 4.25%, due 2021, OIC #08-0014, #09-0025, #10-0018		11,058,000		12,768,000
BE22	1.65% - 4.25%, due 2021, OIC #09-0025, #10-0018		3,901,000		4,391,000
BF9	1.35% - 3.45%, due 2021, OIC #09-0025, #10-0018		4,587,000		5,186,000
BG10	1.65% - 3.4% due 2022, OIC #06-19, #08-14, #09-0025, #10-0018, #10-0068, #11-0038, #11-0100		12,213,000		13,828,000
BH12	1.35% - 3.1% due 2022, OIC #06-19, #08-14, #09-0025, #09-0072, #10-0018, #11-0038, #12-0016		2,214,000		2,616,000
BH13	1.35% - 3.1% due 2022 OIC #06-19, #07-15, #08-14, #09-0025, #10-0018, #11-0038		7,846,000		8,782,000
BI9	1.35% - 3.25%, due 2023, OIC #09-0025, #10-0018, #11,0038, #12-0016		7,028,000		7,926,000
BI10	1.35% - 3.25%, due 2023, OIC #09-0025, #12-0016		1,419,000		1,562,000
BJ10	1.25% - 3.70%, due 2023, OIC #09-0025, #10-0018, #10-0068, #11-0038, #12-0016, #13-0010		10,228,000		11,454,000
BJ11	1.25% - 3.70%, due 2023, OIC #06-0019, #08-0014, #09-0025, #10-0018, #11-0038, #12-0016		3,268,000		3,596,000
BK6	1.15% - 3.45%, due 2024, OIC #06-0019, #09-0025, #10-0018, #11-0038, #12-0016, #13-0010, #13-0012		4,144,000		-
BK7	1.15% - 3.45%, due 2024, OIC #08-0014, #09-0025, #10-0018, #11-0038, #12-0016, #13-0010		2,980,000		-
BL8	1.20% - 3.10%, due 2024, OIC #10-0018, #11-0038, #12-0016, #13-0010, #14-0019		3,946,000		-
BL9	1.20% - 3.70%, due 2034, OIC #05-0016, #06-0019, #07-0015, #09-0025, #10-0018, #11-0038, #13-0010, #14-0019		20,366,000		-
			<u>\$149,181,000</u>		<u>\$142,840,100</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

9. Long-term debt (cont'd)	<u>2014</u>	<u>2013</u>
<u>Maritime Life Assurance Company</u>		
Mortgage payable, 8.186%, due 2019	719,989	836,562

Scotiabank Bankers Acceptance - Moncton Industrial Development Limited

Maturing in 2017 at banker's acceptance per annum, renewed every 90 days.	<u>3,274,318</u>	<u>4,396,332</u>
	<u>\$ 153,175,307</u>	<u>\$ 148,072,994</u>

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:

2015	\$ 25,233,309	2018	\$ 18,427,684
2016	23,587,859	2019	15,053,838
2017	20,890,294		

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 of Moncton under the Pension Plan for the Employees of the City of Moncton 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 March 2014, the City's contribution limit was increased to 10% of employee earnings.

Employees make contributions equal to 10% of earnings, and the City contributes an equal amount. The contribution by the City in the year was \$4,111,500 (2013 - \$3,376,800). Total benefit payments to retirees during the year were \$11,152,500 (2013 - \$9,700,300). A separate pension fund is maintained. The City is in a net funded position at December 31, 2014, as follows:

	<u>2014</u>	<u>2013</u>
Fair market value of plan assets	\$ 219,719,000	\$ 195,939,900
Accrued benefit obligation	<u>(205,429,100)</u>	<u>(189,239,700)</u>
Funded status	14,289,900	6,700,200
Unamortized actuarial gain	12,340,500	10,195,700
Accounting pension (liability) / asset	<u>\$ 1,949,400</u>	<u>\$ (3,495,500)</u>

Actuarial valuations for accounting purposes are performed annually using the projected benefit method prorated on services. The most recent evaluation of the Pension Plan by the City's actuaries, William M. Mercer Limited, was carried out effective December 31, 2013. The accrued benefit obligation shown for 2014 is based on an extrapolation of the 2013 valuation. There is a net unamortized actuarial gain to be amortized on a straight-line basis over the expected average remaining service life of the employee group (13 years).

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

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>2014</u>	<u>2013</u>
(a) Discount rate	6.25%	6.75%
(b) Rate of compensation increases	2.50%	2.65%
(c) Rate of inflation	2.00%	2.10%
Mortality	110% of the rates of the CPM-2014 Public mortality table with CPM-B projections scale.	
Retirement age	60% at earliest retirement age without reduction and remainder at age 65.	
	<u>2014</u>	<u>2013</u>
Current period benefit cost	\$ 7,473,600	\$ 6,766,000
Impact on plan amendment incurred in period	(3,307,500)	-
Amortization of actuarial gain/losses	(907,800)	(14,600)
	<u>3,258,300</u>	6,751,400
Less: employee contributions	(4,105,900)	(3,376,800)
Pension expense	(847,600)	3,374,600
Interest cost on the average accrued benefit obligation	(485,800)	344,800
Total expenses (recovery) related to pension	\$ (1,333,400)	\$ 3,719,400

The employer contribution expense of \$4,111,500 is included in the statement of operations as a component of department expenses. The change in pension liability of \$(5,444,900) is recorded in the general government services.

	Percentage of Plan Assets	
	<u>2014</u>	<u>2013</u>
Benefits plan assets consist of:		
Bonds	39.25%	40.88%
Canadian equities	59.04%	18.55%
International equities	0.69%	38.48%
Short-term investments	0.31%	1.43%
Receivables	0.40%	0.44%
Cash	0.31%	0.21%
	<u>100%</u>	<u>100%</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

11. Sick and other post-employment liabilities

The City of Moncton 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>2014</u>	<u>2013</u>
Employee benefits obligations:		
Vested benefits	\$ 7,201,100	\$ 6,955,700
Unamortized actuary gains vested	289,300	429,500
Non-vested benefits	2,418,500	2,298,300
Unamortized actuary (losses) non-vested	<u>(765,300)</u>	<u>(817,600)</u>
Accrued employee benefit obligation	<u>\$ 9,143,600</u>	<u>\$ 8,865,900</u>
Accrued employee benefit obligation	\$ 9,143,600	\$ 8,865,900
Less funded amount	<u>(2,639,732)</u>	<u>(2,178,923)</u>
Unfunded employee benefit obligation	6,503,868	6,686,977
Less non-vested benefits	<u>(1,653,200)</u>	<u>(1,480,700)</u>
Vested benefits to be funded from future revenue	<u>\$ 4,850,668</u>	<u>\$ 5,206,277</u>
Benefit expense in the year	<u>\$ 1,124,100</u>	<u>\$ 1,042,700</u>

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%;
- the discount rate used to determine the accrued benefit obligation is 3.55%;
- 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, 2014

12. Consolidated Tangible capital assets

	General Capital Assets						Water and Sewer Assets						
	Land	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 Construction	Assets under Construction	2014	2013
Cost													
Opening cost	\$ 18,657,610	\$ 73,833,458	\$ 49,852,354	\$ 8,427,838	\$ 39,027,714	\$ 21,142,211	\$ 11,839,129	\$ 282,741,944	\$ 47,386,231	\$ 389,260,999	\$ 42,738,303	\$964,905,791	\$ 907,726,385
Additions and transfers	13,670,129	15,610,035	4,736,899	732,019	1,928,929	(14,603,392)	34,579	18,188,206	43,939,492	8,978,721	(33,707,327)	69,509,390	60,200,924
Disposals and write-offs	(46,519)	-	(1,774,157)	-	-	-	-	(2,888,343)	-	(148,129)	-	(4,857,148)	(3,021,518)
Closing cost	32,281,220	89,443,493	52,815,196	9,159,857	40,956,643	6,538,819	11,873,708	278,041,807	91,325,723	398,091,691	9,028,976	1,019,557,033	964,905,791
Accumulated amortization													
Opening accumulated	-	(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)
Amortization	-	(2,241,241)	(3,563,816)	(454,811)	(2,330,778)	-	(359,564)	(8,456,286)	(2,076,493)	(5,604,862)	-	(25,291,871)	(23,556,566)
Disposals and write-offs	-	-	1,616,498	-	-	-	-	1,085,015	-	101,701	-	2,803,214	2,557,356
Closing accum'd amortization	-	(32,830,946)	(34,440,537)	(7,796,725)	(18,121,910)	-	(6,442,879)	(116,125,875)	(27,174,876)	(117,072,522)	-	(360,006,269)	(337,517,612)
Asset net book value	\$ 32,281,220	\$ 56,612,547	\$ 18,374,659	\$ 1,363,132	\$ 22,834,733	\$ 6,538,819	\$ 5,430,829	\$ 161,915,932	\$ 64,150,848	\$ 281,019,069	\$ 9,028,976	\$ 659,550,764	\$ 627,388,179

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

13. Short-term borrowings compliance

Operating borrowing

As prescribed in the *Municipalities Act*, borrowing to finance General Fund operations is limited to 4% of the Municipality's operating budget. Borrowing to finance Utility Fund operation is limited to 50% of the operating budget for the year. In 2014, the Municipality has complied with these restrictions.

Inter-fund borrowing

The Municipal Financial Reporting Manual required that short-term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. The amounts payable between Funds are in compliance with the requirements.

14. Water and Sewer Fund Surplus/Deficit

The *Municipalities Act* requires Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuring year: the balance of the surplus/deficit at the end of the year consists of:

	<u>2014</u>	<u>2013</u>
2013	\$ 11,902	\$ 11,902
2014	<u>152,558</u>	<u>-</u>
	<u>\$ 164,460</u>	<u>\$ 11,902</u>

15. Water cost transfer

The City's water cost transfer for fire protection is within the maximum allowable by Regulation 81-195 under the *Municipalities Act* based upon the applicable percentage of water system expenditures for the population.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

16. 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 twenty-five years, which includes an option to purchase. The minimum annual lease payments are as follows:

2015	\$1,389,384
2016	1,473,671
2017	1,533,876
2018	1,533,876
2019	1,533,876
2020	1,533,876
2021	639,115

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 and now assigned to Fortis Properties Inc., the City is responsible for the proportionate share of the common area operating costs. In 2014 this approximated \$515,884 and approximately 56% 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 \$185,838 in 2015, \$155,800 in 2016, \$89,230 in 2017, \$30,244 in 2018 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 twenty years with a ten year renewal option. The City also has the ability to exercise purchase options after twenty and after thirty years.
- (e) A commitment has been made to the Théâtre l'Escaouette, payable in equal annual instalments over a three-year period (2015-2017). At year end, \$150,000 remains to be paid.
- (f) A commitment has been made to the Centre Culturel Aberdeen, payable in annual instalments over a three-year period (2015-2017). At year end, \$135,000 remains to be paid.
- (g) A commitment has been made to the Sistema, payable in annual instalments over a three-year period (2015-2017). At year end, \$125,000 remains to be paid.
- (h) The City is committed to provide \$500,000 to the Atlantic Ballet Theatre of Canada over a ten year period of \$50,000 per year. At December 31, 2014, 2 installments remain. Additional commitment outstanding are \$10,000 made in year 2015, \$15,000 in year 2016 and \$25,000 in year 2017.
- (i) City has entered into a number of multi year contracts for the delivery of services, the construction of assets, and operating leases. These contract obligation will become liabilities in the future when the terms of the contract are met.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2014

16. 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. City Council reviews the guarantee on an annual basis. At December 31, the guarantee stands at \$150,000.
- 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) The City has an outstanding claim for approximately \$900,000 related to the Resurgo Place – Transportation Discovery Centre construction project. The City has reached an agreement with all parties for an arbitration process to resolve the disputes. The arbitrator has not yet been assigned to the matter and therefore no dates for a hearing have been established. The City has assess their liability related to the matter as undeterminable and therefore no accrual has been recorded at year end.
- d) On June 4, 2014, the City of Moncton was witness to a series of shootings involving the general public and the RCMP police force. The shootings resulted in a manhunt for the suspect, subsequent investigation and legal proceedings. Under the various service agreements, the RCMP was responsible for the manhunt and investigation. The RCMP accumulated all costs associated with the incident, and under the service agreements are responsible for allocating the costs associated with the incident to the Federal Government of Canada, the Province of New Brunswick and the Codiac Regional Policing Authority. The final reconciliations and cost allocations had not been settled by the three parties as of December 31, 2014. Based on an initial agreement between the three parties, the Codiac Regional Policing Authority has estimated their share to be approximately \$3.5 million. As a funding partner of the Codiac Regional Policing Authority, the City has estimated their allocation of the cost to be \$1,050,000 and this amount has been accrued in the December 31, 2014 consolidated financial statements. The final agreement between the three parties is anticipated to be finalized in calendar 2015. Any adjustments related to the final settlement will be recorded in the year the new information arises.
- e) 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.

17. Reclassification

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

City of Moncton

Schedule 1: Consolidated Schedule of Revenues

Year ended December 31, 2014

	2014	2014	2013
	Budget	Actual	Actual
Government Transfers for operating			
Provincial contributions	\$ 695,334	\$ 694,471	\$ 695,334
Other local governments	179,000	175,000	179,063
	<u>\$ 874,334</u>	<u>\$ 869,471</u>	<u>\$ 874,397</u>
Other revenue from own sources			
Licenses and permits - building permits	\$ 1,130,000	\$ 1,045,569	\$ 1,414,333
- other	819,059	763,623	816,726
Fines and fees	502,000	445,730	508,861
Parking	2,192,838	2,214,816	2,117,568
Rent	32,201	32,200	39,445
Miscellaneous	266,589	421,645	281,318
Protection	14,000	11,933	11,582
Transportation - other	146,200	101,606	142,487
Public transit	4,000,506	3,581,654	3,184,193
Magnetic Hill Zoo	1,191,050	1,348,780	1,271,535
Magnetic Hill Park	135,000	132,845	137,396
Other recreational	607,904	483,784	416,600
Coliseum - Agrena	807,884	458,100	549,671
Loss on sale and write-off of tangible assets	-	(1,161,355)	(334,300)
Cash received in lieu	-	9,055	20,845
Water and sewer other revenue	19,000	80,914	36,473
Moncton Industrial Development Limited - land sales	-	707,208	1,736,348
	<u>\$11,864,231</u>	<u>\$ 10,678,107</u>	<u>\$ 12,351,081</u>
Water and sewerage revenue			
Water user charges	\$17,723,384	\$ 17,661,394	\$17,384,183
Sewer user charges	4,985,465	4,952,229	4,761,481
Sewer treatment levy	7,770,600	5,949,922	7,664,453
	<u>\$30,479,449</u>	<u>\$ 28,563,545</u>	<u>\$ 29,810,117</u>
Other contributions for capital			
Donated assets - developers	\$ -	\$ 7,649,852	\$ 8,847,119
Organizations and individuals	275,000	997,047	721,447
Local improvement and branch sewer recoveries	-	(116,524)	341,525
	<u>\$ 275,000</u>	<u>\$ 8,530,375</u>	<u>\$ 9,910,091</u>
Government Transfers for Capital			
Department of Transportation	\$ -	\$ -	\$ 1,504,292
Infrastructure program	-	470,689	83,290
Canadian Heritage	100,000	-	-
Department of Education	-	38,300	-
Regional Development Corporation	-	534,136	2,093,055
Department of Transportation – designated highways	250,000	310,287	258,573
Infrastructure Canada – gas tax program	4,983,000	6,965,095	4,467,804
Moncton Industrial Development Limited – grants	209,963	279,388	255,022
Federal/Provincial contributions - water and sewer	-	623,096	6,756,088
	<u>\$ 5,542,963</u>	<u>\$ 9,220,991</u>	<u>\$ 15,418,124</u>

City of Moncton

Schedule 2: Consolidated Schedule of Expenses

Year Ended December 31	2014	2014	2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Mayor and Councillors	\$ 573,151	\$ 590,127	\$ 562,223
City Manager and Internal Audit	344,313	358,834	336,882
Corporate Services	151,402	150,540	142,709
Finance and administration	2,105,968	2,066,963	1,982,464
Information systems	1,992,412	1,847,027	1,816,835
Human resources	1,543,511	1,649,055	1,347,388
Legislative services	996,699	986,627	948,725
City Hall building	1,763,076	1,746,474	1,738,748
Corporate communications	837,324	727,450	762,470
Other general administration	3,351,400	2,933,532	3,772,707
Grants	1,066,196	1,103,335	1,129,693
Corporate planning and policy development	394,944	348,972	381,309
Moncton Industrial Development Limited	769,559	1,515,172	2,535,732
	<u>15,889,955</u>	<u>16,024,108</u>	<u>17,457,885</u>
Amortization and transfer of tangible assets	25,291,871	25,291,871	23,556,556
Interest	3,781,633	3,398,386	3,867,230
Pension	(5,444,900)	(5,444,900)	342,600
Post-retirement liabilities	1,081,573	898,464	392,017
Maintenance facilities	465,000	561,649	357,314
	<u>\$ 41,065,132</u>	<u>\$ 40,729,578</u>	<u>\$ 45,973,602</u>
Protection services			
Police	\$ 18,565,344	\$ 19,578,312	\$ 17,756,095
Fire	12,913,519	13,048,732	12,141,431
Building inspection	1,855,240	1,790,714	1,626,172
Other protective services	766,263	747,848	742,327
	<u>\$ 34,100,366</u>	<u>\$ 35,165,606</u>	<u>\$ 32,266,025</u>
Transportation services			
Engineering administration	\$ 2,101,851	\$ 2,130,364	\$ 2,052,719
Roads, streets and equipment	10,331,080	11,233,304	10,256,262
Street lighting	2,425,822	2,395,570	2,371,910
Traffic and parking	2,423,180	2,277,943	2,049,715
Public transit	10,271,443	10,126,676	9,487,819
Other transportation	707,340	694,720	661,408
	<u>\$ 28,260,716</u>	<u>\$ 28,858,577</u>	<u>\$ 26,879,833</u>
Environmental health and development services			
Garbage and waste collection	\$ 3,581,706	\$ 3,368,073	\$ 3,400,975
Planning commission grant	35,103	35,103	(7,019)
Development	2,692,658	2,471,167	2,285,566
Magnetic Hill Zoo	2,215,590	2,259,421	2,130,891
Magnetic Hill Park	385,737	614,995	359,580
Tourism	662,290	365,306	878,871
	<u>\$ 9,573,084</u>	<u>\$ 9,114,065</u>	<u>\$ 9,048,864</u>

City of Moncton

Schedule 2: Consolidated Schedule of Expenses

Year Ended December 31	2014	2014	2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Parks and Leisure services	\$ 7,455,328	\$ 7,408,565	\$ 7,330,483
Library	334,555	339,503	434,138
Capitol Theatre grant	499,341	797,516	679,749
Events and Venues	2,332,956	1,978,427	1,953,288
Museum	1,057,306	986,053	567,005
Program planning and development	136,098	117,475	141,876
Arenas	2,226,733	2,260,962	2,230,697
Coliseum - Agrena	2,212,137	2,239,895	2,144,866
Other cultural programs and services	181,385	137,538	126,883
	<u>\$ 16,435,839</u>	<u>\$ 16,265,934</u>	<u>\$ 15,608,985</u>
Water and sewer expenses			
Water supply			
Administration	\$ 4,267,355	\$ 4,184,921	\$ 3,848,611
Bad Debt Expense	-	147,052	50,000
Interest	1,723,721	1,542,404	1,491,909
Transmission and distribution	3,926,482	3,429,883	4,036,532
Purification and source of supply	507,703	443,412	435,373
Power and pumping	581,197	593,519	505,201
Water treatment charges	4,518,800	4,508,712	4,510,670
	<u>\$ 15,525,258</u>	<u>\$ 14,849,903</u>	<u>\$ 14,878,296</u>
Sewer collection and disposal			
Administration	\$ 1,538,185	\$ 1,538,185	\$ 1,436,562
Interest	857,427	793,545	752,368
Maintenance	1,194,952	1,202,863	1,182,295
Sewer treatment charges	7,770,600	5,827,800	7,430,475
	<u>11,361,164</u>	<u>9,362,393</u>	<u>10,801,700</u>
\$	<u>26,886,422</u> \$	<u>24,212,196</u> \$	<u>25,679,996</u>

City of Moncton Schedule 3: Schedule of Segment Disclosure

December 31, 2014

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water & Sewer	MID	2014 Consolidated	2013 Consolidated
Revenues									
Warrant of assessment *	\$ 120,378,361\$	\$	\$	\$	\$	\$	\$	\$ 120,378,361	\$114,663,008
Unconditional transfers from Provincial Government *	8,515,544							8,515,544	10,423,174
Federal grant in lieu	14,978							14,978	15,841
Government transfers for operating		175,000	694,471					869,471	874,397
Other revenue from own sources	(698,455)	2,266,855	5,898,076	1,481,625	941,884	80,914	707,208	10,678,107	12,351,081
Water and sewer user fees						28,563,545		28,563,545	29,810,117
Interest	667,888					672,986	2,211	1,343,085	1,218,684
	128,878,316	2,441,855	6,592,547	1,481,625	941,884	29,317,445	709,419	170,363,091	169,356,302
Expenses									
Salaries and benefits	10,430,134	18,247,379	15,163,397	2,457,334	7,680,732	3,110,736		57,089,712	53,820,985
Goods and services	4,640,451	16,918,227	13,695,180	6,656,731	8,585,202	18,765,611	1,515,172	70,776,574	71,223,640
Amortization, disposals and transfers*	25,290,150						1,721	25,291,871	23,556,556
Interest	3,260,806					2,335,849	137,580	5,734,235	6,111,507
Pension**	(5,444,900)							(5,444,900)	342,600
Post-retirement liabilities**	898,464							898,464	392,017
	39,075,105	35,165,606	28,858,577	9,114,065	16,265,934	24,212,196	1,654,473	154,345,956	155,457,305
Annual surplus (deficit) before capital contributions	89,803,211	(32,723,751)	(22,266,030)	(7,632,440)	(15,324,050)	5,105,249	(945,054)	16,017,135	13,898,997
Other contributions for capital* Government transfers for capital*	8,530,375							8,530,375	9,910,091
	9,220,991							9,220,991	15,418,124
Surplus (deficit) for the year	\$ 107,554,577	\$(32,723,751)	\$(22,266,030)	\$(7,632,440)	\$(15,324,050)	\$5,105,249	\$(945,054)	\$ 33,768,501	\$39,227,212

*The warrant of assessment, unconditional transfers from Provincial Government, amortization, disposals and transfers, other contributions for capital and government transfers have been reported under General Government for segment disclosure.

**Annual cash contributions made by the City are recorded in salaries and benefits costs in each of the department. The change in the obligation is recorded in the general government department.

City of Moncton Schedule 4: Schedule of Reserve Funds

December 31, 2014

	General Operating Reserve	General Capital Reserve	W&S Operating Reserve	W&S Capital Reserve	Reserve for Land Develop Fund	2014 Total	2013 Total
Accumulated surplus, beginning of year	\$ 5,009,211	\$ 13,752,166	\$ 1,290,558	\$ 3,460,957	\$ 316,120	\$ 23,829,012	\$ 17,360,163
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			800,000	1,970,000		2,770,000	1,520,000
Appropriation from General Operating fund	777,834					777,834	2,940,000
Appropriation from General Operating fund for equipment purchases		1,928,697				1,928,697	1,928,697
Appropriation from General Operating fund for capital purchases		2,832,008			(71,190)	2,832,008	2,505,012
Transfer to General Capital fund for Land purchase		(4,011,855)				(4,011,855)	(94,623)
Transfer to General Capital fund for equipment purchases		(7,000,000)				(7,000,000)	(2,204,051)
Centre Land Purchase							
Transfer to General Capital fund for fuel dispenser purchases							(67,711)
Transfer to General Operating fund	(975,000)					(975,000)	
Transfer to General Operating fund for meter maintenance				(113,168)		(113,168)	
Transfer to General Operating fund for deferred maintenance	(448,481)					(448,481)	(357,314)
Transfer to Utility Operating fund to fund deficit			(500,000)			(500,000)	(500,000)
	(645,647)	(6,176,462)	300,000	1,856,832	(71,190)	(4,736,467)	5,744,698
Interest	111,659	550,117	37,747	81,777	6,112	787,412	677,376
Proceeds on sale of assets		892,578				892,578	25,930
Cash received in lieu of land					9,055	9,055	20,845
Annual surplus (deficit)	(533,988)	(4,733,767)	337,747	1,938,609	(56,023)	(3,047,422)	6,468,849
Accumulated surplus, end of year	\$ 4,475,223	\$ 9,018,399	\$ 1,628,305	\$ 5,399,566	\$ 260,097	\$ 20,781,590	\$ 23,829,012

City of Moncton Schedule 5: Schedule of Operating Budget to PSAB budget

December 31, 2014

	Operating Budget General	Operating Budget Water & Sewer	Capital Budget	MID	Amortization & Pension Adjustments	Transfers	Total
Revenue							
Grant from City of Moncton	120,378,361			270,000		(270,000)	120,378,361
Warrant for property taxes	8,515,544						8,515,544
Unconditional grant	14,978						14,978
Federal grant in lieu	874,334						874,334
Government transfers for operating			5,333,000	209,963			5,542,963
Government transfers for capital			6,717,004	289,596		(6,731,600)	275,000
Other contributions and transfers							11,864,231
Other revenue from own sources		19,000					19,000
Water and sewerage rates		30,479,449					30,479,449
Water supply for fire protection		3,299,992					3,299,992
Interest		460,000					460,000
Second previous year's surplus	1,147,588	1,631,161					2,778,749
	<u>142,776,036</u>	<u>35,889,602</u>	<u>12,050,004</u>	<u>769,559</u>	<u>-</u>	<u>(13,080,341)</u>	<u>178,404,860</u>
Expenses							
General government services	16,601,969			769,559	19,846,971		36,218,499
Protective services	37,650,358					3,846,633	41,497,031
Transportation services	33,894,716					(3,549,992)	30,344,724
Environmental health & development services	11,270,527					(5,634,000)	5,636,527
Recreation and cultural services	16,518,842					(1,697,443)	14,821,399
Water and sewer		24,305,274				(83,003)	24,222,271
Fiscal services						2,581,148	2,581,148
Long-term debt repayments	17,595,906						17,595,906
Interest	3,781,633					(24,878,807)	(21,097,174)
Transfer from the General Operating fund to the General Operating Reserve		7,282,901				(6,362,781)	920,120
Transfer from the General Operating fund to the General Capital Reserve	777,834					(777,834)	-
Funding current year's capital projects – general	2,755,554						2,755,554
Transfer from the Water and Sewer Operating fund to the Water and Sewer Capital fund	1,928,697					(1,928,697)	-
	<u>142,776,036</u>	<u>35,889,323</u>	<u>-</u>	<u>769,559</u>	<u>19,846,971</u>	<u>(42,760,330)</u>	<u>156,321,559</u>
Surplus (deficit) for the year	<u>\$ -</u>	<u>\$ 200,279</u>	<u>\$ 12,050,004</u>	<u>\$ -</u>	<u>\$ (19,846,971)</u>	<u>\$ 29,679,989</u>	<u>\$ 22,083,301</u>

City of Moncton Schedule 6: Schedule of Reconciliation of Annual Surplus December 31, 2014

	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 Develop Fund	MID	Total All Funds
2014 annual fund surplus (deficit)*	\$ 137,639	\$ 50,071,328	\$ (533,988)	\$ 152,568	\$ 9,922,997	\$ (4,733,768)	\$ 1,938,609	\$ 337,747	\$ (56,023)	\$ 1,211,745	\$ 58,448,844
Adjustment to annual surplus (deficit) for funding Requirements											
Second previous year's surplus	(1,147,588)			(1,631,161)						(1,875,690)	(2,778,749)
MID - Grant	1,875,690										
Transfer of Fire Watercosts	3,130,772			(3,130,772)							
Transfer of City Hall Interest on Investment	74,688					(74,688)					
Transfer of Capital from Operating	5,634,000	(5,634,000)									
Transfer of Capital from Operating Library	83,004	(83,004)									
Transfer from General Operating fund- Cooling System Upgrade	150,000	(150,000)									
Transfer from General Operating fund - IS Upgrades	300,000	(300,000)									
Transfer from General Operating fund - New Fire Sh	250,000	(250,000)									
Transfer from General Operating Fund (DT Ctr Land)	975,000	(975,000)									
Capital Theatre	(654,675)										(654,675)
Long term Debt principal repayment	17,886,572	(17,886,572)									
Long term Debt principal repayment				7,325,100	(7,325,100)						
Contingent liabilities											
Loss from disposal and write-off of tangible Capital Assets	(1,050,000)	(2,053,930)									(1,050,000)
Provision for Retirement liability	183,109	(17,406,776)			(7,883,375)					(1,721)	(2,053,930)
Amortization Expense	5,444,900	1,520,874									183,109
Pension Provision											(25,291,872)
Additional gas tax revenues to be recognized		1,520,874									5,444,900
Total Adjustments to 2014 annual surplus (deficit)	33,135,472	(43,219,408)		2,563,167	(15,208,475)	(74,688)				(1,877,411)	(24,680,343)
2014 annual Surplus(deficit) per PSAB for the year	\$ 33,273,111	\$ 6,852,920	\$ (533,988)	\$ 2,715,725	\$ (5,285,478)	\$ (4,808,456)	\$ 1,938,609	\$ 337,747	\$ (56,023)	\$ (665,666)	\$ 33,768,501

* The annual fund surplus includes all of the interfund transfers

City of Moncton Schedule 7: Schedule of Government Transfers

December 31, 2014

	<u>Budget</u>	<u>2014</u>	<u>2013</u>
TRANSFERS FOR OPERATING:			
Provincial contributions	\$ 695,334	\$ 694,471	\$ 695,334
Other local governments	179,000	175,000	179,063
	<u>\$ 874,334</u>	<u>\$ 869,471</u>	<u>\$ 874,397</u>
TRANSFERS FOR CAPITAL:			
Province of NB-Department of Transportation Infrastructure program	-	470,689	1,504,292
Province of NB-Department of Education	-	38,300	83,290
Canadian Heritage	100,000	-	-
Regional Development Corporation	-	534,136	2,093,055
Department of Transportation – designated highways	250,000	310,287	258,573
Infrastructure Canada – gas tax funding	4,983,000	6,965,095	4,467,804
Provincial contributions - MID	209,963	279,388	255,022
Federal/Provincial contributions - water and sewer	-	623,096	6,756,088
	<u>\$ 5,542,963</u>	<u>\$ 9,220,991</u>	<u>\$ 15,418,124</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 6,417,297</u>	<u>\$ 10,090,462</u>	<u>\$ 16,292,521</u>

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



Statistical



Key statistical financial information

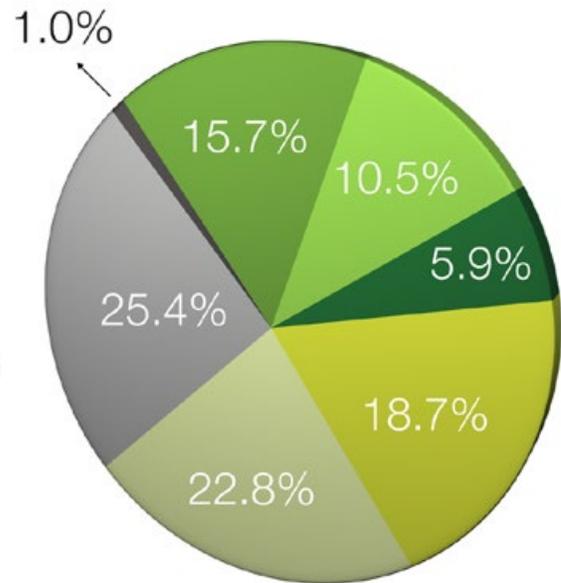
EXPENSES BY FUNCTION 2010 TO 2014 (IN MILLIONS OF DOLLARS)



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

2014 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

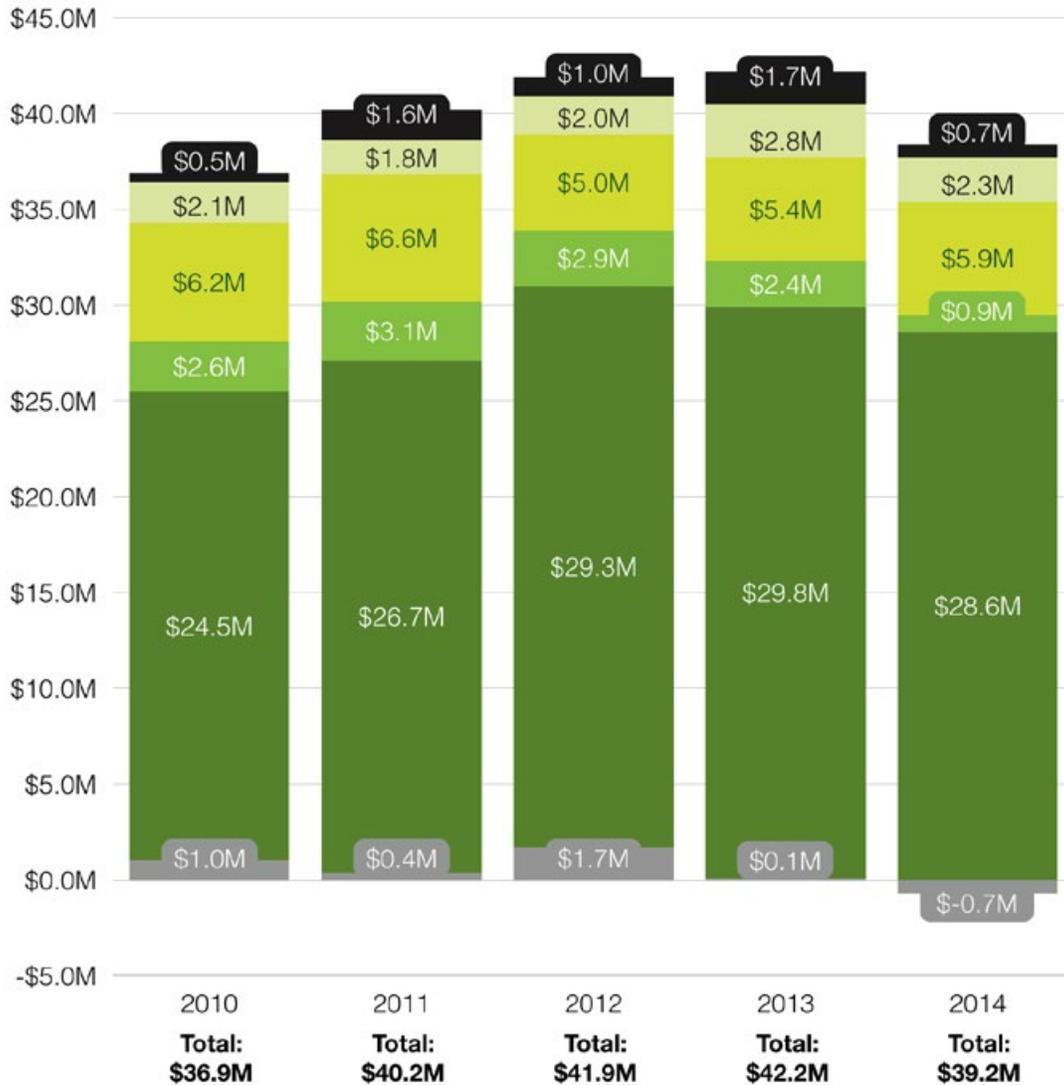


EXPENSES BY OBJECT 2010 TO 2014 (IN MILLIONS OF DOLLARS)



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

NON TAX REVENUE BY SOURCES 2010 TO 2014 (IN MILLIONS OF DOLLARS)



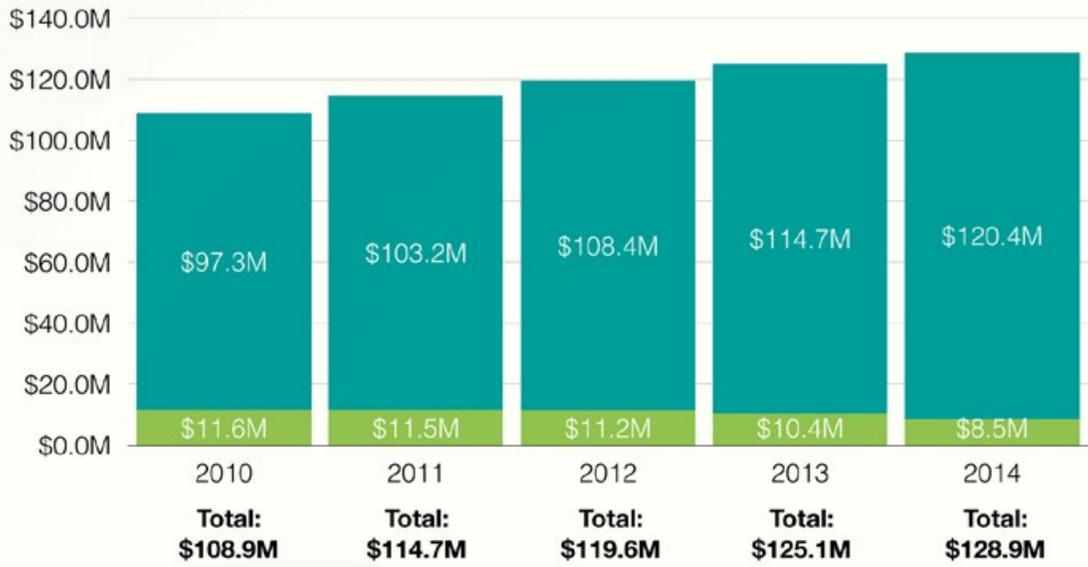
- General government services
- Water and sewer
- Recreation and cultural services
- Transportation services
- Protection services
- Moncton Industrial Development Limited

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

CAPITAL EXPENDITURES 2010 TO 2014

	2010	2011	2012	2013	2014
General Capital Acquisitions	\$46,555,721	\$34,554,945	\$24,044,055	\$30,876,739	\$46,260,751
Utility Capital Acquisitions	9,129,259	10,889,393	41,301,356	29,324,185	13,247,637
TOTAL GROSS CAPITAL EXPENDITURES	\$55,684,980	\$45,444,338	\$65,345,411	\$60,200,924	\$59,508,388
Government Transfers					
Infrastructure program	\$8,595,523	\$2,298,185	\$51,307	\$83,290	\$470,689
Gas tax program	7,001,000	3,037,046	5,267,640	4,467,804	6,965,095
Regional Development Corporation	4,262,881	2,612,119	0	2,093,055	534,136
Department of Transportation	2,867,863	624,434	42,863	1,504,292	0
Department of Education	0	0	0	0	38,300
Designed highway recoveries	310,130	1,250,000	0	258,573	310,287
Department of Supply and Services	248,856	457,888	0	0	0
Canadian Heritage	189,950	200,000	1,000,000	0	0
Other Government	0	0	17,700	0	0
Provincial / Federal contributions	418,418	1,237,912	10,555,896	6,756,088	623,096
- water and sewer					
Moncton Industrial Development Limited	1,055,724	218,806	269,155	255,022	279,388
Other Capital Contributions					
Developers	4,922,726	4,806,060	9,707,505	8,847,119	7,649,852
Organizations and individuals	0	495,329	669,917	721,447	997,047
Local improvement and bank sewer recoveries	841,677	81,300	269,615	341,525	(116,524)
TOTAL CAPITAL CONTRIBUTIONS AND GOVERNMENT TRANSFERS	\$30,714,748	\$17,319,079	\$27,851,598	\$25,328,215	\$17,751,366
Contributions from Operating Funds					
Capital out of Operating Funding	(2,658,000)	(4,334,000)	(4,734,400)	(5,644,894)	(7,392,004)
TOTAL NET CAPITAL EXPENDITURES TO BE FUNDED BY DEBT	\$22,312,232	\$23,791,259	\$32,759,413	\$29,227,815	\$34,365,018

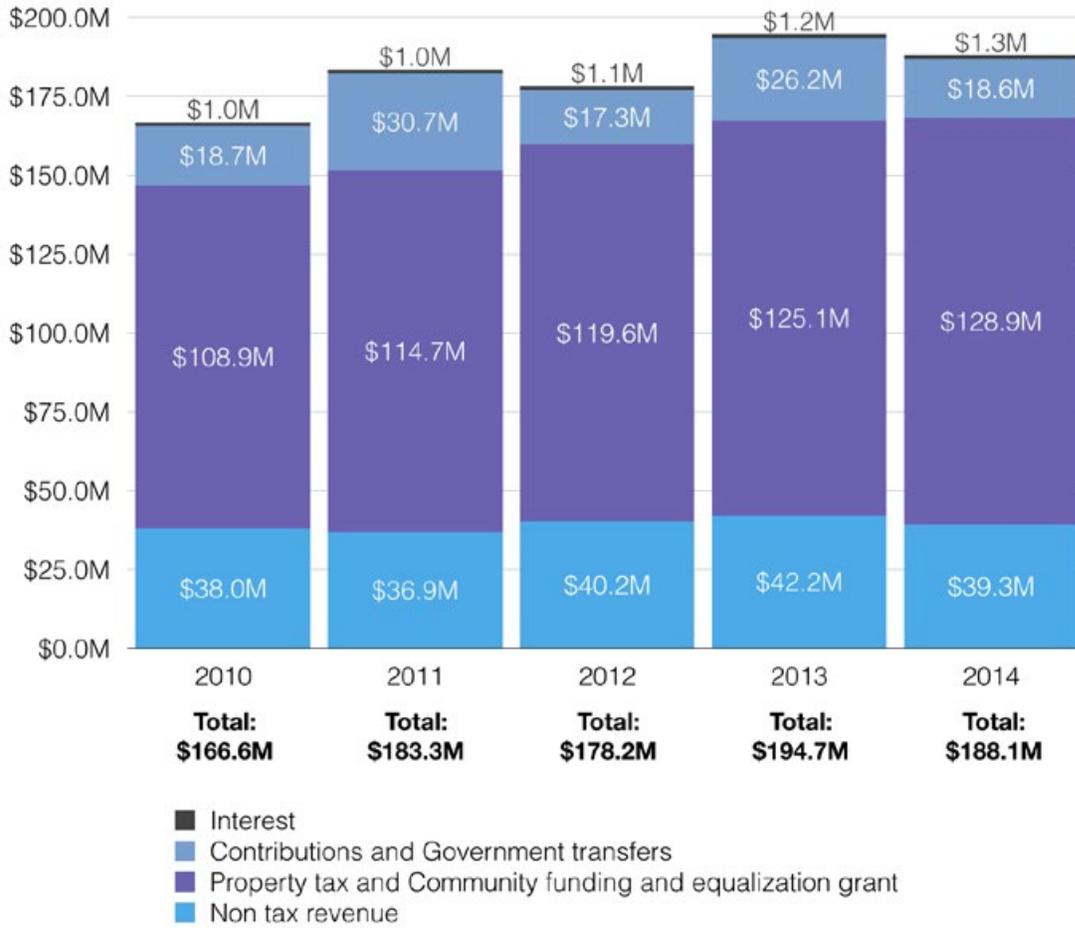
PROPERTY TAX REVENUE AND COMMUNITY FUNDING AND EQUALIZATION GRANT



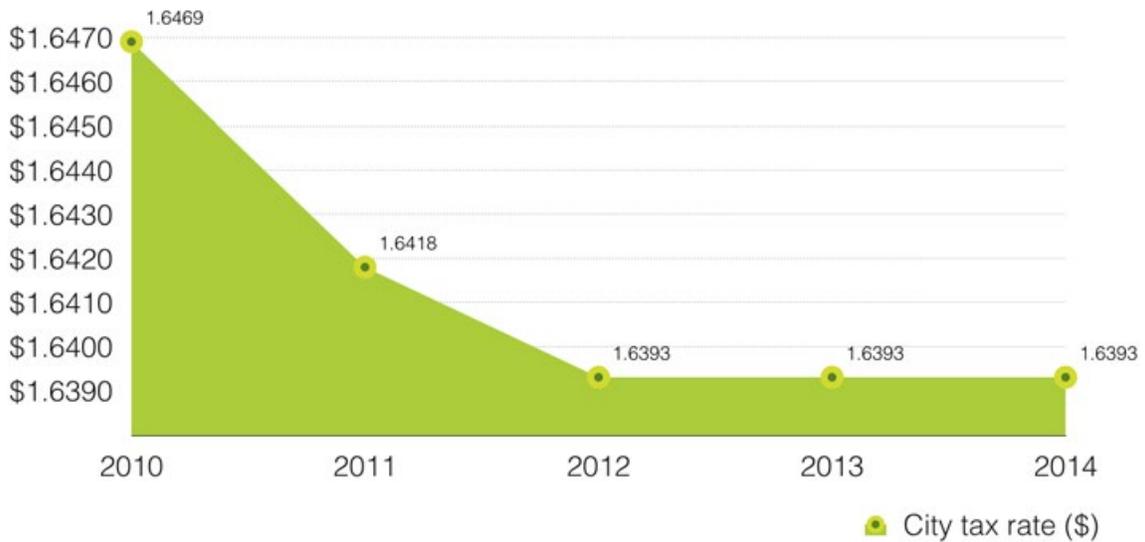
■ Property tax assessment
■ Community funding and equalization grant



TOTAL REVENUE



CITY TAX RATE (\$)



ANNUAL SURPLUS, ACCUMULATED SURPLUS, AND NET DEBT*

Annual Surplus	2010	2011	2012	2013	2014
General Operating Fund	\$16,178,885	\$16,397,638	\$25,671,130	\$26,487,613	\$33,273,111
General Capital Fund	9,979,241	(21,539,986)	(2,800,767)	306,143	6,852,920
General Operating Reserve Fund	2,266,366	(2,265,937)	608,614	2,664,398	(533,988)
Water & Sewer Operating Fund	4,597,497	7,007,339	4,895,225	3,685,330	2,715,725
Water & Sewer Capital Fund	1,826,638	2,517,589	8,509,213	3,220,039	(5,285,478)
General Capital Reserve Fund	2,279,123	(2,367,883)	6,100,525	2,677,722	(4,808,456)
Water & Sewer Operating Reserve Fund	0	400,263	58,754	831,541	337,747
Water & Sewer Capital Reserve Fund	238,668	252,552	261,543	287,884	1,938,609
Reserve for Land Development	57,185	63,087	(14,285)	(67,383)	(56,023)
Moncton Industrial Development Ltd.	208,082	583,194	(1,413,511)	(866,075)	(665,666)
Consolidated Annual Surplus	\$37,631,685	\$1,047,856	\$41,876,441	\$39,227,212	\$33,768,501

Accumulated Surplus	2010	2011	2012	2013	2014
General Operating Fund	\$5,735,376	\$7,566,725	\$33,237,855	\$59,725,468	\$92,998,579
General Capital Fund	245,535,541	236,453,680	233,652,913	233,959,056	240,811,976
General Operating Reserve Fund	4,002,136	1,736,199	2,344,813	5,009,211	4,475,223
Water & Sewer Operating Fund	3,677,871	6,136,210	11,031,435	14,716,765	17,432,490
Water & Sewer Capital Fund	135,309,231	142,375,820	150,885,033	154,105,072	148,819,594
General Capital Reserve Fund	7,777,397	7,444,409	13,544,934	16,222,656	11,414,200
Water & Sewer Operating Reserve Fund	0	400,263	459,017	1,290,558	1,628,305
Water & Sewer Capital Reserve Fund	2,658,978	2,911,530	3,173,073	3,460,957	5,399,566
Reserve for Land Development	334,701	397,788	383,503	316,120	260,097
Moncton Industrial Development Ltd.	8,508,414	9,164,877	7,751,366	6,885,291	6,219,625
Consolidated Accumulated Surplus	\$413,539,645	\$414,587,501	\$456,463,942	\$495,691,154	\$529,459,655

Net Debt	(\$154,643,748)	(\$136,635,271)	(\$137,648,745)	(\$134,023,314)	(\$132,788,524)
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*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 2010	ACTUAL 2011	ACTUAL 2012	ACTUAL 2013	ACTUAL 2014
Residential					
General	3,424,395,300	3,608,676,800	3,816,972,600	4,031,512,300	4,195,230,800
Federal	10,543,800	10,642,900	10,778,300	11,085,600	11,170,700
Provincial	555,964,300	570,218,300	593,403,700	614,217,700	660,818,200
Total Residential	3,990,903,400	4,189,538,000	4,421,154,600	4,656,815,600	4,867,219,700
Non-Residential					
General	1,237,886,400	1,346,475,100	1,435,595,300	1,514,219,600	1,606,710,300
Federal	31,167,400	31,263,700	31,619,900	31,958,900	32,140,400
Provincial	8,184,400	17,338,500	11,820,400	12,366,000	11,855,000
Total Non-Residential	1,277,238,200	1,395,077,300	1,479,035,600	1,558,544,500	1,650,705,700
Total Municipal assessment base	5,268,141,600	5,584,615,300	5,900,190,200	6,215,360,100	6,517,925,400
Differential Municipal Tax Base	638,619,100	697,538,650	739,517,800	779,272,250	825,352,850
Adjustment for Federal Properties	(1,203,193)	(132,338)	-	-	-
Total Municipal Tax Base for rate	5,905,557,507	6,282,021,612	6,639,708,000	6,994,632,350	7,343,278,250
Residential	67.58%	66.69%	66.59%	66.58%	66.28%
Commercial	32.42%	33.31%	33.41%	33.42%	33.72%

TAX RATE STRUCTURE

Residential

City Tax Rate	\$1.6469	\$1.6418	\$1.6393	\$1.6393	\$1.6393
Provincial Tax Rate	1.4573	1.4573	1.3973	1.3973	1.3973
Assessment Cost	0.0194	0.0194	0.0194	0.0194	0.0194
Subtotal	\$3.1236	\$3.1185	\$3.0560	\$3.0560	\$3.0560
Less:					
Provincial Tax Credit	(1.4573)	(1.4573)	(1.3973)	(1.3973)	(1.3973)
Total tax bill rate	\$1.6663	\$1.6612	\$1.6587	\$1.6587	\$1.6587

Non-Residential

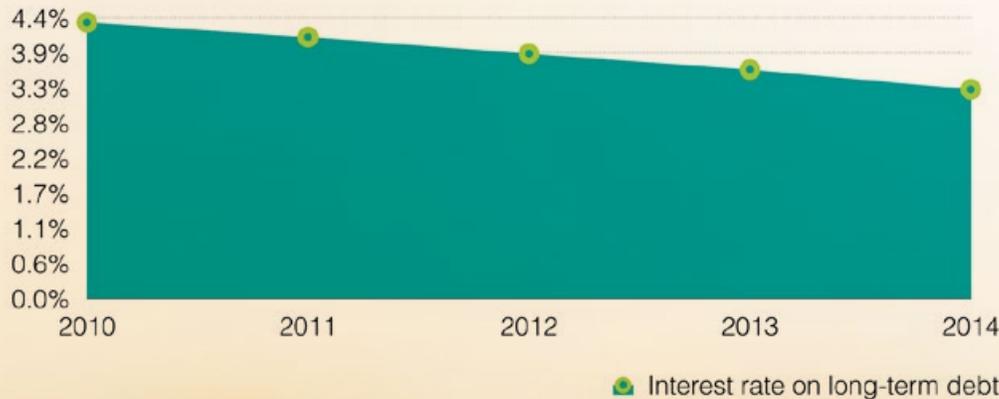
City Tax Rate at 1.50	\$2.4704	\$2.4627	\$2.4590	\$2.4590	\$2.4590
Provincial Tax Rate	2.1860	2.1860	2.1035	2.1035	2.1035
Assessment Cost	0.0194	0.0194	0.0194	0.0194	0.0194
Total tax bill rate	\$4.6758	\$4.6681	\$4.5819	\$4.5819	\$4.5819

Statistical Information

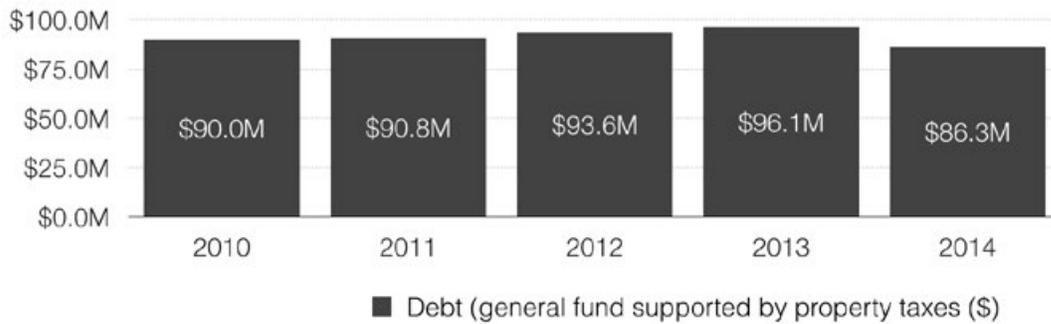
AVERAGE PRIME RATE (%)



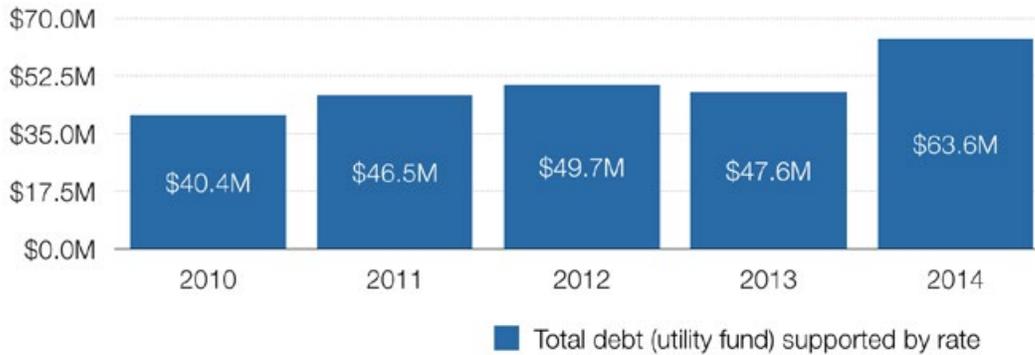
INTEREST RATE ON LONG-TERM DEBT



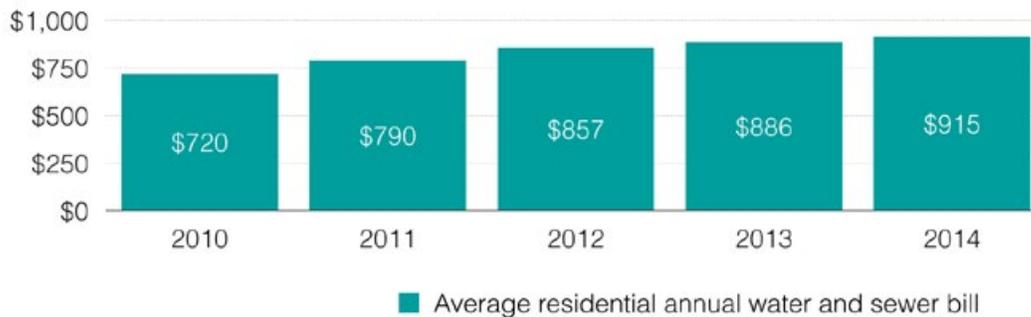
DEBT (GENERAL) FUND SUPPORTED BY PROPERTY TAXES (\$)



TOTAL DEBT (UTILITY FUND) SUPPORTED BY RATE



AVERAGE RESIDENTIAL ANNUAL WATER AND SEWER BILL



AVERAGE CAPITA DEBT BASED ON CENSUS POPULATION

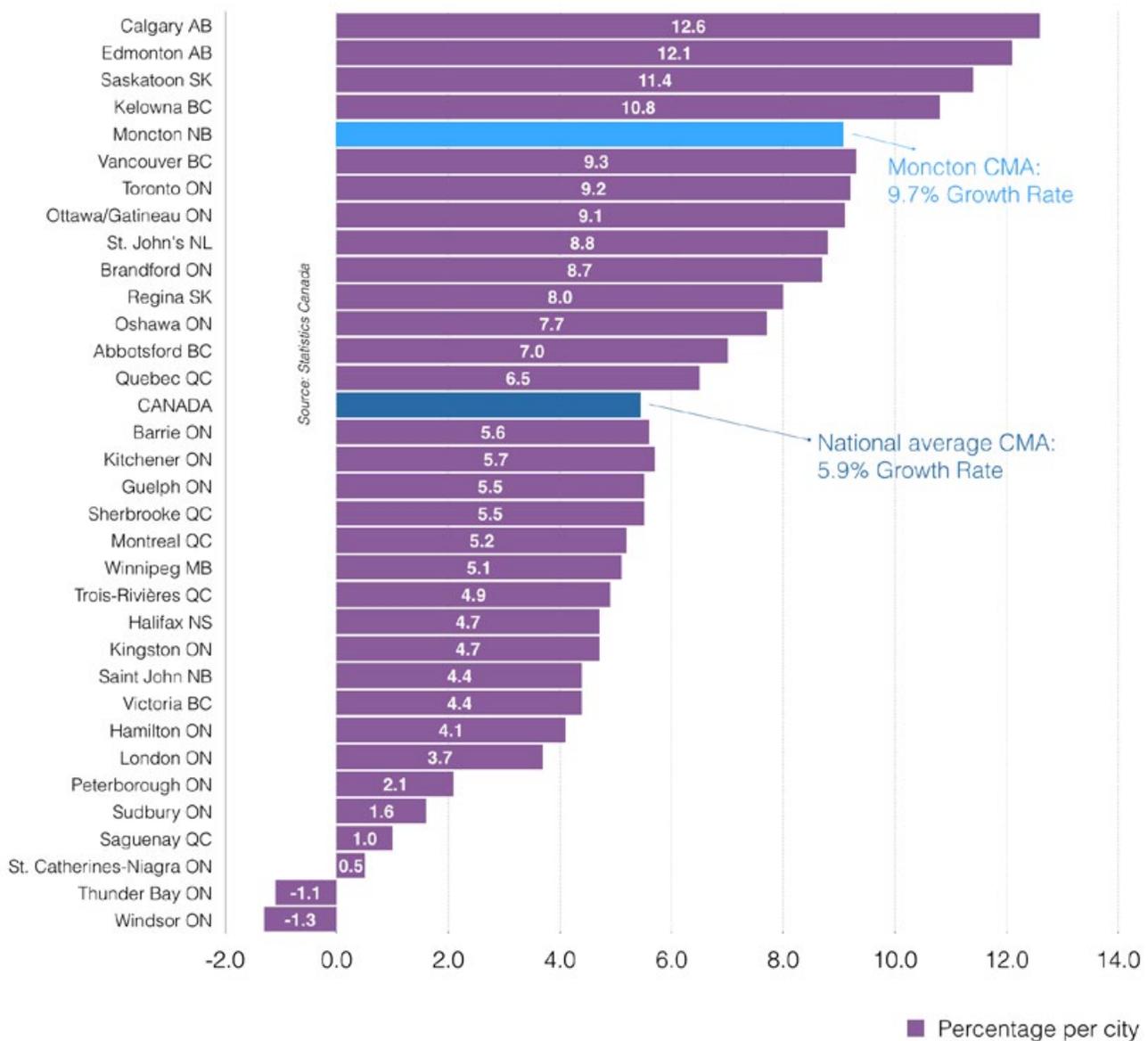
	2010*	2011*	2012*	2013*	2014
Per Capita Debt	\$1,404.06	\$1,314.23	\$1,355.17	\$1,391.15	\$1,249.33

*Based on City of Moncton's population per 2006 Census (64,128) and 2011 Census (69,074).

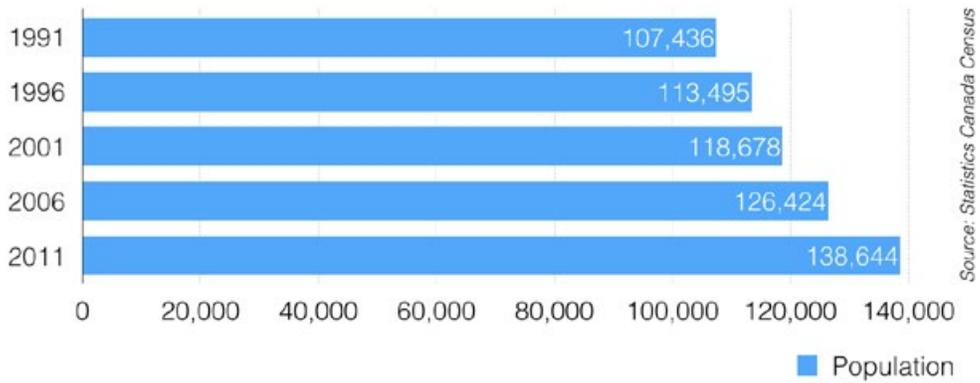
Population

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.

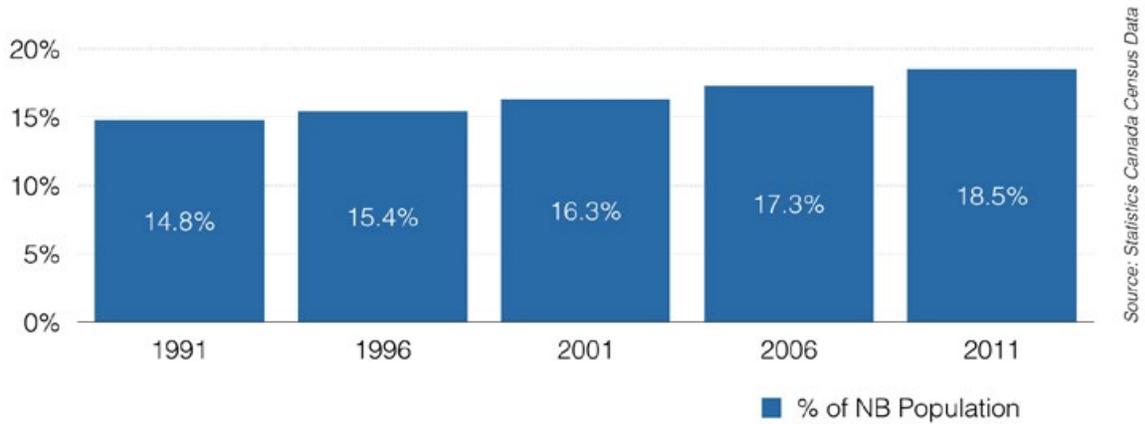
POPULATION GROWTH RATE BY CMA



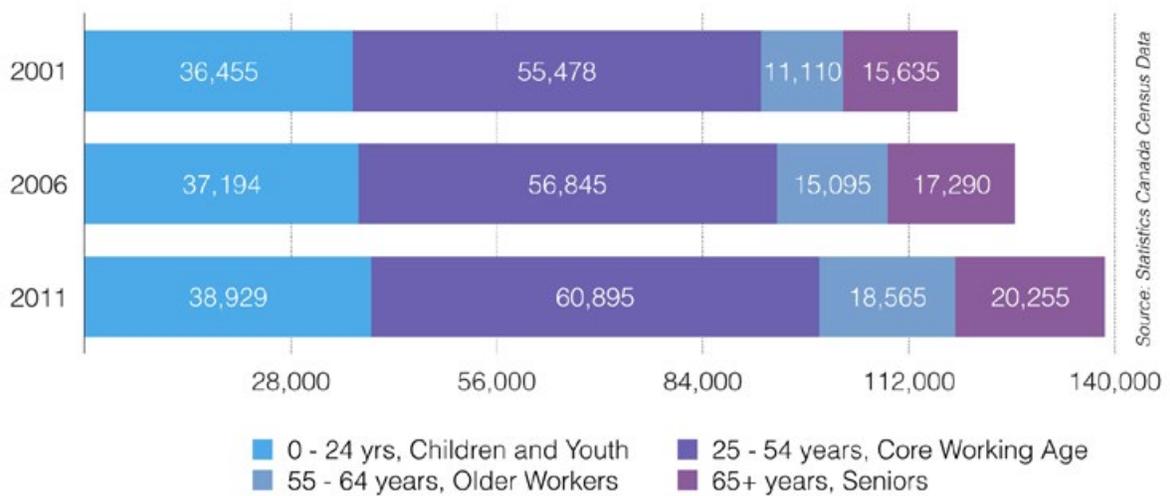
MONCTON CMA POPULATION GROWTH



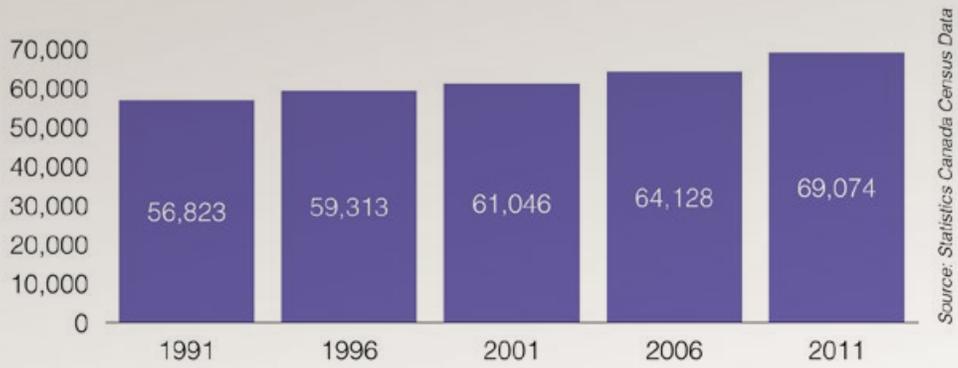
MONCTON CMA POPULATION AS % OF N.B. POPULATION



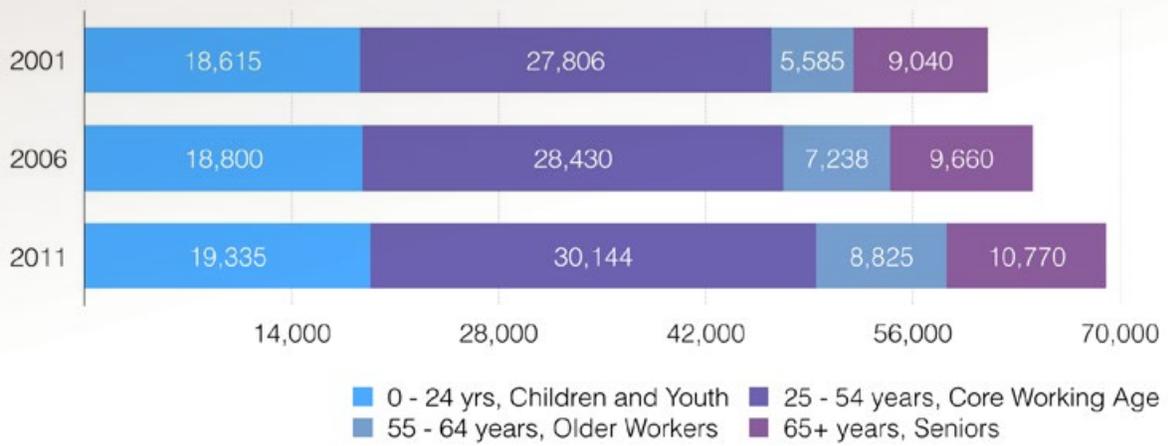
MONCTON CMA POPULATION BY AGE



CITY OF MONCTON POPULATION

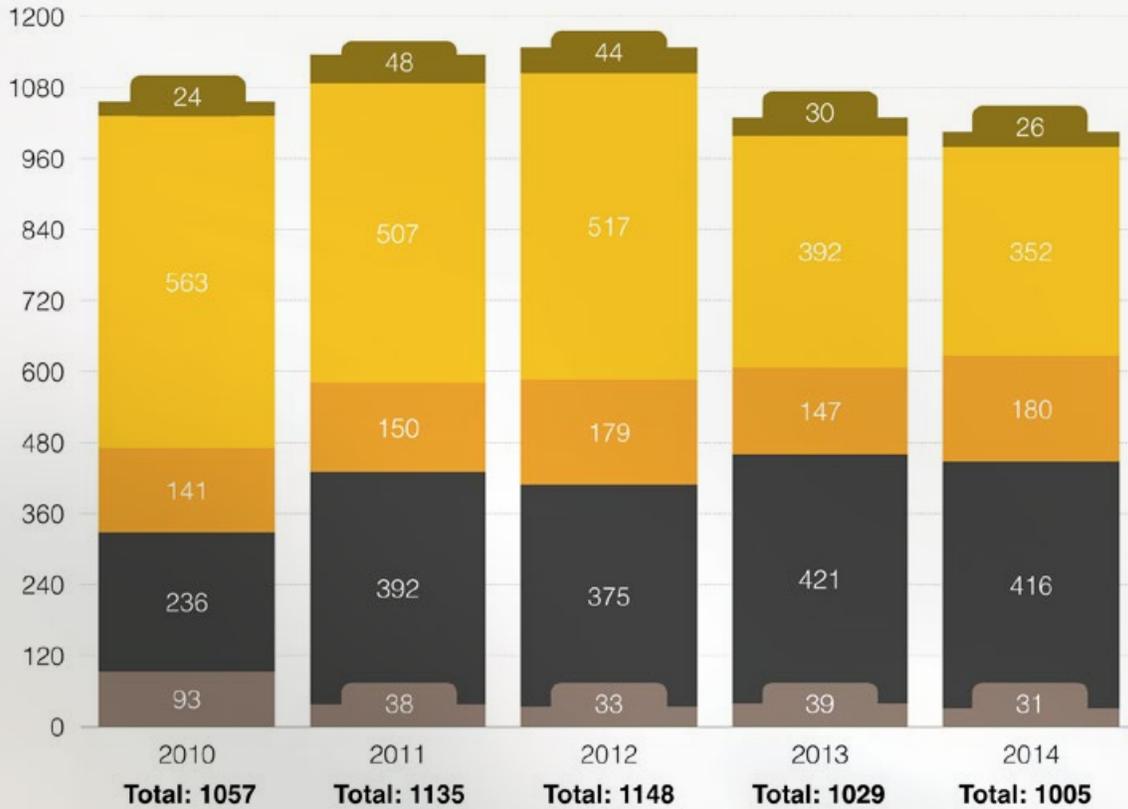


CITY OF MONCTON POPULATION BY AGE



New Construction

NUMBER OF BUILDING PERMITS ISSUED



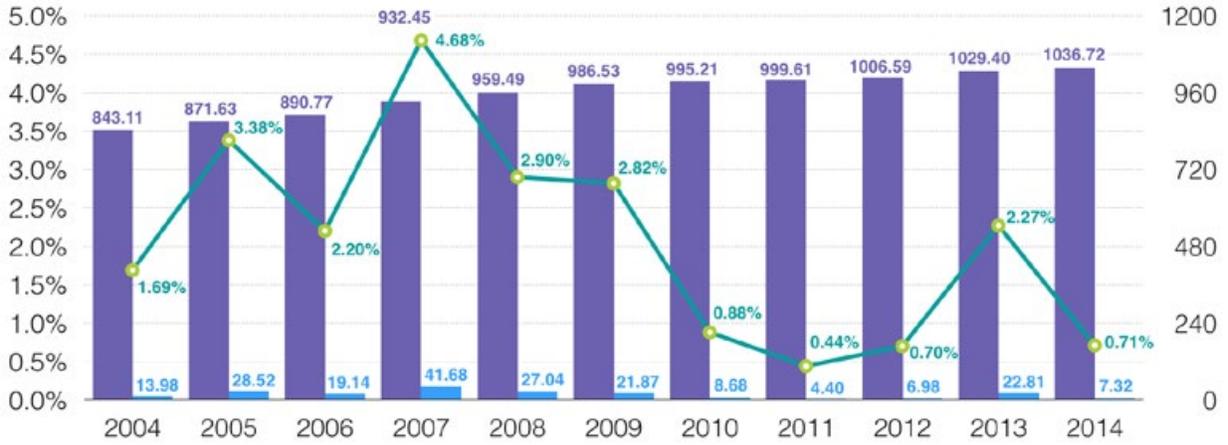
- Institutional/Government
- Other Construction
- Commercial
- Residential
- Industrial



\$ VALUE BY TYPE OF BUILDING PERMIT



STREET NETWORK ANNUAL GROWTH



5 year average

Lane-km	Total City Owned	% Growth
17.92	920.98	1.88%

- ◆ Year-over-year % increase in lane-km
- Total city owned lane-km
- Year-over-year increase in lane-km

Note: Above figures are meant to reflect only City owned rights-of-way. For all City, including Wheeler Blvd., Berry Mills and other DOT roads, add at least 100 Lane-Km.



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:

