



# 2016

## ANNUAL REPORT





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City of Moncton - 2016 Annual Report for Fiscal Year Ending December 31, 2016

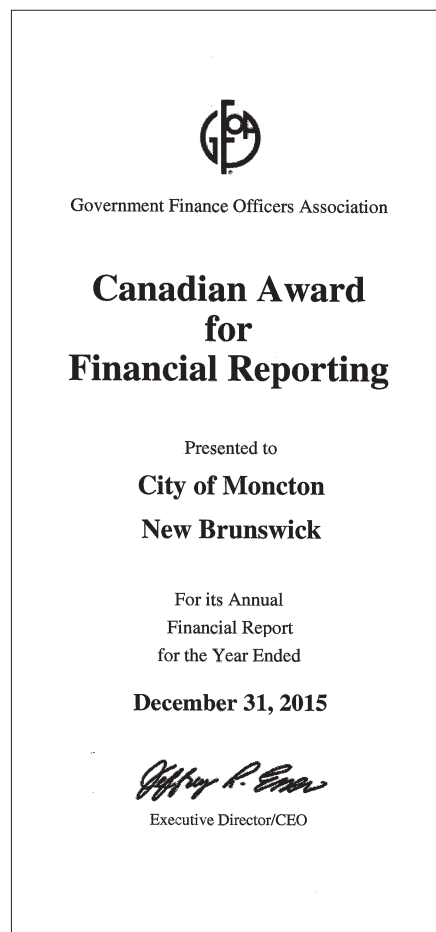
*Prepared by:*

- Corporate Communications Department
- Finance and Administration Department

**moncton.ca**



**CITYOFMONCTON • VILLEDEMONCTON**




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, 2015. 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 2016 award.



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### Statistical Information

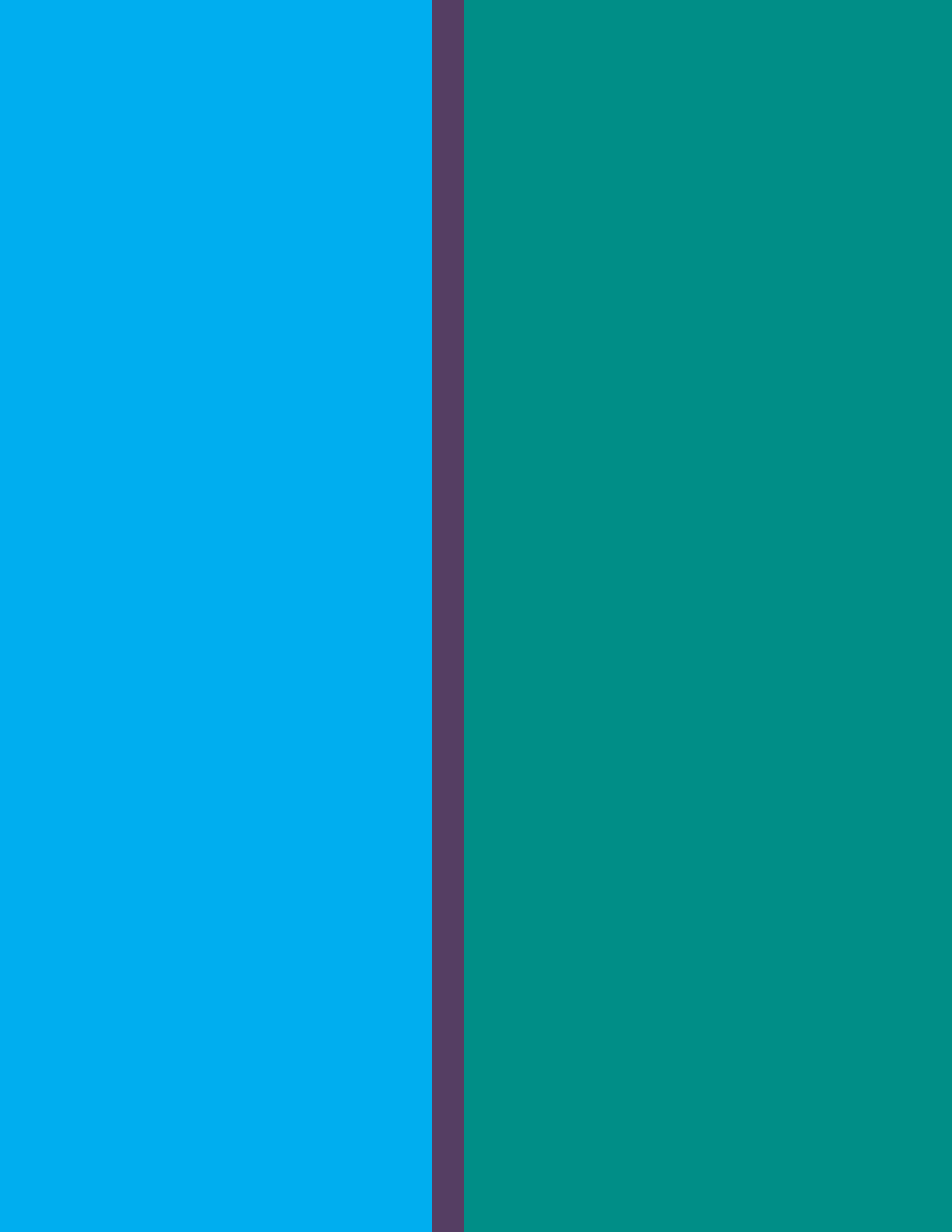
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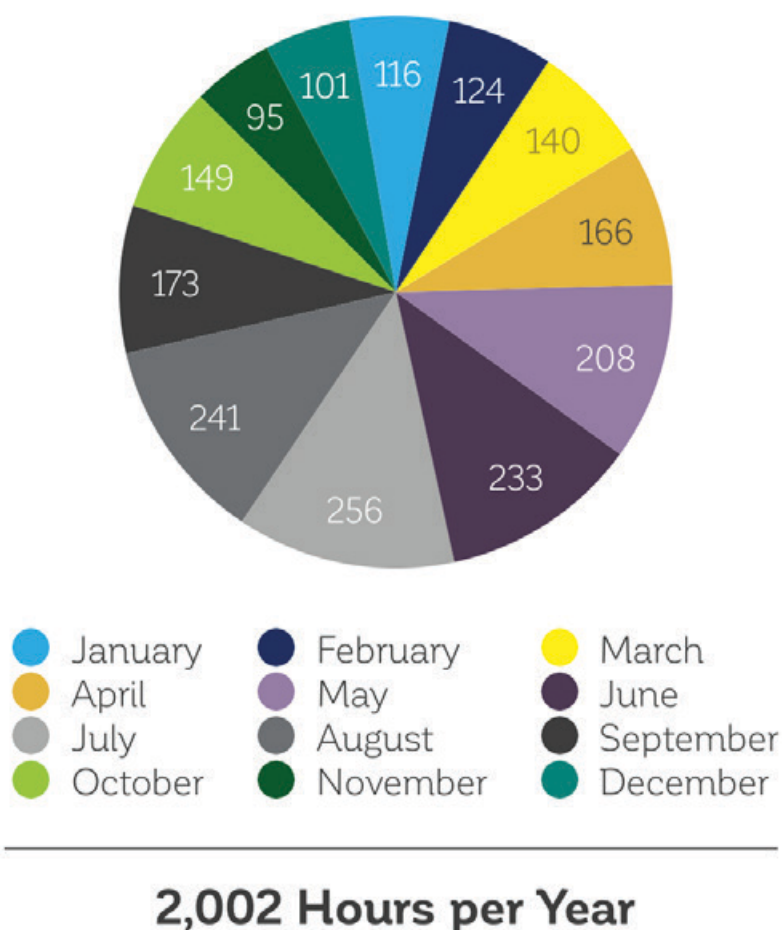


# INTRODUCTORY

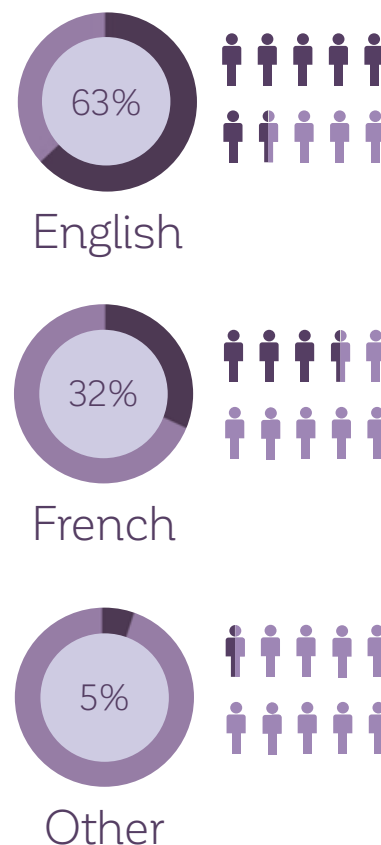


Moncton  
population  
**71,889**  
(AS OF 2016 CENSUS)

## Hours of Sunshine



## Language distribution





## Infrastructure

**70** km of trails

**55** playgrounds

**83** parks

**3,500**  
acres of parkland

Approximately  
**1,000**  
total lane kms

## Economics

Moncton added more than

**25,000**

jobs to its workforce since 1990.

With an average price of

**\$159,000\***

in December 2016, Moncton remains one of the most affordable housing markets in Canada.

*\*Source: Greater Moncton REALTORS du Grand Moncton*

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

With a **4.0%** population growth between 2011 and 2016, Moncton is the fastest growing Canadian urban center east of Saskatoon.

*\*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](http://www.royallepage.ca).*

# Message from Mayor

Moving Moncton forward requires a trusted partnership – a social contract between City Council, municipal employees and residents to work together in supporting economic growth<sup>1</sup>.

To that end, wise investments are crucial to maintain, improve and deliver services to citizens, while enhancing the quality of life upon which Moncton has built a solid reputation. It's hard to measure quality of life, yet it is often the first thing people cite as a reason for living in Moncton, now the largest city in New Brunswick. But nurturing quality of life doesn't happen by accident. Like a garden, it needs constant care and attention.

Everyone agrees that fundamental services must be offered, and done right. These add up to a significant portion of our expenses. But economic growth – which by extension supports a great community – doesn't happen when we focus only on the basics.

## Creating long-term sustainable economic growth – a key priority!

**MAYOR**  
Dawn Arnold



Moncton has long been known as the “Hub City”, mostly from a geographic perspective. However, evolving out of that initial hub are the “3 Ts” – transportation, technology and tourism. Enormous untapped opportunities exist in each of these “hubs” and we have the people, skill and ambition to make growth happen. From a transportation perspective, we are a logistics and warehousing hub, our tech hub features a reliable, enviable and connected fibre hub, while our tourism hub includes a downtown that is part of the UNESCO Fundy Biosphere, a river that is unique in the world, an award-winning zoo and a soon-to-be state-of-the-art Sports and Entertainment Centre.

By creating the conditions to attract and support business, and promoting Moncton's competitiveness in a global market, the City is investing as one would into an RRSP; the objective is long-term benefits and opportunities for residents.

Solid governance, through Council's transparent decision-making and staff's leadership, will ensure continued fiscal stability, as the 2016 Audited Statements found herein demonstrate.

<sup>1</sup>Moncton City Council's Action Plan 2016-2020



# Message

from acting  
City  
Manager

The results are in: Moncton is officially the largest city in New Brunswick<sup>1</sup>.

With 4.0% population growth since the 2011 Census and an overall growth of 21.2% in the last decade, the municipality has solidified its position as the economic engine of the province, offering not only business and employment opportunities, but also a solid quality of life. These qualities feed the community's momentum and, by extension continue to increase our tax base, in order to offset slower than usual revenue growth in recent years, particularly from property taxes and the provincial Community Funding and Equalization Grant.

Of course, with growth come challenges. We recognize the importance of tackling our infrastructure deficit, all the while improving services. We understand the need to stretch taxpayer dollars, as well as smart investing to ensure a bright future.

## Moncton remains 'Open for business'.



**ACTING CITY MANAGER**  
**Don Maclellan**

### INVESTMENT

This past year saw the Downtown Centre break ground – a project set to give the heart of our city a solid boost in terms of increased development and densification. And confidence in our local economy is revealed in the 2016 record-breaking year of \$241.7 million in building permits issued.

This focus on downtown has merit, though it covers less than 2% of our city's total area, as it provides over 14% of our tax revenue. More businesses, less surface parking, enhanced tourism offerings and increased population within the core will contribute to Moncton's long-term financial stability.

Certainly, in order to maximize the opportunities, development cannot occur haphazardly. As such, the Downtown Community Improvement Plan was launched in 2016, as a 'secondary master plan' linked to our overarching Municipal Plan (also known as PlanMoncton), in order to manage our social, cultural and economic development priorities.

### COLLABORATION

Moncton has never been known to rest on its laurels. The enthusiasm of our residents and our entrepreneurs are a great source of inspiration to find creative, sustainable solutions. City Council, supported by an engaged municipal team and key community stakeholders, continue to work hard to find the right balance.

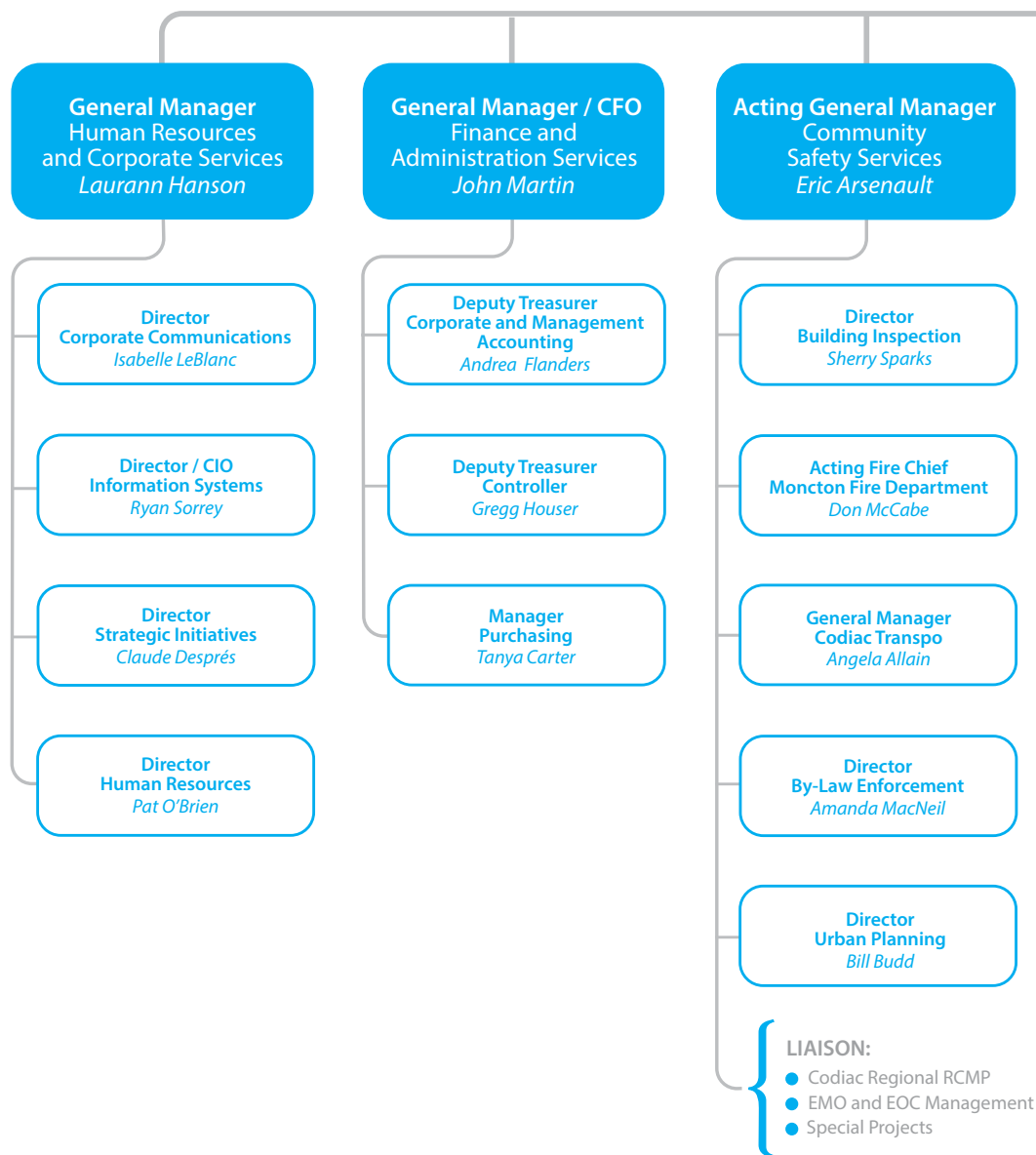
Increased corporate efficiency in service delivery has broken down traditional silos, and new, promising partnerships have emerged.

Moncton remains 'Open for business'.

<sup>1</sup>2016 Census (Statistics Canada)



# Organizational Chart



# CITIZENS OF THE CITY OF MONCTON

## MONCTON CITY COUNCIL

**Internal Auditor**  
*Bernard LeBlanc*

## ACTING CITY MANAGER *Don MacLellan*

**General Manager**  
Legal and  
Legislative Services  
*Nick Robichaud*

**Director, Legislative  
Services / City Clerk**  
*Barb Quigley*

**Senior Real Estate  
Officer**  
*John Gillis*

**General Manager**  
Engineering and  
Environmental Services  
*Jack MacDonald*

**Director  
Design / Construction**  
*Alcide Richard*

**Director  
Public Works**  
*Don Morehouse*

**Director  
Utilities**  
*Nicole Taylor*

**Director  
Municipal Facilities**  
*Bruce Tait*

**Director  
Water Systems**  
*Ensor Nicholson*

**Director, Environmental  
Planning and Management**  
*Elaine Aucoin*

**Manager  
Engineering Administration**  
*Ron Lusk*

**General Manager**  
Economic Development  
and Events  
*Maurice Belliveau*

**Director  
Economic Development**  
*Kevin Silliker*

**Director  
Tourism and Events**  
*Jillian Somers*

**Manager  
Venues**  
*Shane Porter*

**General Manager**  
Parks, Leisure,  
Culture and Heritage  
*Catherine Dallaire*

**Director  
Recreation and Leisure**  
*Jocelyn Cohoon*

**Director  
Parks and Leisure Operations**  
*Dan Hicks*

**Director, Resurgo Place  
Culture and Heritage**  
*Brenda Orr*

**Manager  
Magnetic Hill Zoo**  
*Bruce Dougan*

In fall of 2016, Moncton's newly elected City Council published their action plan, highlighting the priorities for their 2016-2020 mandate; essentially, it is their 'play book' to ensure that the community's key priorities are handled not only with the appropriate resources, but also at the right time.

It is understood that, as a growing city, Moncton needs to take advantage of its current momentum to create and maintain the environment that inspires entrepreneurship, attracts newcomers, and continues to improve quality of life for all, in a fiscally-responsible and sustainable fashion.

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.

Based on the City's Integrated Community Sustainability Plan, the Action Plan is designed around five distinctive pillars:

- Environment
- Social
- Culture
- Economy
- Governance

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



**To read the complete Action Plan, visit:**

[http://www.moncton.ca/Government/Strategic\\_Plan\\_2016-2020.htm](http://www.moncton.ca/Government/Strategic_Plan_2016-2020.htm)

## PILLAR 1 ENVIRONMENT

# To be a **green community**



Our environment is without question the central pillar to our success as a dynamic, prosperous community. It is what sustains us; it is absolutely at the heart of a robust economy, and the very lifeblood of a healthy and highly motivated population.

Moncton remains committed and actively engaged in becoming a green community, steadfast in the stewardship of our environment. We have incredible natural assets here such as the Petitcodiac River and we are ever mindful that all economic growth must take place in a sustainable manner.

Our focus is on addressing any challenges relating to sustainable energy, smart growth, water, transportation, solid waste treatment and our natural ecosystem. Moncton is also striving for timely upgrades to sewage treatment facility, addressing deficits in key areas such as street repair, water, sanitary sewer, storm sewer and infrastructure. Council and city staff will also mitigate environmental risk to our built infrastructure in the context of climate change, the renewal of water purification and supply contracts and much more. These actions are all based on solid, strategic plans that support these necessary undertakings.

The City received the 2016 CAMA (Canadian Association of Municipal Administrators) Environment Award for its Naturalized Stormwater Management Guidelines. Long term protection for residents and businesses continues as several municipal departments implement the city's climate change adaptation and flood management strategy.

### Action Items

- ✓ Upgrade sewage treatment facility prior to regulatory compliance deadline
- ✓ Reduce Asphalt/Water/Sanitary Sewer/ Storm Sewer/ infrastructure deficit as per Long-Term Financial Plan
- ✓ Incorporate downtown infrastructure in Long-Term Financial Plan
- ✓ Implement Sanitary Sewer/Storm Sewer/ Water downtown infrastructure Plan
- ✓ Mitigate environmental risk to our built infrastructure in the context of climate change
- ✓ Renew water purification and supply contracts
- ✓ Update the Integrated Community Sustainability Plan (ICSP)

Monctonians can rest easy knowing that their municipal services are in very capable hands, and that construction, reasonable expansion, upgrade and routine repairs mean a more efficient, convenient way of life here. We understand the importance of a healthy environment – and healthy citizens, and so our commitment will always be to provide clean fresh water to drink, and plentiful and superbly maintained public green space.

We have already made great strides in achieving our environmental goals in significant areas of the municipality, and Moncton is well on its way to being green.



## PILLAR 2 SOCIAL



# To be a healthy community



### Action Items

- ✓ Partner with YMCA to develop Northwest Centre
- ✓ Procure new Codiac Regional RCMP facility
- ✓ Work with Province and community to repurpose Moncton High School
- ✓ Implement Active Transportation Plan and Destination 2040
- ✓ Enhance transit services including improving accessibility

Moncton is Canada's first and only bilingual city - a healthy vibrant community where diversity in language, culture, ethnicities and ability are not only encouraged, but celebrated. We are a community reflective of the Canadian Mosaic.

We enjoy a high quality of life here in Moncton, and any issues that may arise related to food security, recreation, healthy living, safety, accessibility and reasonably priced, affordable housing are always top of mind and effectively addressed. We want the very best for our residents, inclusively, and we proactively address any social challenges through the adoption of policies guided by strategic plans that have been structured to ensure improvement. This includes accessibility and active transportation, and we are committed to equal treatment of all of our citizens - regardless of age, income, language, cultures or abilities.

Moncton is a member of the World Health Organization's Global Network of Age friendly cities

and communities, the first in New Brunswick, and this Network includes approximately 260 cities and communities in 28 countries and more than 100 million people worldwide.

Always with the best interests of our citizens in mind, the city of Moncton offers operational grants on an annual basis to assist many not-for-profit community groups. We also actively collaborate with a wide variety of boards and agencies whose mandate is to provide countless invaluable services that greatly benefit our residents.

An integral part of a healthy community is drinking water, and ours exceeds stringent national guidelines. Our drinking water has been called the best in Canada. Our water supply has also been proactively safeguarded for another hundred years with the construction of the Tower Road Dam in the Turtle Creek Watershed.

## PILLAR 3 CULTURE

### To be a **vibrant community**



#### Action Items

- ✓ Implement Cultural Plan
- ✓ Implement Bilingualism Plan
- ✓ Continue to protect built heritage significant to the City of Moncton

A culturally engaged community is a vital and energetic place to live and work, a community where open expression of dialogue is encouraged and respected – for all of our citizens, inclusively.

The quality of life in any community, its core vitality, is completely linked to the vitality and essence of its cultural soul. It's the celebration of cultural diversity – not just for those who call Moncton home, but for those who travel from far and near to visit this great city. It's what drives a community's social and economic growth, and we meet any challenges related to diversity, neighbourhoods, arts, culture and heritage with a proactive willingness to make a significant difference for the better by adopting policies and taking actions to ensure equal treatment of everyone.

There is a pride of place here that's impossible to miss – an undercurrent of excitement as people go out into the city to stroll through our lively

downtown, gather for cultural festivals or world-class musical or sporting events, eat in one of Moncton's phenomenal restaurants, or enjoy our popular parks and trail systems.

Families love our kid-friendly attractions, including Magnetic Hill Zoo, Magic Mountain Water Park, Resurgo Transportation Discovery Centre, TreeGo and a multitude of other fun and unforgettable activities. We are committed to added cultural enhancements such as more art in public places, continuing to protect built heritage significant to the city of Moncton, support for our senior centres and the future creation of more recreational facilities centres in the neighbourhoods of our community.

We are a culturally vibrant community that promotes and celebrates the arts as well as the very special voice of our diverse citizenry. It's what enriches the lives of all residents, and in particular, seniors, newcomers and youth.

## PILLAR 4 **ECONOMY**

# To be a **prosperous community**



Moncton is open for business.

With a priority to increase our population and tax base, we continue our march forward toward a strong economy which in turn means a sustainable community. We have what it takes to support wealth creation through education and employment opportunities, innovation, entrepreneurship and individual economic wellbeing.

We are ready to address any and all challenges related to economic growth, education, tools and incentives with a fully diversified economy as the end goal. A strong social immigration strategy is also key and we know we can be a location of choice for development and sustainable investments.

The City of Moncton is being strenuously proactive in its efforts to increase our population by at least 1,000 immigrants a year by 2017, and our immigration strategy officer is committed to our overall economic growth in this regard through attracting newcomers and immigrants to our city.

And it's working, as Moncton leads all other municipalities in New Brunswick in welcoming the most newcomers to our Metro Moncton community. We are second only to Halifax within the Maritimes in terms of population which continues to strengthen our economy.

We will also continue new investments in tourism, pursue hotel levy with the province to help grow our reputation as THE Maritimes centre for sport and entertainment events, establish a downtown tax revenue growth plan, among other forward-thinking initiatives, to continue to boost our economy. We want to see our people engaged in meaningful work; our businesses stay competitive

### Action Items

- ✓ Fundraise for the Downtown Centre
- ✓ Establish a downtown core community improvement revitalization master plan
- ✓ Establish Downtown Tax Revenue Growth Plan
- ✓ Increase our population
- ✓ Reinvest in tourism
- ✓ Pursue hotel levy with Province
- ✓ Capitalize on our 'smart city' potential

– and expand, and attract new businesses to set up shop here. Leveraging Moncton's assets to support entrepreneurship and a sustainable economy will nourish and grow both our human and technical resources.

We must also support key sectors such as logistics and warehousing, and transportation. With our rail history and experience, we can absolutely be next-generation leaders.

We are also a data transportation hub and with our proven entrepreneurial spirit we can continue to be global players in this sector.

Tourism continues to be a major strength for Moncton – our vibrant and dense downtown will continue to grow with major action plans already in place to make that happen.



# To be a **engaged community**



### Action Items

- ✓ Implementation of Enhancing Democracy report recommendations (as appropriate)
- ✓ Transparency - Enhance and expand E-Records Program
- ✓ Enhance regionalization of services in partnership with Dieppe, Riverview, and the Southeast Regional Service Commission

Moncton is fully committed to operating in a fiscally responsible and totally transparent manner.

We are an engaged community, and we deliver quality service in the very best interests of our citizens – as efficiently as possible, and invite and encourage all citizens to contribute their ideas toward our overall growth and development.

Governance is not accomplished by just a few, it takes many organizations, individuals and institutions – including government – to make decisions that affect the lives of others in the community. And these decisions must reflect what the community needs and wants. Participating in the decision-making process means finding solutions to challenges facing our community, including accountability, engagement, volunteers, youth, seniors and regional cooperation. We are a municipality in motion, guided by you the citizens.

We strive to earn your trust – a municipal government that is fair, equitable and transparent and includes its citizens in decision making at all levels.

As we work to improve regionalization of services in partnership with Dieppe, Riverview and the South East Regional Authority, we must embrace collaboration, partnerships and community feedback which are absolutely critical elements in helping to move Moncton forward.

City staff and management continuously collaborate on an ongoing basis with City/Council to maintain the status quo on fiscal responsibility; they provide accountability for any and all expenditures and budgets, and hold the line on tax increases. Our staff proves their dedication and professionalism every single day. Working for the City of Moncton is their chosen career, and they are engaged, informed and effective.

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 – and we are actively engaged in meeting this challenge.

# 2016 Capital Works

Net Spend \$

## Community Safety Services

\$7,281,915

### CODIAC

Bus Shelters	\$465,472
Bus Purchases	\$4,739,166

### FIRE

Fire Houses - Building Upgrades	\$758,009
Equipment Replacements	\$866,642

### POLICE

Building upgrade program	\$73,132
RCMP Memorial	\$379,494

## Other

\$2,263,124

### Fleet and other purchases

Land purchases, facility upgrades, information systems, parking, fleet and other upgrades	\$2,263,124
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## Water & Sanitary Sewer

\$11,813,097

Water Systems	\$9,267,472
---------------	-------------

Booster Station (New Edinburgh Drive, Magnetic Hill Upgrades)	\$1,194,643
Watermain renewals	\$2,351,967
Street Reconstruction - Water Infrastructure	\$3,037,208
District Meter Area	\$361,323
Turtle Creek Supply	\$824,198
Other water upgrades	\$1,498,133

Sanitary Sewer	\$2,545,625
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Sanitary Sewer master plan	\$303,134
Sanitary Sewer Reconstruction	\$2,042,174
Subdivision Development	\$12,162
Wheeler Trunk Master Plan	\$141,736
Other sewer upgrades	\$46,419



## Tourism & Events

\$728,642

Magnetic Hill Development and Zoo Upgrades	\$471,096
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Coliseum Upgrades	\$84,629
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### Other upgrades

Treitz House interior refurbish	\$172,561
Thomas William House	\$356

## Transportation Projects

\$24,360,560

Storm Sewer	\$6,614,385
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Sidewalks & Subdivision Development	\$263,620
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Traffic Signals & Traffic Light Installations	\$193,008
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Street Resurfacing & Reconstruction Downing Street	\$8,031,474
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Street Widening	\$9,043
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Subdivision development roads and storm additions	\$3,122,449
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Other	
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### Culverts

Jonathan Creek Culvert	\$2,490,220
Jones Lake Spillway Culvert	\$3,636,361

## Recreation, Parks and Leisure

\$4,483,825

Park and other upgrades	\$970,037
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Moncton library upgrades	\$96,518
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Sportsfields	\$636,251
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Trail development	\$1,776,986
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Other	1,004,033
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**TOTAL \$50,931,163**



FINANCIAL



# Message

from the  
CFO

MARCH 25, 2017

I am pleased to present the City of Moncton's audited consolidated financial statements for the year ended December 31, 2016.

The financial statements are the responsibility of City's management and have been prepared by City staff pursuant to New Brunswick local government legislation.

The city's independent external auditors, Grant Thornton LLP, have audited the City's financial statements in accordance with Canadian generally accepted auditing standards. As expressed in their audit report, in their opinion the City's consolidated financial statements present fairly in all material respects, the consolidated financial position of the City of Moncton as at December 31, 2016 and the consolidated results of operations, changes in net debt, and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Management's responsibility also includes maintaining a system of internal controls for financial statement reliability purposes and to ensure the protection of the City's assets. 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.

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 four years. The City's Financial Statements continue to comply with all aspects of Public Sector Accounting and CICA standards for accounting and financial reporting.

**Key high notes of the operating statement were reductions in expenses to compensate the underachievement of various revenue sources.**

CHIEF FINANCIAL OFFICER  
John Martin



## FINANCIAL INDICATORS & FINANCIAL HIGHLIGHTS

### NET DEBT

The City strengthened its financial position by reducing its net debt for the 3rd year in a row by \$17.2 million dollars to \$101 million. The reduction in net debt provides strong indication of future revenue requirements to pay for past transactions and events.

The improvement in Net Debt in 2016 is primarily the result of a paying down debt more aggressively and reducing new capital spending requiring debt financing.

### GENERAL, UTILITY AND RESERVE FUNDS

The City of Moncton reported revenues and expenses on the full accrual basis of accounting starting in 2011. The budgets for the City are prepared on the funding basis of accounting where revenue equal expenditures for budget/planning purposes.

On the fund basis of accounting, the City's general fund ended 2016 with a marginal deficit of \$(87,000) and a small deficit of \$(387,000) in the Utility fund while improving our reserve fund position by \$10,116,000.

Great efforts were made in 2016 by all City Departments to look inward at continuous improvement initiatives within their business units and this positioned the City with the opportunity to strengthen our reserve funds. A key contributor to overall small operating deficit was the result of Management's commitment to fiscal responsibility and curbing variable spending. Key high notes of the operating statement were reductions in expenses to compensate the underachievement of various revenue sources.

The Utility fund also exemplified their commitment to fiscal responsibility and curbing of variable spending as the Utility Fund despite dampening revenue made a significant contribution to reserve balances during the year.

### CAPITAL FUNDS

The City maintains a General and Utility Capital Fund. The capital program is funded annually by a combination of debenture debt, pay-as-you-go financing, and recoveries received from a variety of funding sources. The City has a long-term plan of continuing a pay as-you-go financing to reduce debt financing and long term debt.

In 2016, a total of \$50.9 million dollars was spent on new capital assets and include the following items; \$17 million on transportation services (roads, sidewalks, storm sewers), \$22 million was spent on Water and Sanitary Sewer improvements, \$11 million on buildings and land, and various other asset additions.

The tangible Capital Assets net book value reported is \$693 million representing historical costs of \$1,099 billion and accumulated amortization of \$406 million, indicating that the City has used 37% of the useful life of the City owned tangible capital assets at the end of 2016.

The City was able to reduce debt associated to capital by \$12M during the year net of new borrowings.

### FUTURE OUTLOOK

The City of Moncton is dedicated to continue improving its financial position in the future by:

- Continuing to build reserve balances, and thus internal financing capacity by incrementally increasing annual transfers to reserves.
- Gaining a better understanding of life-cycle costs of infrastructure through the development of a comprehensive asset management plan.
- Matching issuance and repayment of external debt and,
- Maximizing pay as you go financing on annual basis.
- Monitoring and annual updating long term plans.

With the development of 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. 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. These actions help Moncton to be recognized as a vibrant, growing City with an excellent quality of Life.

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.



March 20, 2017

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

Dear Sirs:

We are providing this letter in connection with your audit of the consolidated financial statements of City of Moncton as of December 31, 2016, 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 March 20, 2017, 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, 2016 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 council, directors, and committees of council, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been

prepared have been provided to you. All significant council 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.
- 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.

### **Recognition, measurement and disclosure**

- 14 We believe that the significant assumptions used by us in making accounting estimates, including those used in arriving at the fair values of financial instruments, retirement and post-employment benefits compensated absences, as measured and disclosed in the consolidated financial statements, are reasonable and appropriate in the circumstances.
- 15 We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the consolidated financial statements.
- 16 All related party transactions have been appropriately measured and disclosed in the consolidated financial statements.
- 17 The nature of all material measurement uncertainties has been appropriately disclosed in the consolidated financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the consolidated financial statements.
- 18 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.
- 19 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.
- 20 All “off-balance sheet” financial instruments have been properly recorded or disclosed in the consolidated financial statements.
- 21 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 consolidated 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.
- 22 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

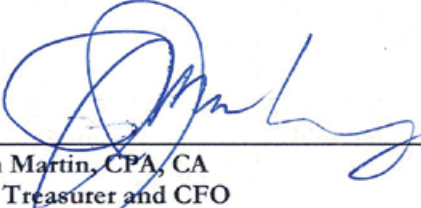


- c) commitments have been measured and disclosed, as appropriate, in the consolidated financial statements.
- 23 The City has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the City's assets nor has any been pledged as collateral.
- 24 We have disclosed 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
- 25 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.
- 26 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.
- 27 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 except the issuance of forgivable loan disclosed in note 17 to 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 consolidated financial statements and related notes.

**Other**

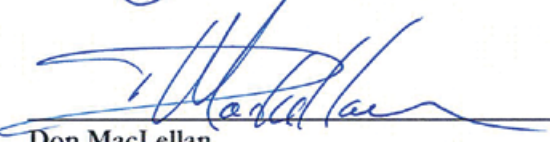
- 28 We have considered whether or not events have occurred or conditions exist which may cast significant doubt on the City's ability to continue as a going concern and have concluded that no such events or conditions are evident.

Yours very truly,



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John Martin, CPA, CA  
City Treasurer and CFO



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Don MacLellan  
Acting City Manager





## Consolidated Financial Statements

City of Moncton

## **Independent auditor's report**

To Her Worship the Mayor

And Members of City Council

We have audited the consolidated statement of financial position of the City of Moncton as at December 31, 2016 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.

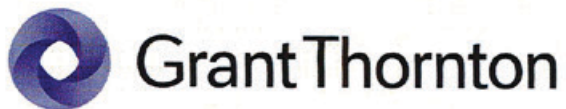
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2016, 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  
March 20, 2017

*Grant Thornton LLP*

Chartered professional accountants

# City of Moncton

## Consolidated Statement of Financial Position

Year Ended December 31

	2016	2015
<b>Financial assets</b>		
Cash and cash equivalents	\$ 11,995,452	\$ 19,830,891
Restricted cash (Note 2)	2,049,527	2,224,064
Receivables (Note 3)	26,367,476	17,269,471
Mortgage receivable (Note 4)	1	1
Long-term investments (Note 5)	4,254,292	3,770,303
Land and land development (Note 6)	17,934,314	16,936,584
Unamortized debenture discounts	1,147,052	1,264,669
Accrued pension asset (Note 10)	7,343,500	4,631,200
	<u>71,091,614</u>	<u>65,927,183</u>
<b>Liabilities</b>		
Payables and accruals (Note 8)	26,511,248	26,956,486
Long-term debt (Note 9)	135,544,070	147,706,798
Other post employment liabilities (Note 11)	10,076,700	9,504,800
	<u>172,132,018</u>	<u>184,168,084</u>
<b>Net debt</b>	<u>(101,040,404)</u>	<u>(118,240,901)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 12)	693,137,422	669,943,432
Inventory of supplies	2,656,522	2,645,735
Prepays	383,791	491,690
	<u>696,177,735</u>	<u>673,080,857</u>
<b>Accumulated surplus</b>	<u>\$ 595,137,331</u>	<u>\$ 554,839,956</u>

Commitments and contingencies (Note 16)

On behalf of the council




# City of Moncton

## Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31

	PSA <u>Budget</u> (page 27)	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
<b>Revenue</b>			
Warrant of assessment	\$128,545,660	<b>\$ 128,545,660</b>	\$ 125,593,466
Community Funding and Equalization Grant from Provincial Government	5,090,787	<b>5,090,787</b>	5,296,251
Federals grant in lieu	109,594	<b>109,594</b>	15,376
Government transfers for operating (Page 22)	1,426,446	<b>1,520,085</b>	1,388,128
Other revenue from own sources (Page 22)	12,224,053	<b>13,702,788</b>	12,464,473
Water and wastewater revenue (Page 22)	32,116,491	<b>34,346,521</b>	31,251,949
Interest	487,500	<b>1,386,179</b>	1,275,267
	<u>180,000,531</u>	<u><b>184,701,614</b></u>	<u>177,284,910</u>
<b>Expenses (Pages 23-24)</b>			
General government services	46,712,403	<b>46,890,198</b>	46,025,156
Protection services	38,041,315	<b>37,515,089</b>	35,429,556
Transportation services	27,848,689	<b>27,865,800</b>	30,106,867
Environmental health and development services	9,836,955	<b>9,945,853</b>	9,764,157
Recreation and cultural services	15,837,834	<b>14,962,309</b>	15,760,601
Water and wastewater	27,495,068	<b>26,728,526</b>	27,570,010
	<u>165,772,264</u>	<u><b>163,907,775</b></u>	<u>164,656,347</u>
Annual surplus before capital contributions	14,228,267	<b>20,793,839</b>	12,628,563
Other contributed assets for capital (Page 22)	-	<b>4,245,508</b>	3,841,987
Government transfers for capital (Page 22)	<u>15,476,272</u>	<u><b>15,258,028</b></u>	<u>8,909,751</u>
Annual surplus	29,704,539	<b>40,297,375</b>	25,380,301
Accumulated surplus, beginning of year	<u>554,839,956</u>	<u><b>554,839,956</b></u>	<u>529,459,655</u>
Accumulated surplus, end of year	<u><b>\$ 584,544,495</b></u>	<u><b>\$ 595,137,331</b></u>	<u><b>\$ 554,839,956</b></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

2016

2015

	PSA Budget		
<b>Annual surplus</b>	\$ 29,704,539	<b>\$ 40,297,375</b>	\$ 25,380,301
Acquisition of tangible capital assets	(39,837,117)	<b>(50,931,163)</b>	(37,726,881)
Proceeds on disposal of tangible capital assets	-	<b>125,749</b>	125,749
Amortization of tangible capital assets	27,668,888	<b>27,668,888</b>	26,709,532
(Gain) loss on sale and write-off of tangible capital assets	-	<b>(57,464)</b>	498,932
	<u>(12,168,229)</u>	<u><b>(23,193,990)</b></u>	<u>(10,392,668)</u>
Change in prepaid expenses	-	<b>107,899</b>	(103,863)
Change in supplies inventory	-	<b>(10,787)</b>	(336,147)
	-	<b>97,112</b>	(440,010)
Decrease in net debt	17,536,310	<b>17,200,497</b>	14,547,623
Net debt, beginning of year	<u>(118,240,901)</u>	<u><b>(118,240,901)</b></u>	<u>(132,788,524)</u>
<b>Net debt, end of year</b>	<u><b>\$(100,704,591)</b></u>	<u><b>\$(101,040,404)</b></u>	<u><b>\$(118,240,901)</b></u>

See accompanying notes and schedules to the consolidated financial statements.



# City of Moncton

## Consolidated Statement of Cash Flows

Year Ended December 31

2016

2015

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

### Operating activities

<b>Annual surplus</b>	<b>\$ 40,297,375</b>	<b>\$ 25,380,301</b>
<b>Items not affecting cash:</b>		
Amortization of tangible capital assets	27,668,888	26,709,532
(Gain) loss on sale of tangible capital assets	(57,464)	498,932
Change in accrued pension asset	(2,712,300)	(2,681,800)
Change in other post employment benefits	571,900	361,200
Change in debenture discounts	117,617	45,632
<b>Changes in non-cash working capital:</b>		
Change in receivables	(9,098,005)	4,887,833
Change in payables and accruals	(445,238)	(41,096)
Change in supplies inventory	(10,787)	(336,147)
Change in prepaid expenses	107,899	(103,863)
Change in land and land development	(997,730)	(1,268,998)
<b>Net cash provided by operating activities</b>	<b><u>55,442,155</u></b>	<b><u>53,451,526</u></b>

### Capital activities

Acquisition of tangible capital assets	(50,931,163)	(37,726,881)
Change in deferred government transfers	-	(73,000)
Proceeds on sale of tangible capital assets	125,749	125,749
<b>Net cash used for capital activities</b>	<b><u>(50,805,414)</u></b>	<b><u>(37,674,132)</u></b>

### Financing activities

Issuance of long-term debt	14,196,000	19,788,000
Repayment of long-term debt	(26,358,728)	(25,256,509)
<b>Net cash used for financing activities</b>	<b><u>(12,162,728)</u></b>	<b><u>(5,468,509)</u></b>

### Investing activities

Change in investments	(483,989)	(433,286)
<b>Net cash used for investing activities</b>	<b><u>(483,989)</u></b>	<b><u>(433,286)</u></b>

<b>(Decrease) / increase in cash and cash equivalents</b>	<b>(8,009,976)</b>	<b>9,875,599</b>
<b>Cash and cash equivalents at beginning of year</b>	<b><u>22,054,955</u></b>	<b><u>12,179,356</u></b>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 14,044,979</u></b>	<b><u>\$ 22,054,955</u></b>

### Summary of cash and cash equivalents:

Cash	\$ 11,995,452	\$ 19,830,891
Restricted cash	<u>2,049,527</u>	<u>2,224,064</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 14,044,979</u></b>	<b><u>\$ 22,054,955</u></b>

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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

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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.

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### 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 Professional 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 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 where 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.



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# City of Moncton

## Notes to the Consolidated Financial Statements

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December 31, 2016

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### 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:

<b>Asset type</b>	<b>Years</b>
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.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### 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. Moncton Industrial Development Limited sole business purpose is to sell commercial land for development purpose. 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.

#### 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.

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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

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1. **Summary of significant accounting policies** (continued)

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 continuation of 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 21, 2015 and the Minister of Local Government approved the General Operating Budget on February 1, 2016, Capital Budget on March 14, 2016 and Utility Operating Budget on February 22, 2016.

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 wastewater operations of the City. Operating funds are used to record the costs associated with providing City services.

ii. **Capital funds**

Capital funds are established for general, water, and wastewater 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.



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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

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### 1. Summary of significant accounting policies (continued)

#### 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 wastewater services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

#### n) Revenue recognition

Taxation Revenue represents annual levy administered and collected by the Province of New Brunswick on behalf of all New Brunswick Municipalities for municipal services they are recorded as warrant of assessment as the funds are received to the City.

Government Transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the City, and a reasonable estimate of the amount to be received can be made.

Fee and charge revenue for building permits; water and wastewater, and transportation are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

Other revenues are recorded when it is earned, and collection is reasonably assured.

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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

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**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) Liability for contaminated sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the City:
  - is directly responsible; or
  - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

**r) Use of estimates**

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

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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

### 2. Restricted cash

Restricted cash is comprised of the following:

	<u>2016</u>	<u>2015</u>
Deposits on program funding – Transportation		
Discovery Centre	\$ 352,802	\$ 349,896
Deposit on Gas Tax program funding	954,488	1,318,432
Deposits on hand - MID	261,159	180,189
Cash held to pay performance rebates on land sales - MID	481,078	375,547
	<u>\$ 2,049,527</u>	<u>\$ 2,224,064</u>

### 3. Receivables

	<u>2016</u>	<u>2015</u>
<b><u>Capital receivables</u></b>		
Federal/Provincial government - capital and operating contributions	\$11,015,694	\$ 2,932,240
Transaqua	318,736	-
	<u>11,334,430</u>	<u>2,932,240</u>
<b><u>Operating receivables</u></b>		
Federal/Provincial government - HST	2,115,745	1,349,370
Other – various (net of allowance)	740,200	917,443
Friends of the Zoo	250,000	250,000
Moncton Arena Partners	200,148	287,017
Harrison Trimble High School- Woody Hayes Field Committee	201,239	239,899
Food Depot Alimentaire	199,999	250,000
Moncton Football Assoc Incorporated	193,905	232,685
Curl Moncton	190,400	214,200
Local improvements	159,497	120,163
Moncton Squash Club	151,672	83,172
Théâtre Capitol Theatre Inc.	114,121	115,606
Town of Riverview	111,357	227,029
City of Dieppe	99,929	78,350
Beausejour Gymnos	83,888	120,321
Magic Mountain Water Park Ltd.	57,500	72,487
Bernice MacNaughton High School Field of Dreams Committee	34,629	47,329
Moncton Wildcats Junior Hockey Club Limited	25,282	2,793
Jeux de Commerce	25,000	-
Sewer construction improvements	12,399	15,253
Indoor Sports Management	9,407	28,237
Universite de Moncton	1,300	852
Rotary Club of Moncton, New Brunswick Inc.	-	20,000
Water and wastewater receivables	9,955,765	9,609,637
Moncton Industrial Development Limited receivables	99,664	55,388
	<u>\$26,367,476</u>	<u>\$ 17,269,471</u>



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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

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### 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.

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### 5. Long-term investments

The long-term investment of \$4,254,292 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.

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### 6. Land and land development

The land and land development before accumulated amortization of \$43,087,305 consist of assets of Caledonia Industrial Park of \$29,931,816, Moncton Industrial Park of \$10,490,443 and the New Business Park Development of \$2,665,046. Land and land development costs net of amortization totals \$17,934,314.

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### 7. 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.

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### 8. Payables and accruals

	<u>2016</u>	<u>2015</u>
Accounts payable and commitments	\$ 14,438,183	\$ 14,409,031
Payable to the Policing Authority	7,023,379	6,269,883
Contractors' holdbacks	3,456,298	2,542,529
Interest on long-term debt	403,066	454,949
Moncton Industrial Development Limited payables, accruals and deposit on land	1,155,061	1,152,550
Deferred revenue	-	2,092,283
Local improvement deposits	<u>35,261</u>	<u>35,261</u>
	<u>\$ 26,511,248</u>	<u>\$ 26,956,486</u>

Payables and accruals include an amount for contaminated sites of \$890,000 (2015 - \$350,000). The amount is an estimate done by the internal environmental engineers.

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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

### 9. Long-term debt

#### New Brunswick Municipal Financing Corporation

##### Debentures:

	<u>2016</u>	<u>2015</u>
AU1 4.15% - 4.7%, due 2015, OIC #04-0010, #05-0016	\$ -	\$ 1,415,000
AV13 4.15% - 4.45%, due 2015, OIC #05-0016	-	434,000
AV14 4.15% - 4.45%, due 2015, OIC #04-0010	-	1,052,000
AW1 4.3% - 4.55%, due 2016, OIC #00-0018, #03-0017, #04-0010, #05-0016, #06-0019	1,450,000	2,836,000
AX12 4.45% - 4.85%, due 2017, OIC #06-0019	866,000	1,692,000
AY5 3.3% - 4.85%, due 2018, OIC #05-0016, #06-0019, #07-0015, #07-0093	2,854,000	4,194,000
AY6 3.3% - 4.85%, due 2018, OIC #05-0016	1,743,000	2,562,000
AZ10 2.1% - 5.55%, due 2018, OIC #04-0010, #05-0016	1,409,000	2,067,000
BA7 0.95% - 5%, due 2019, OIC #05-0016, #06-0019, #07-0015, #08-0014	4,507,000	5,893,000
BA8 0.95% - 5%, due 2019, OIC #06-0019	1,019,000	1,332,000
BC5 1.5% - 4.55%, due 2020, OIC #07-0015, #08-0014, #09-0025	6,826,000	8,375,000
BC6 1.5% - 4.55%, due 2020, OIC #07-0015	2,092,000	2,567,000
BD11 1.5% - 3.85%, due 2020, OIC #07-0015, #08-0014	4,136,000	5,092,000
BE21 1.65% - 4.25%, due 2021, OIC #08-0014, #09-0025, #10-0018	7,497,000	9,303,000
BE22 1.65% - 4.25%, due 2021, OIC #09-0025, #10-0018	2,880,000	3,398,000
BF9 1.35% - 3.45%, due 2021, OIC #09-0025, #10-0018	3,357,000	3,978,000
BG10 1.65% - 3.4% due 2022, OIC#06-19, #08-14, #09-0025, #10-0018, #10-0068, #11-0038, #11-0100	8,882,000	10,566,000
BH12 1.35%-3.1% due 2022, OIC#06-19, #08-14, #09-0025, #09-0072, #10-0018, #11-0038, #12-0016	1,393,000	1,807,000
BH13 1.35%-3.1% due 2022 OIC#06-19, #07-15, #08-14, #09-0025, #10-0018, #11-0038	5,930,000	6,896,000
BI9 1.35% - 3.25%, due 2023, OIC #09-0025, #10-0018, #11,0038,,#12-0016	5,192,000	6,117,000
BI10 1.35% - 3.25%, due 2023, OIC #09-0025, #12-0016	1,127,000	1,274,000
BJ10 1.25% - 3.70%, due 2023, OIC #09-0025, #10-0018, #10-0068, #11-0038 #12-0016, #13-0010	7,726,000	8,986,000
BJ11 1.25% - 3.70%, due 2023, OIC #06-0019, #08-0014, #09-0025, #10-0018 #11-0038, #12-0016	2,599,000	2,936,000
BK6 1.15% - 3.45%, due 2024, OIC #06-0019, # 09-0025, #10-0018, #11-0038, #12-0016, #13-0010, #13-0012	3,052,000	3,601,000
BK7 1.15% - 3.45%, due 2024, OIC #08-0014, #09-0025, #10-0018, #11-0038, #12-0016, #13-0010	2,421,000	2,702,000
BL8 1.20% - 3.10%, due 2024, OIC #10-0018, #11-0038, #12-0016, #13-0010 #14-0019	2,968,000	3,460,000
BL9 1.20% - 3.70%, due 2034, OIC #05-0016, #06-0019, #07-0015, #09-0025, #10-0018, #11-0038, #13-0010, #14-0019	18,697,000	19,539,000
BM8 0.95% - 2.80%, due 2025, OIC #08-0014, #09-0025, #09-0072, #10-0018, #11-0038, #12-0016, #13-0012, #14-0019	8,605,000	9,718,000
BL9 1.20% - 3.70%, due 2035, OIC #05-0016, #06-0019, #07-0015, #09-0025, #10-0018, #11-0038, #13-0010, #14-0019	9,123,000	10,070,000
BP8 1.45% - 2.90%, due 2026, OIC #09-0025, #11-0038, #12-0016, #13-0010, #13-0012, #14-0019, #15-0020, #15-0041	6,962,000	-
BP8 1.20%-2.95%, due 2026, OIC#10-0018, #11-0038, #12-0016, #13-0010, #14-0019, #15-0020, #16-0018	7,234,000	-
	<b>\$ 132,547,000</b>	<b>\$ 143,862,000</b>



# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

9. Long-term debt (continued)	2016	2015
<u>Maritime Life Assurance Company</u>		
Mortgage payable, 8.186%, due 2019	456,816	593,679

### Scotiabank Bankers Acceptance - Moncton Industrial Development Limited

Maturing in 2017 at banker's acceptance plus 1.15% per annum, renewed every 90 days.	2,540,254	3,251,119
	<u>\$ 135,544,070</u>	<u>\$ 147,706,798</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:

2017	\$ 24,530,294	2020	\$ 16,580,000
2018	22,114,684	2021	13,006,000
2019	18,792,838		

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. At December 31, 2016, the City has an approval to borrow an additional \$138,000,000.

### 10. Accrued pension asset

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 \$4,102,300 (2015 - \$4,083,800). Total benefit payments to retirees during the year were \$10,276,900 (2015 - \$10,685,900). A separate pension fund is maintained. The City is in a net funded position at December 31, 2016, as follows:

	2016	2015
Fair market value of plan assets	\$ 249,854,000	\$ 240,268,000
Accrued benefit obligation	(225,845,400)	(222,227,500)
Funded status	24,008,600	18,040,500
Unamortized actuarial gain	16,665,100	13,409,300
Accounting pension asset	<u>\$ 7,343,500</u>	<u>\$ 4,631,200</u>

The most recent evaluation of the Pension Plan by the City's actuaries, William M. Mercer Limited, was carried out effective December 31, 2015. The next valuation is required for December 31, 2016. The 2016 balances are based on an extrapolation by the Actuary. 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.

# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

### 10. Accrued pension asset (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>2016</u>	<u>2015</u>
(a) Discount rate	5.90%	6.00%
(b) Rate of compensation increases	2.50%	2.50%
(c) Rate of inflation	2.00%	2.00%
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>2016</u>	<u>2015</u>
Current period benefit cost	\$ 7,885,100	\$ 7,537,800
Amortization of actuarial (gains) losses	<u>(1,294,000)</u>	<u>(1,132,200)</u>
	6,591,100	6,405,600
Less: employee contributions	<u>(4,102,300)</u>	<u>(4,083,800)</u>
Pension expense	2,488,800	2,321,800
Interest cost on the average accrued benefit obligation	<u>(1,098,800)</u>	<u>(919,800)</u>
<b>Total expenses related to pension</b>	<b>\$ 1,390,000</b>	<b>\$ 1,402,000</b>

The employer contribution expense of \$4,102,300 is included in the statement of operations as a component of department expenses. The change in pension liability of \$2,712,300 is recorded in the general government services.

	Percentage of Plan Assets	
	<u>2016</u>	<u>2015</u>
<b>Benefits plan assets consist of:</b>		
Bonds	34.64%	36.11%
Canadian and foreign equities	60.14%	59.74%
International equities	-	3.56%
Infrastructure	4.98%	-
Receivables	0.05%	0.15%
Cash	<u>0.19%</u>	<u>0.44%</u>
	<u>100%</u>	<u>100%</u>

# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

### 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>2016</u>	<u>2015</u>
<b>Employee benefits obligations:</b>		
Vested benefits	\$ 7,315,800	\$ 7,396,000
Unamortized actuarial gains	659,200	245,300
Non-vested benefits	4,001,400	2,544,200
Unamortized actuarial losses non-vested	<u>(1,899,700)</u>	<u>(680,700)</u>
<b>Accrued employee benefit obligation</b>	<b><u>\$ 10,076,700</u></b>	<b><u>\$ 9,504,800</u></b>
<b>Accrued employee benefit obligation</b>	<b>\$ 10,076,700</b>	<b>\$ 9,504,800</b>
Less funded amount	<u>(3,889,556)</u>	<u>(3,110,984)</u>
Unfunded employee benefit obligation	6,187,144	6,393,816
Less non-vested benefits	<u>(2,101,700)</u>	<u>(1,863,500)</u>
<b>Vested benefits to be funded from future revenue</b>	<b><u>\$ 4,085,444</u></b>	<b><u>\$ 4,530,316</u></b>
<b>Benefit expense in the year</b>	<b><u>\$ 1,206,500</u></b>	<b><u>\$ 1,169,200</u></b>

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 2.50%;
- the discount rate used to determine the accrued benefit obligation is 3.30%;
- 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.



## December 31, 2016

	General Capital Assets					Water and Wastewater 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&W Buildings and Leasehold Improvements	Water and Wastewater Construction Assets under Construction			
Cost													
Opening cost	\$ 32,570,909	\$ 80,966,870	\$ 50,976,259	\$ 9,764,872	\$ 43,851,544	\$ 11,254,940	\$ 11,873,708	\$ 290,283,871	\$ 92,898,600	\$ 402,838,862	\$ 13,622,445	\$1,050,902,880	\$1,019,557,033
Additions and transfers	263,099	5,597,233	911,381	389,248	5,537,656	(391,907)	600,000	17,349,975	2,669,827	19,634,434	(1,629,783)	50,931,163	37,726,881
Disposals and transfers	(4,553)	-	(1,736,889)	-	-	-	-	-	-	(428,064)	-	(2,169,506)	(6,381,034)
Closing cost	32,829,455	96,564,103	50,150,751	10,154,120	49,389,200	10,863,033	12,473,708	307,633,846	95,588,427	422,045,232	11,992,662	1,099,664,537	1,050,902,880
Accumulated amortization													
Opening accumulated Amortization	-	(35,332,868)	(33,910,739)	(8,289,241)	(20,557,585)	-	(6,802,924)	(123,741,993)	(29,938,257)	(122,385,841)	-	(380,959,448)	(360,006,269)
Amortization	-	(2,607,758)	(3,110,674)	(560,082)	(2,683,651)	-	(359,115)	(9,301,486)	(2,940,038)	(6,106,084)	-	(27,668,888)	(26,709,532)
Disposals and transfers	-	-	1,736,889	-	-	-	-	35,427	-	328,905	-	2,101,221	5,756,353
Closing accum'd amortization	-	(37,940,626)	(35,284,524)	(8,849,323)	(23,241,236)	-	(7,162,039)	(133,008,052)	(32,878,295)	(128,163,020)	-	(406,527,115)	(380,959,448)
Asset net book value	\$ 32,829,455	\$ 58,623,477	\$ 14,866,227	\$ 1,304,797	\$ 26,147,964	\$ 10,863,033	\$ 5,311,669	\$ 174,625,794	\$ 62,690,132	\$ 293,892,212	\$ 11,992,662	\$693,137,422	\$ 669,943,432

\*During the year, the City received donated infrastructure of \$3,566,999 from subdivision developers.

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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

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### 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 operations is limited to 50% of the operating budget for the year. In 2016, 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.

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### 14. Water and wastewater fund surplus/deficit

The Municipalities Act requires Water and Wastewater Fund surplus/deficit amounts to be absorbed on a quadrennial basis. The balance of the surplus/deficit at the end of the year consist of:

	<u>Budget</u>	<u>Actual</u>
2013	198,267	11,902
2014	200,279	152,556
2015	35,402	(26,596)
2016	(433,948)	(387,251)
	<u>\$ -</u>	<u>\$ (249,389)</u>

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### 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.

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### 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:

2017	\$1,533,876
2018	\$1,533,876
2019	\$1,533,876
2020	\$1,533,876
2021	\$ 639,115

In addition, an amount approximating \$79,224 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.

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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

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### 16. Commitments and contingencies (continued)

- (b) Under the terms of a lease for the City library and now assigned to SOT NLNB Inc. the City is responsible for the proportionate share of the common area operating costs. In 2016 this approximated \$562,293 and approximately 55% was recovered from the Province under a sub-lease for its proportionate share of the costs. The lease expires in 2053.
- (c) 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.
- (d) During the 2017 budget approval process, City Council has approved total commitments of \$3,034,827 to community organizations.
- (e) That the City entered into a new 10 year agreement for radio equipment with New Brunswick Trunked Mobile Radio (NBTMR) for a system access subscription fee, at a recurring monthly cost of \$5,290.81, for a total projected operating cost of \$634,897.20, plus HST at 15%.
- (f) On September 23, 2015, the City entered into a project agreement for the design, construction and interim financing of a multi-use sport and entertainment facility in Downtown Moncton (the "Project") with Bird Capital MDC Project Co Inc., requiring a substantial completion payment of \$90.768M (before HST) to be paid on June 30, 2018. The Project's funding includes a provincial loan and federal and provincial indirect funding, debenture debt, reserve draws, fundraising campaign and sale of ancillary lands at the site. The Municipal Capital Borrowing Board approved borrowings of \$95.4M to support this project. In addition, on March 21, 2016, City Council approved a \$7.2M contingency for the Plaza and other related infrastructure to support the Downtown Centre Project.
- (g) 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.

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# City of Moncton

## Notes to the Consolidated Financial Statements

December 31, 2016

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### 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. This guarantee commenced on January 1, 2010 and loan guarantee expired on December 31, 2015. City Council reinstated the fixed loan guarantee that is to be reviewed on an annual basis. At December 31, 2016, the guarantee stands at \$150,000.
- b) The City has an outstanding claim against it for approximately \$3 million for additional compensation for the expropriation of approximately 600 acres of wooded land on Berry Mills road. The event outcome of this claim is not determinable at year-end.
- c) In the normal course of the City's activities, the City is subject to a number of claims and litigation. The City intends to defend and negotiate such claims and litigation. The eventual outcome of these claims and litigation is not determinable at year end.

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### 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.

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# City of Moncton

## Schedule 1: Consolidated Schedule of Revenues

Year ended December 31, 2016

	2016	2016	2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Government Transfers for operating</b>			
Canadian Heritage	\$ -	\$ -	\$ 68,900
Canadian Museum Association – Provincial	50,000	50,000	50,000
Regional Development Corporation	-	-	177,228
Environmental Trust Fund – Province of New Brunswick	-	40,000	-
Provincial Contributions – Designated Highways	699,606	683,233	688,500
Other Local Governments	676,840	746,852	403,500
	<u>\$ 1,426,446</u>	<u>\$ 1,520,085</u>	<u>\$ 1,388,128</u>
<b>Other revenue from own sources</b>			
Licenses and permits - building permits	\$ 1,161,740	\$ 997,859	\$ 915,929
- other	817,258	788,185	720,214
Fines and fees	350,000	344,253	391,376
Parking	2,305,028	2,329,840	2,249,017
Rent	44,501	15,456	43,490
Miscellaneous	236,575	332,647	558,407
Protection	3,500	66	664
Transportation - other	113,625	101,359	186,867
Public transit	3,985,525	3,932,333	3,848,876
Magnetic Hill Zoo	1,682,679	1,948,483	1,849,484
Magnetic Hill Park	163,032	167,302	144,109
Other recreational	632,065	518,576	507,270
Coliseum - Agrena	691,525	582,612	519,104
Gain (loss) on sale and write-off of tangible assets	-	57,464	(498,932)
Cash received in lieu	-	150,073	78,523
Water and wastewater other revenue	37,000	85,219	108,363
Moncton Industrial Development Limited –land and other	-	1,351,061	841,712
	<u>\$ 12,224,053</u>	<u>\$ 13,702,788</u>	<u>\$ 12,464,473</u>
<b>Water and wastewater revenue</b>			
Water user charges	\$ 17,930,381	\$ 17,723,525	\$ 17,455,638
Wastewater user charges	5,816,980	5,994,115	5,595,855
Wastewater user charges – other	-	2,092,282	-
Wastewater treatment levy	8,369,130	8,536,599	8,200,456
	<u>\$ 32,116,491</u>	<u>\$ 34,346,521</u>	<u>\$ 31,251,949</u>
<b>Other contributions for capital</b>			
Donated assets - developers	\$ -	\$ 3,566,999	\$ 3,754,067
Organizations and individuals	-	659,812	145,665
Local improvement and branch sewer recoveries	-	18,697	(57,745)
	<u>\$ -</u>	<u>\$ 4,245,508</u>	<u>\$ 3,841,987</u>
<b>Government Transfers for Capital</b>			
Department of Transportation	\$ -	\$ -	\$ 750,422
ACOA -Infrastructure program	216,667	56,252	112,265
Canadian Heritage	-	-	520,000
Regional Development Corporation	-	197,000	107,989
Department of Transportation – designated highways	250,000	815,699	1,972,287
Build Canada Fund (Small Communities Fund)			
-Federal	5,907,550	4,896,137	-
-Provincial	3,385,537	4,122,450	-
Infrastructure Canada – gas tax funding	4,983,000	4,868,990	4,639,408
Other Government - Provincial	250,000	-	-
Province of New Brunswick	-	-	187,500
Public Safety Canada	-	201,500	258,500
Provincial contributions - MID	483,518	-	261,380
Federal/Provincial contributions - water and wastewater	-	100,000	100,000
	<u>\$ 15,476,272</u>	<u>\$ 15,258,028</u>	<u>\$ 8,909,751</u>

# City of Moncton

## Schedule 2: Consolidated Schedule of Expenses

Year Ended December 31

	2016	2016	2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>General government services</b>			
Mayor and Councillors	\$ 581,375	\$ 613,523	\$ 587,195
City Manager and Internal Audit	306,374	312,567	265,541
Corporate services	136,538	137,705	134,662
Finance and administration	1,980,154	1,958,829	2,068,134
Information systems	1,918,238	1,810,189	1,815,720
Human resources	1,283,294	1,182,641	1,197,581
Legislative services	904,854	816,971	852,091
City Hall building	1,747,293	1,792,822	1,736,955
Corporate communications	994,712	927,151	847,337
Other general administration	3,267,396	3,319,762	3,977,679
Grants	1,313,260	1,334,059	1,184,230
Corporate planning and policy development	388,209	338,592	379,940
Moncton Industrial Development Limited	769,518	728,274	778,969
	<u>15,591,215</u>	<u>15,273,085</u>	<u>15,826,034</u>
Amortization of tangible assets	27,668,888	27,668,888	26,709,532
Amortization of development costs - MID	1,239,400	1,239,400	1,245,939
Interest	3,228,627	2,632,800	3,000,869
Pension	(2,712,300)	(2,712,300)	(2,681,800)
Post-retirement liabilities	1,231,573	1,024,902	971,521
Contaminated sites expense	-	825,976	350,000
Deferred facility and energy maintenance cost	465,000	937,447	603,061
	<u>\$ 46,712,403</u>	<u>\$ 46,890,198</u>	<u>\$ 46,025,156</u>
<b>Protection services</b>			
Police	\$ 20,970,108	\$ 20,578,982	\$ 18,843,132
Fire	13,938,225	14,064,131	13,521,723
Building inspection	1,671,135	1,475,831	1,690,093
Other protective services	1,461,847	1,396,145	1,374,608
	<u>\$ 38,041,315</u>	<u>\$ 37,515,089</u>	<u>\$ 35,429,556</u>
<b>Transportation services</b>			
Engineering administration	\$ 1,676,097	\$ 1,599,654	\$ 1,505,353
Facilities	914,048	1,003,618	1,526,481
Roads, streets and equipment	9,999,153	10,100,292	12,114,803
Street lighting	2,446,945	2,424,080	2,392,494
Traffic and parking	1,913,973	1,890,887	1,993,178
Public transit	10,228,928	10,257,334	9,903,951
Other transportation	669,545	589,935	670,607
	<u>\$ 27,848,689</u>	<u>\$ 27,865,800</u>	<u>\$ 30,106,867</u>
<b>Environmental health and development services</b>			
Garbage and waste collection	\$ 3,182,683	\$ 3,168,946	\$ 3,264,058
Planning commission grant	40,527	40,527	38,122
Development	3,186,446	3,174,434	2,855,252
Magnetic Hill Zoo	2,518,790	2,724,878	2,519,307
Magnetic Hill Park and Magnetic Hill Concert Site	382,238	331,541	507,587
Tourism	526,271	505,527	579,831
	<u>\$ 9,836,955</u>	<u>\$ 9,945,853</u>	<u>\$ 9,764,157</u>

# City of Moncton

## Schedule 2: Consolidated Schedule of Expenses

Year Ended December 31

2016

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Recreation and cultural services</b>			
Parks and Leisure services	\$ 6,920,358	\$ 6,464,637	\$ 5,925,972
Library	389,231	402,645	350,725
Capitol Theatre grant	499,335	619,770	342,183
Senior's Citizens	95,952	91,752	100,150
Events and venues	1,584,784	1,446,862	2,370,546
Museum	1,191,592	1,110,407	1,526,453
Arenas	2,272,735	2,219,979	2,278,114
Moncton Stadium	96,960	21,426	102,508
William House / Treitz Haus	142,140	109,959	69,073
Coliseum - Agrena	2,331,599	2,200,577	2,432,745
Immigration	115,618	114,335	111,417
Other cultural programs and services	<u>197,530</u>	<u>159,960</u>	<u>150,715</u>
	<u>\$ 15,837,834</u>	<u>\$ 14,962,309</u>	<u>\$ 15,760,601</u>
<b>Water and wastewater expenses</b>			
<b>Water supply</b>			
Administration	\$ 4,008,102	\$ 4,008,550	\$ 4,116,023
Bad debt expense	-	149,423	406,371
Interest	1,882,634	1,661,603	1,771,260
Transmission and distribution	3,733,227	3,632,983	4,084,761
Purification and source of supply	519,261	448,602	464,216
Power and pumping	673,059	562,213	594,330
Water treatment charges	<u>4,639,999</u>	<u>4,539,898</u>	<u>4,485,333</u>
	<u>\$ 15,456,282</u>	<u>\$ 15,003,272</u>	<u>\$ 15,922,294</u>
<b>Wastewater collection and disposal</b>			
Administration	\$ 1,594,930	\$ 1,594,932	\$ 1,509,130
Interest	936,795	695,125	706,092
Maintenance	1,137,931	1,066,067	1,325,974
Wastewater treatment charges	<u>8,369,130</u>	<u>8,369,130</u>	<u>8,106,520</u>
	<u>12,038,786</u>	<u>11,725,254</u>	<u>11,647,716</u>
<b>Total water and wastewater</b>	<u>\$ 27,495,068</u>	<u>\$ 26,728,526</u>	<u>\$ 27,570,010</u>



# City of Moncton

## Schedule 3: Schedule of Segment Disclosure

December 31, 2016

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water & Wastewater	MID	2016 Consolidated	2015 Consolidated
<b>Revenues</b>									
Warrant of assessment *	\$ 128,545,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,545,660	\$ 125,593,466
Community Funding and Equalization									
Grant from Provincial Government *	5,090,787	-	-	-	-	-	-	5,090,787	5,296,251
Federal grant in lieu	109,594	-	-	-	-	-	-	109,594	15,376
Government transfers for operating	-	746,852	723,233	-	50,000	-	-	1,520,085	1,338,128
Other revenue from own sources	555,706	2,130,297	6,363,532	2,115,785	1,101,188	85,219	1,351,061	13,702,788	12,514,473
Water and wastewater user fees	-	-	-	-	-	34,346,521	-	34,346,521	31,251,949
Interest	857,812	-	-	-	-	528,367	-	1,386,179	1,275,267
	<b>135,159,559</b>	<b>2,877,149</b>	<b>7,086,765</b>	<b>2,115,785</b>	<b>1,151,188</b>	<b>34,960,107</b>	<b>1,351,061</b>	<b>184,701,614</b>	<b>177,284,910</b>
<b>Expenses</b>									
Salaries and benefits	10,716,163	15,007,398	15,239,058	4,133,049	5,278,543	3,015,659	193,516	53,583,386	58,022,198
Goods and services	3,828,648	22,507,691	12,626,742	5,812,804	9,683,766	21,356,139	1,774,158	77,589,948	75,203,614
Amortization*	27,667,167	-	-	-	-	-	1,721	27,668,888	26,709,532
Interest	2,550,159	-	-	-	-	2,356,728	82,641	4,989,528	5,478,221
Pension**	(2,712,300)	-	-	-	-	-	-	(2,712,300)	(2,681,800)
Deferred facility and energy									
Maintenance cost	937,447	-	-	-	-	-	-	937,447	603,061
Contaminated sites expense	825,976	-	-	-	-	-	-	825,976	350,000
Post-retirement liabilities**	1,024,902	-	-	-	-	-	-	1,024,902	971,521
	<b>44,838,162</b>	<b>37,515,089</b>	<b>27,865,800</b>	<b>9,945,853</b>	<b>14,962,309</b>	<b>26,728,526</b>	<b>2,052,036</b>	<b>163,907,775</b>	<b>164,656,347</b>
Annual surplus (deficit) before capital contributions	90,321,397	(34,637,940)	(20,779,035)	(7,830,068)	(13,811,121)	8,231,581	(700,975)	20,793,839	12,628,563
Other contributions for capital*	4,245,508	-	-	-	-	-	-	4,245,508	3,841,987
Government transfers for capital*	15,258,028	-	-	-	-	-	-	15,258,028	8,909,751
Annual surplus (deficit) for the year	\$ 109,824,933	\$ (34,637,940)	\$ (20,779,035)	\$ (7,830,068)	\$ (13,811,121)	\$8,231,581	\$ (700,975)	\$ 40,297,375	\$25,390,301

\*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, 2016

	General Operating Reserve	General Capital Reserve	W&S Operating Reserve	W&S Capital Reserve	Reserve for Land Develop Fund	2016 Total	2015 Total
<b>Accumulated surplus, beginning of year</b>	\$ 3,342,172	\$ 12,008,826	\$ 1,257,438	\$ 5,423,122	\$ 343,585	\$ 22,375,143	\$ 20,781,590
Allocation from City of Moncton revenue fund	-	79,224	-	-	-	79,224	74,688
Appropriation from Utility Operating fund	-	-	(301,115)	530,000	-	228,885	270,000
Appropriation from General Operating fund	2,832,000	-	-	-	-	2,832,000	187,488
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	-	2,648,683	-	-	-	2,648,683	2,890,683
Transfer to General Capital fund for Lifecycle maintenance improvements	-	-	-	-	-	-	(29,466)
Transfer to General Capital fund for capital purchases	-	(439,701)	-	-	-	(439,701)	(1,741,209)
Transfer to General Capital fund for Downtown Centre Land Purchase	-	(1,396,645)	-	-	-	(1,396,645)	(1,500,000)
Transfer to General Operating fund	(920,000)	(77,122)	-	-	-	(997,122)	(800,000)
Transfer to General Operating fund for meter maintenance	-	-	-	(361,323)	-	(361,323)	(346,602)
Transfer to General Operating fund for energy management	-	-	-	-	-	-	(6,977)
Transfer to General Operating fund for deferred maintenance	(937,447)	-	-	-	-	(937,447)	(596,084)
Transfer to Utility Capital Reserve	-	-	-	2,092,282	-	2,092,282	-
Transfer surplus from Utility Operating fund	-	-	-	620,000	-	620,000	-
Transfer surplus from General Operating fund	-	2,700,000	-	-	-	2,700,000	-
Transfer to Utility Operating fund to fund deficit	-	-	-	-	-	-	(400,000)
<b>Interest</b>	974,553	5,443,136	(301,115)	2,880,959	-	8,997,533	(68,782)
Proceeds on sale of assets	98,876	613,246	17,085	109,303	6,303	844,813	707,641
Proceeds on sale of land	-	125,749	-	-	-	125,749	125,749
Cash paid for development costs	-	81,764	-	-	(1,396)	81,764	-
Cash received for Twin Oaks Development	-	-	-	-	-	(1,396)	-
Cash received in lieu of land	-	-	-	-	-	-	750,422
Annual surplus (deficit)	1,073,429	6,263,895	(284,030)	2,990,262	73,216	10,116,772	1,662,335
<b>Accumulated surplus, end of year</b>	<b>\$ 4,415,601</b>	<b>\$ 18,272,721</b>	<b>\$ 973,408</b>	<b>\$ 8,413,384</b>	<b>\$ 416,801</b>	<b>\$ 32,491,915</b>	<b>\$ 22,375,143</b>

# **City of Moncton** **Schedule 5: Schedule of Operating Budget to PSA budget** December 31, 2016

	Operating Budget General	Operating Budget Water & Wastewater	Capital Fund Budget	MID	Amortization & Pension & Post Employment Adjustments	Transfers	Total
<b>Revenue</b>							
Grant from City of Moncton	\$ -	\$ -	-	\$ 286,000	\$ -	(286,000)	\$ -
Province of New Brunswick	-	-	-	-	-	-	-
Warrant for property taxes	128,545,660	-	-	-	-	-	128,545,660
Community Funding and Equalization Grant	5,090,787	-	-	-	-	-	5,090,787
Federal grant in lieu	109,594	-	-	-	-	-	109,594
Government transfers for operating	1,426,446	-	-	-	-	-	1,426,446
Government transfers for capital	-	-	14,992,754	483,518	-	-	15,476,272
Other contributions and transfers for capital	-	-	7,203,937	-	-	(7,203,937)	-
Other revenue from own sources	12,187,053	37,000	-	-	-	-	12,224,053
Water and wastewater rates	-	32,116,491	-	-	-	-	32,116,491
Water supply for fire protection	-	3,494,568	-	-	-	(3,494,568)	-
Interest	7,500	480,000	-	-	-	-	487,500
Second previous year's surplus	137,639	152,558	-	-	-	(290,197)	-
	<b>147,504,679</b>	<b>36,280,617</b>	<b>22,196,691</b>	<b>769,518</b>	-	<b>(11,274,702)</b>	<b>195,476,803</b>
<b>Expenses</b>							
General government services	16,753,270	-	-	2,008,918	24,956,588	2,993,627	46,712,403
Protective services	41,535,883	-	-	-	-	(3,494,568)	38,041,315
Transportation services	34,032,689	-	-	-	-	(6,184,000)	27,848,689
Environmental health & development services	11,919,099	-	-	-	-	(2,082,144)	9,836,955
Recreation and cultural services	15,907,771	-	-	-	-	(69,937)	15,837,834
Water and wastewater	-	24,925,639	-	-	-	2,569,429	27,495,068
Fiscal services	-	-	-	-	-	-	-
Long-term debt repayments	16,715,858	8,785,612	-	-	-	(25,501,470)	-
Interest	3,307,851	2,819,429	-	-	-	(6,127,280)	-
Transfer from the General Operating fund to the General Operating Reserve	2,832,000	-	-	-	-	(2,832,000)	-
Transfer from the General Operating fund to the General Capital Reserve	2,648,683	-	-	-	-	(2,648,683)	-
Funding current year's capital projects – general	1,851,575	-	-	-	-	(1,851,575)	-
Transfer from the Water and Wastewater Operating fund to the Water and Wastewater Capital fund	-	183,885	-	-	-	(183,885)	-
	<b>147,504,679</b>	<b>36,714,565</b>	-	<b>2,008,918</b>	<b>24,956,588</b>	<b>(45,412,486)</b>	<b>165,772,264</b>
<b>Surplus (deficit) for the year</b>	<b>\$ -</b>	<b>\$ (433,948)</b>	<b>\$ 22,196,691</b>	<b>\$ (1,239,400)</b>	<b>\$ (24,956,588)</b>	<b>\$ 34,137,784</b>	<b>\$ 29,704,539</b>

# City of Moncton Schedule 6: Schedule of Reconciliation of Annual Surplus December 31, 2016

	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
2016 annual surplus (deficit) for the year	\$ (87,437)	\$ 45,588,596	\$ 1,073,429	\$ (387,251)	\$ 10,370,190	\$ 6,263,895	\$ 2,990,262	\$ (284,030)	\$ 73,216	\$ 1,280,243	\$ 66,881,113
<b>Adjustment to annual surplus (deficit) for funding Requirements</b>											
Second previous year's surplus	(137,640)			(152,558)							(290,198)
MID - Grant	1,979,497									(1,979,497)	-
Transfer of fire water costs	3,351,777			(3,351,777)							-
Transfer of City Hall interest on investment	74,688					(74,688)					-
Transfer of Capital from Operating	6,784,000	(6,784,000)									-
Transfer of Capital from Operating library	69,937	(69,937)									-
Transfer from General Operating fund - IS upgrades	100,000	(100,000)									-
Transfer from General Operating Fund (DT Ctr Land)	1,396,645	(1,396,645)									-
Transfer from Land Reserve for development									1,396		1,396
Capital Theatre	(606,216)										(606,216)
Long term debt principal repayment	16,715,863	(16,715,863)									-
Adjustment - estimated liability for contaminated sites	(825,976)			8,932,000	(8,932,000)						(825,976)
Adjustment prior year accrual on estimated liabilities - Resurgo	(44,543)										(44,543)
Loss from disposal of tangible capital assets		(68,285)									(68,285)
Provision for retirement liability	208,671	(18,621,044)			(9,046,122)					(1,721)	208,671
Amortization expense											(27,668,887)
Pension expense	2,712,300										2,712,300
<b>Total adjustments to 2016 annual surplus (deficit)</b>	<b>31,777,003</b>	<b>(43,755,774)</b>	<b>-</b>	<b>5,427,665</b>	<b>(17,978,122)</b>	<b>(74,688)</b>	<b>-</b>	<b>-</b>	<b>1,396</b>	<b>(1,981,218)</b>	<b>(26,563,736)</b>
<b>2016 annual surplus (deficit) per PSAB for the year</b>	<b>\$ 31,689,566</b>	<b>\$ 1,832,822</b>	<b>\$ 1,073,429</b>	<b>\$ 5,040,414</b>	<b>\$ (7,607,932)</b>	<b>\$ 6,189,207</b>	<b>\$ 2,990,262</b>	<b>\$ (284,030)</b>	<b>\$ 74,612</b>	<b>\$ (700,975)</b>	<b>\$ 40,297,375</b>

## City of Moncton

### Schedule 7: Schedule of Government Transfers

December 31, 2016

	Budget	<u>2016</u>	<u>2015</u>
<b>TRANSFERS FOR OPERATING:</b>			
Canadian Heritage – Moncton 125	\$ -	\$ -	\$ 68,900
Canadian Museum Association – Provincial	50,000	50,000	50,000
Regional Development Corporation - FIFA	-	-	177,228
Environmental Trust Fund – Province of New Brunswick	-	40,000	-
Provincial Contributions – Designated Highways	699,606	683,233	688,500
Other Local Governments – Fire LSD Contract	676,840	746,852	403,500
	<u>\$ 1,426,446</u>	<u>\$ 1,520,085</u>	<u>\$ 1,388,128</u>
<b>TRANSFERS FOR CAPITAL:</b>			
<b>Government Transfers for Capital</b>			
Department of Transportation and Infrastructure	\$ -	\$ -	\$ 750,422
ACOA -Infrastructure program	216,667	56,252	112,265
Canadian Heritage	-	-	520,000
Regional Development Corporation	-	197,000	107,989
Department of Transportation – designated highways	-	815,699	1,972,287
Build Canada Fund (Small Communities Fund)	250,000		
- Federal			
- Provincial			
Infrastructure Canada – gas tax funding	5,907,550	4,896,137	-
Other Government	3,385,537	4,122,450	-
Province of New Brunswick	4,983,000	4,868,990	4,639,408
Public Safety Canada	250,000	-	-
Provincial contributions - MID	-	-	187,500
Federal/Provincial contributions - water and wastewater	483,518	201,500	258,500
	<u>\$ 15,476,272</u>	<u>\$ 15,258,028</u>	<u>\$ 8,909,751</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 16,902,718</u>	<u>\$ 16,778,113</u>	<u>\$ 10,297,879</u>

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



**City of Moncton**  
**Schedule 8: Schedule of Statement of Controlled Entity**  
December 31, 2016

Statement of controlled entity, Moncton Industrial Development Limited

	<u>2016</u>	<u>2015</u>
<b>Financial assets</b>	<b>\$ 19,094,131</b>	<b>\$ 18,145,713</b>
<b>Liabilities</b>	<b><u>(4,421,411)</u></b>	<b><u>(4,748,668)</u></b>
<b>Net debt</b>	<b>14,672,720</b>	<b>13,397,045</b>
<b>Non-financial assets</b>	<b><u>15,002</u></b>	<b><u>12,155</u></b>
<b>Accumulated surplus</b>	<b>\$ <u>14,687,722</u></b>	<b>\$ <u>13,409,200</u></b>
<b>Revenue</b>	<b>\$ 3,330,558</b>	<b>\$ 2,949,280</b>
<b>Expenses</b>	<b><u>(2,052,036)</u></b>	<b><u>(2,103,555)</u></b>
<b>Annual surplus</b>	<b>\$ <u>1,278,522</u></b>	<b>\$ <u>845,725</u></b>

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**City of Moncton**  
**Schedule 9: Reconciliation of Funding Deficit**  
December 31, 2016

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Reconciliation of Funding Deficit – Vested Post-Employment Benefits.

	<u>2016</u>	<u>2015</u>
<b>Liability at December 31, 2016</b>	<b>\$ 7,975,000</b>	<b>\$ 7,641,300</b>
<b>Amount of December 31, 2016 liability funded in the current year</b>	<b>(778,572)</b>	<b>(471,252)</b>
<b>Amounts funded in prior years</b>	<u><b>(3,110,984)</b></u>	<u><b>(2,639,732)</b></u>
<b>Balance to be funded in future years</b>	<b>\$ 4,085,444</b>	<b>\$ 4,530,316</b>

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Based on the latest actuarial valuation for the defined benefit pension plan conducted as at December 31, 2016, the City has no requirement under the *New Brunswick Pension Benefits Act and Regulations* to fund the solvency deficit which has a solvency ratio of 78.1%. The going concern valuation is in a funding surplus.

The City has an unfunded vesting post-employment liability of \$4,085,444. There is presently no agreement between the City and the Province of the funding of this liability.





PLACE MONCTON PLACE

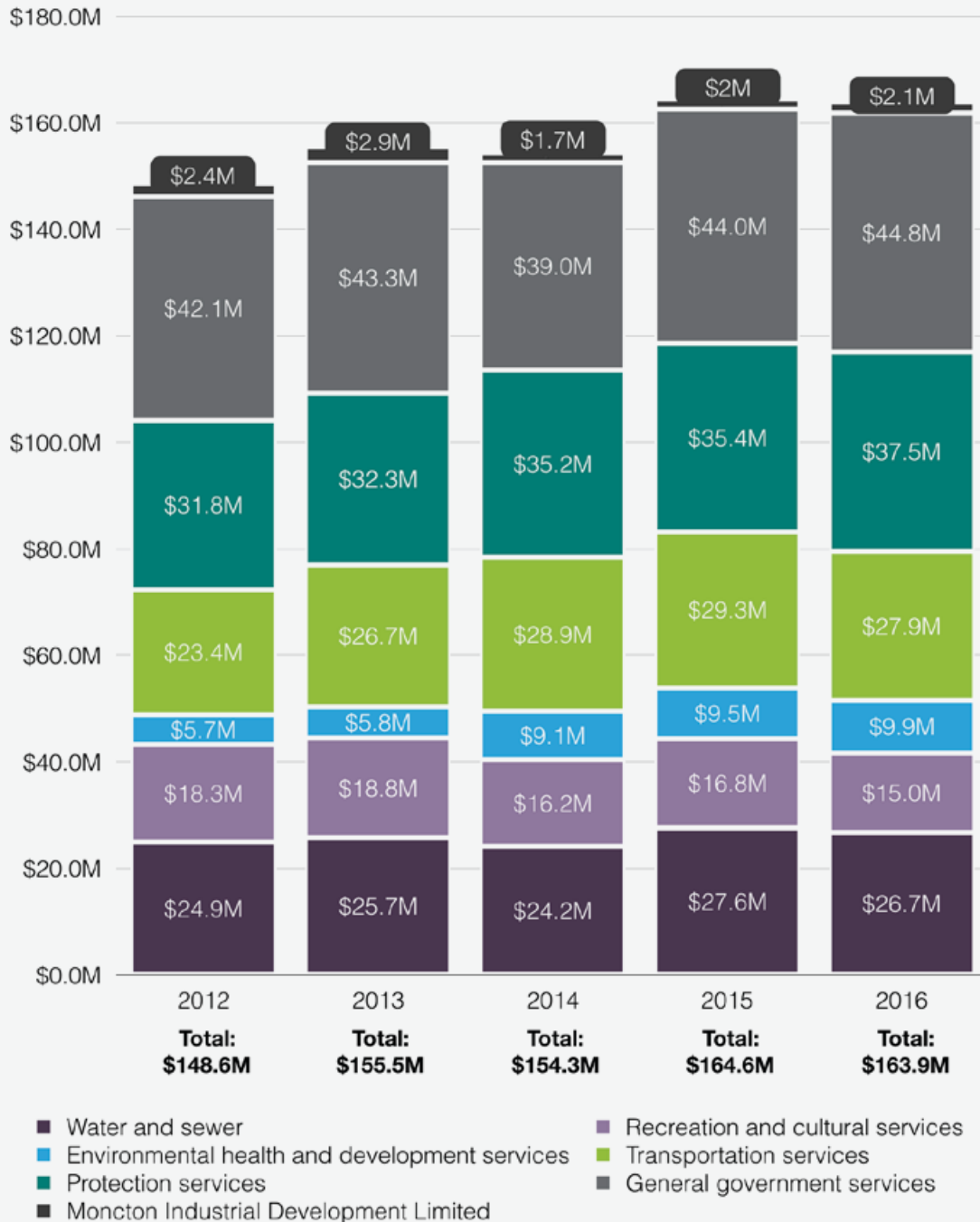




STATISTICAL

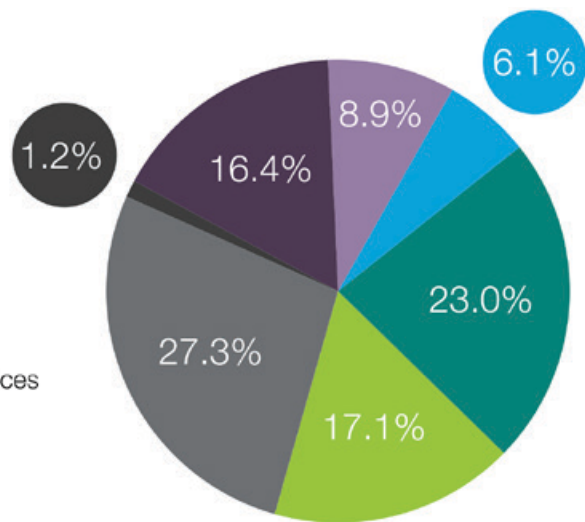
# Key statistical financial information

EXPENSES BY FUNCTION 2012 TO 2016 (IN MILLIONS OF DOLLARS)

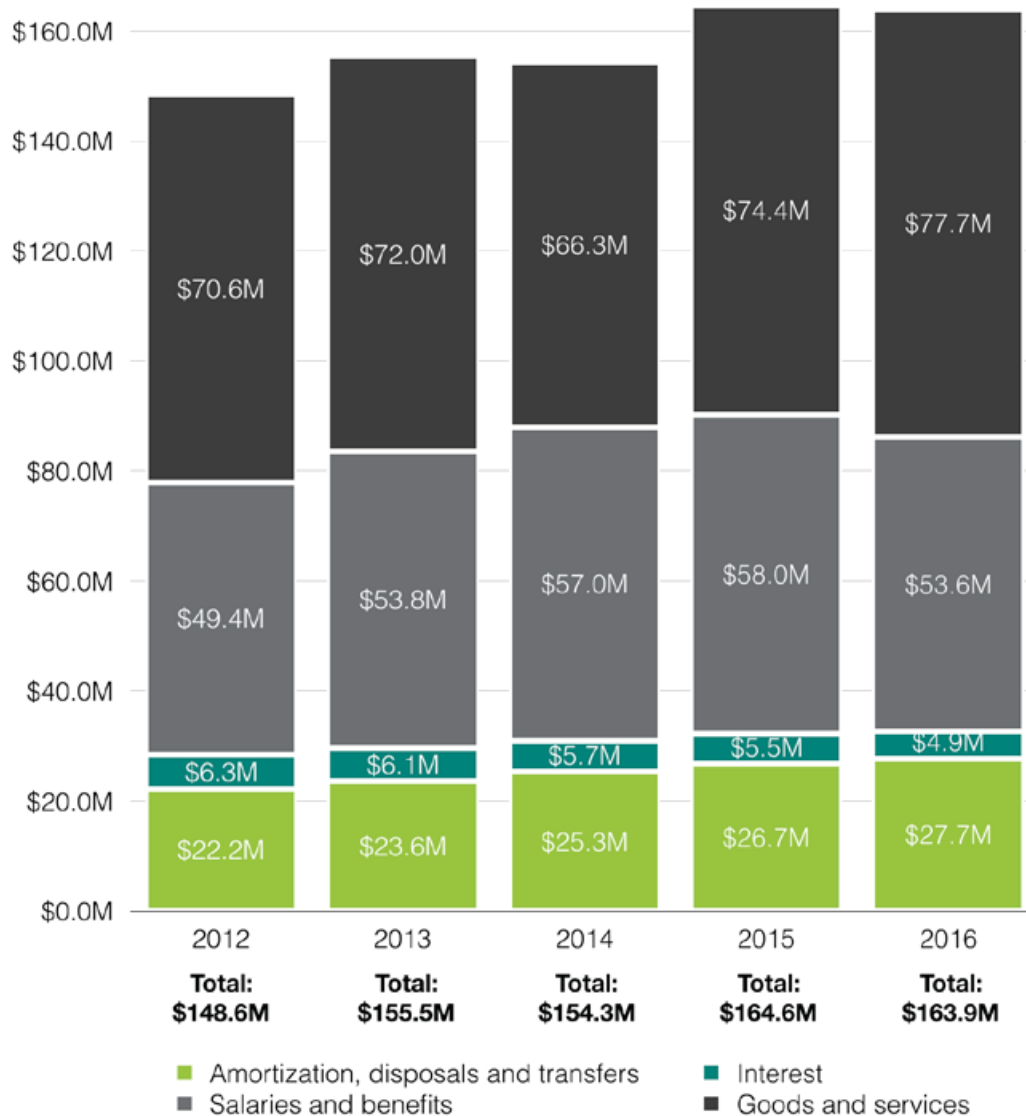


## 2016 EXPENSES BY FUNCTION (IN PERCENTAGES)

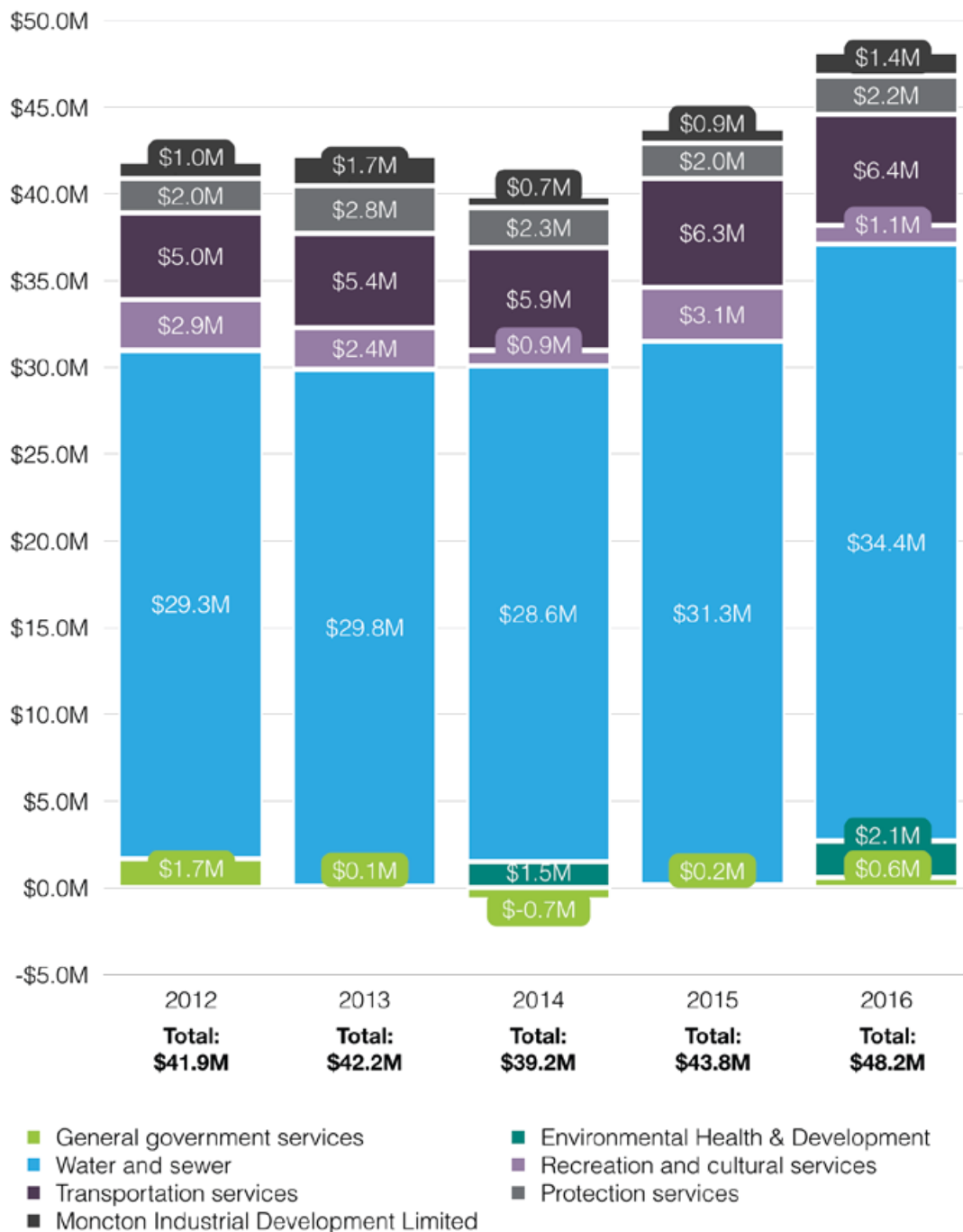
- Water and sewer
- Recreation and cultural services
- Environmental health and development services
- Protection services
- Transportation services
- General government services
- Moncton Industrial Development Limited



## EXPENSES BY OBJECT 2012 TO 2016 (IN MILLIONS OF DOLLARS)



## NON TAX REVENUE BY SOURCES 2012 TO 2016 (IN MILLIONS OF DOLLARS)

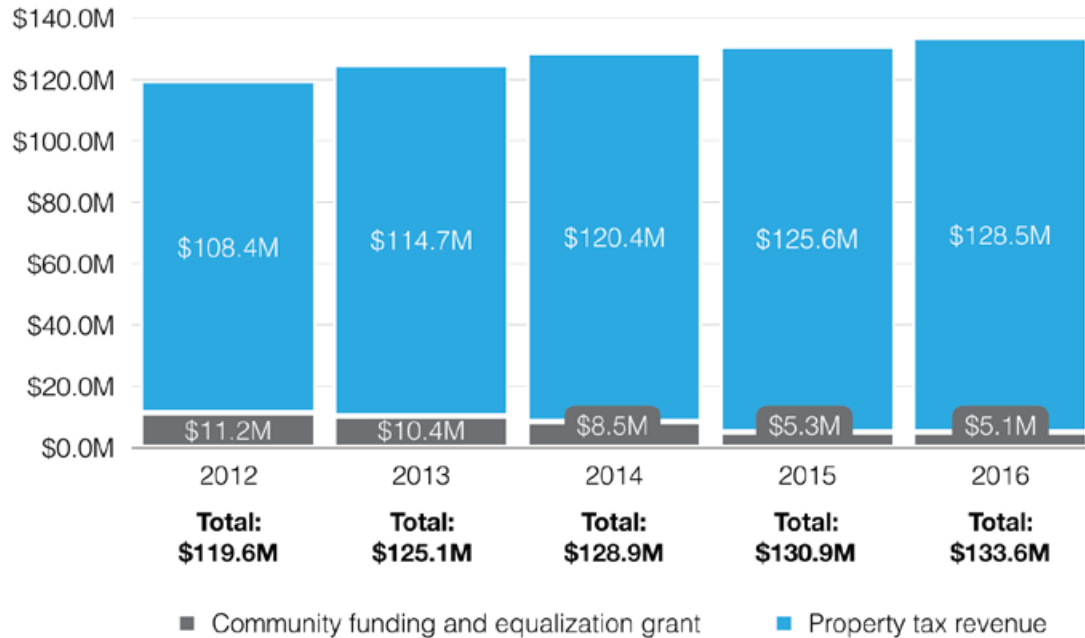




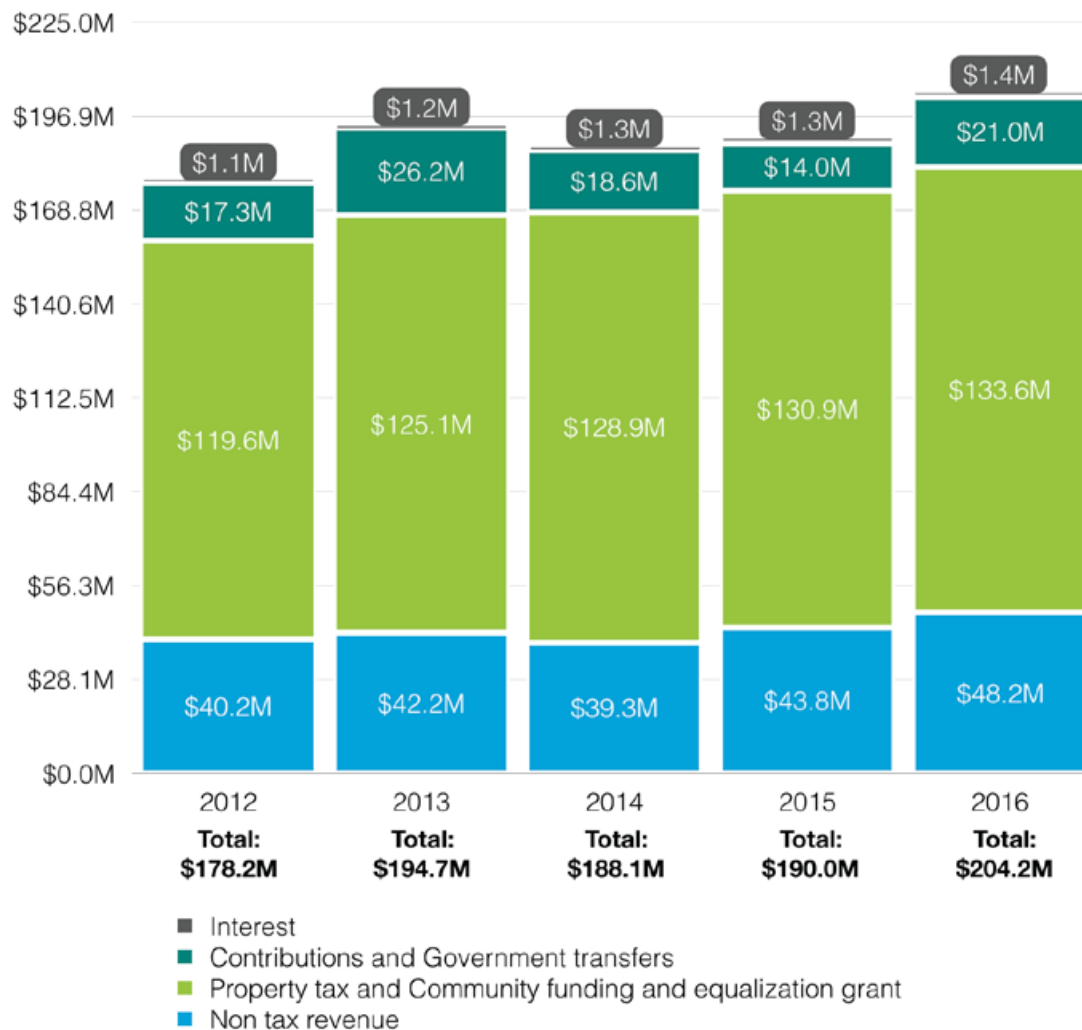
## CAPITAL EXPENDITURES 2012 TO 2016

	2012	2013	2014	2015	2016
General Capital Acquisitions	\$24,044,055	\$30,876,739	\$46,260,751	\$29,928,045	\$39,118,067
Utility Capital Acquisitions	41,301,356	29,324,185	13,247,637	7,916,183	11,813,096
<b>TOTAL GROSS CAPITAL EXPENDITURES</b>	<b>\$65,345,411</b>	<b>\$60,200,924</b>	<b>\$59,508,388</b>	<b>\$37,844,228</b>	<b>\$50,931,163</b>
<b>Government Transfers</b>					
Infrastructure program	\$51,307	\$83,290	\$470,689	\$112,265	\$56,252
Build Canada Fund (Small Communities Fund) - Federal	0	0	0	0	4,896,137
Build Canada Fund (Small Communities Fund) - Provincial	0	0	0	0	4,122,450
Gas tax program	5,267,640	4,467,804	6,965,095	4,639,408	4,868,990
Regional Development Corporation	0	2,093,055	534,136	107,989	197,000
Department of Transportation	42,863	1,504,292	0	750,422	0
Department of Education	0	0	38,300	0	0
Designed highway recoveries	0	258,573	310,287	1,972,287	815,699
Canadian Heritage	1,000,000	0	0	520,000	0
Other Government	17,700	0	0	0	0
Province of New Brunswick	0	0	0	187,500	0
Provincial / Federal contributions - water and wastewater	10,555,896	6,756,088	623,096	100,000	100,000
Department of Public Safety	0	0	0	258,500	201,500
Moncton Industrial Development Limited	269,155	255,022	279,388	261,380	0
Other Capital Contributions					
Developers	9,707,505	8,847,119	7,649,852	3,754,067	3,566,999
Organizations and individuals	669,917	721,447	997,047	145,665	659,812
Local improvement and bank sewer recoveries	269,615	341,525	(116,524)	(57,745)	18,697
<b>TOTAL CAPITAL CONTRIBUTIONS AND GOVERNMENT TRANSFERS</b>	<b>\$27,851,598</b>	<b>\$25,328,215</b>	<b>\$17,751,366</b>	<b>\$12,751,738</b>	<b>\$19,503,536</b>
<b>Contributions from Operating Funds</b>					
Capital out of Operating Funding	(\$4,734,400)	(\$5,644,894)	(\$7,392,004)	(\$7,803,937)	(\$8,333,937)
Contributions from Reserves	(684,519)	(2,366,385)	(4,083,045)	(2,116,771)	(2,087,668)
<b>TOTAL NET CAPITAL EXPENDITURES TO BE FUNDED BY FUTURE DEBENTURE</b>	<b>\$32,074,894</b>	<b>\$26,861,430</b>	<b>\$30,281,973</b>	<b>\$15,171,782</b>	<b>\$21,006,022</b>

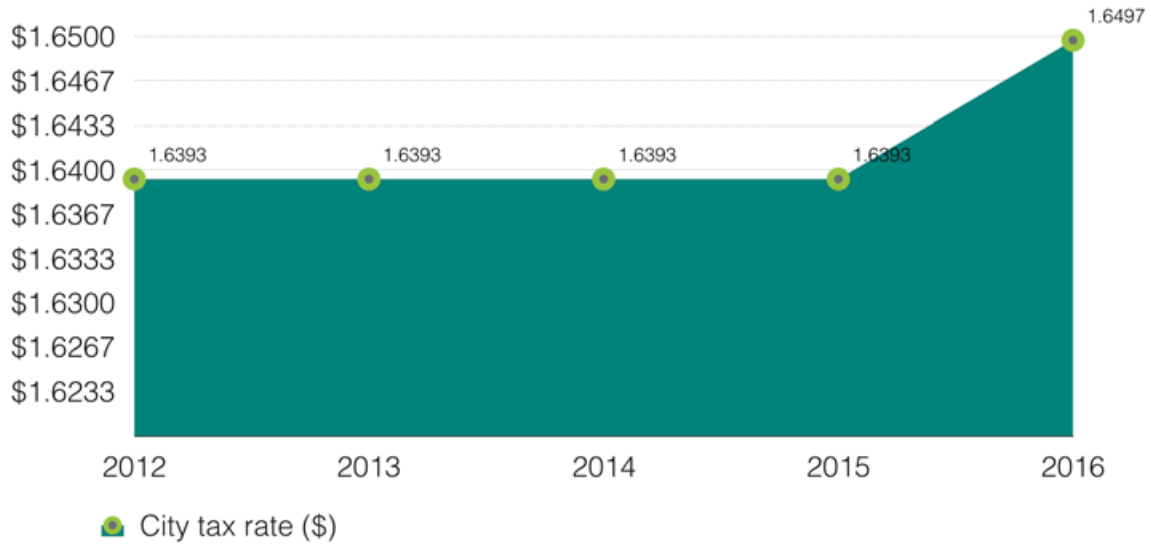
## PROPERTY TAX REVENUE AND COMMUNITY FUNDING AND EQUALIZATION GRANT



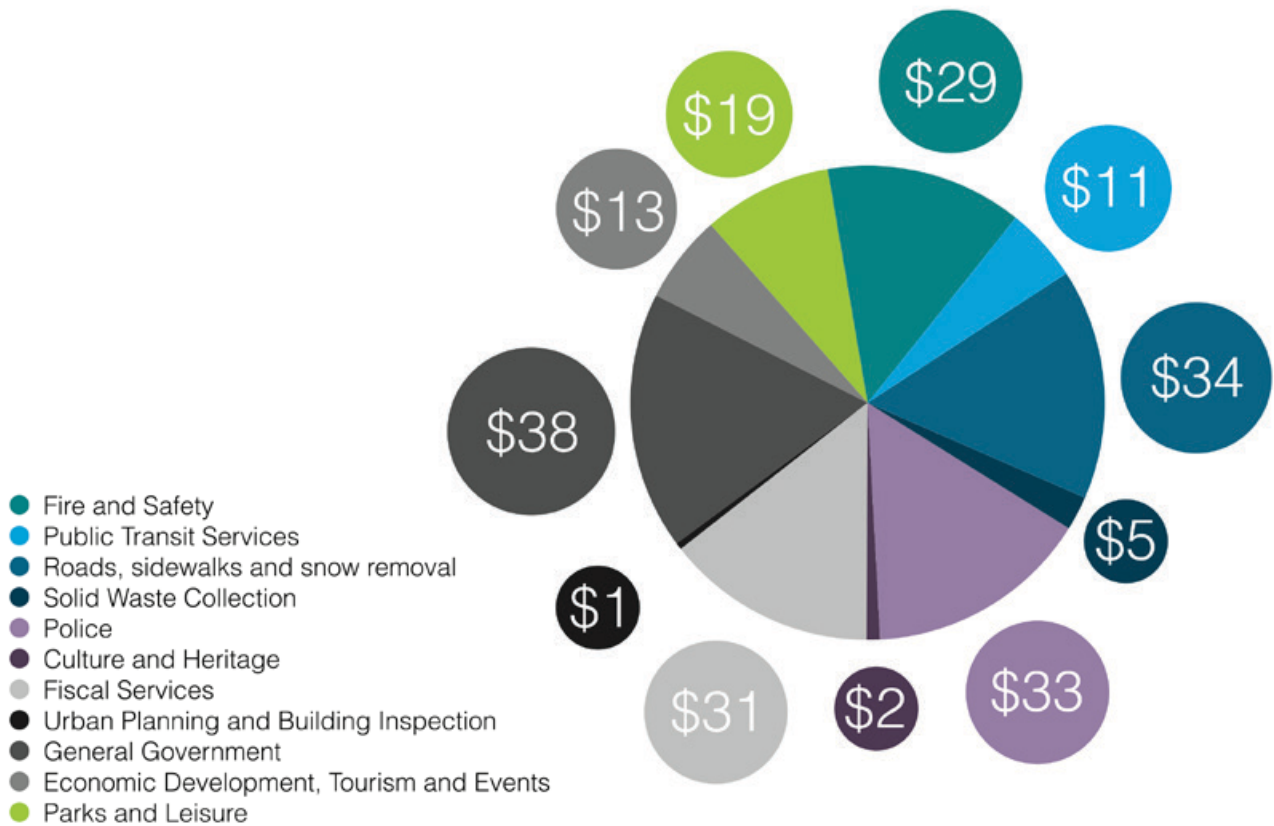
## TOTAL REVENUE



## CITY TAX RATE (\$)



## HOW YOUR PROPERTY TAX DOLLARS ARE SPENT ON A MONTHLY BASIS



All figures have been calculated based on 2016 unaudited statements.

TOTAL: \$216/MONTH

Based on average house cost of \$157,000

## ANNUAL SURPLUS, ACCUMULATED SURPLUS, AND NET DEBT\*

Annual Surplus	2012	2013	2014	2015	2016
General Operating Fund	\$25,671,130	\$26,487,613	\$33,273,111	\$32,782,718	\$31,689,566
General Capital Fund	(2,800,767)	306,143	6,852,920	(4,768,015)	1,832,822
General Operating Reserve Fund	608,614	2,664,398	(533,988)	(1,133,051)	1,073,429
Water & Wastewater Operating Fund	4,895,225	3,685,330	2,715,725	4,479,706	5,040,414
Water & Wastewater Capital Fund	8,509,213	3,220,039	(5,285,478)	(7,632,763)	(7,607,932)
General Capital Reserve Fund	6,100,525	2,677,722	(4,808,456)	2,915,739	6,189,207
Water & Wastewater Operating Reserve Fund	58,754	831,541	337,747	23,556	(284,030)
Water & Wastewater Capital Reserve Fund	261,543	287,884	1,938,609	(370,867)	2,990,262
Reserve for Land Development	(14,285)	(67,383)	(56,023)	83,488	74,612
Moncton Industrial Development Ltd.	(1,413,511)	(866,075)	(665,666)	(1,000,210)	(700,975)

<b>Consolidated Annual Surplus</b>	<b>\$41,876,441</b>	<b>\$39,227,212</b>	<b>\$33,768,501</b>	<b>\$25,380,301</b>	<b>\$40,297,375</b>
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Accumulated Surplus	2012	2013	2014	2015	2016
General Operating Fund	\$33,237,855	\$59,725,468	\$92,998,579	\$125,781,297	\$157,470,863
General Capital Fund	233,652,913	233,959,056	240,811,976	236,043,961	237,876,783
General Operating Reserve Fund	2,344,813	5,009,211	4,475,223	3,342,172	4,415,601
Water & Wastewater Operating Fund	11,031,435	14,716,765	17,432,490	21,912,196	26,952,610
Water & Wastewater Capital Fund	150,885,033	154,105,072	148,819,594	141,186,831	133,578,899
General Capital Reserve Fund	13,544,934	16,222,656	11,414,200	14,329,939	20,519,146
Water & Wastewater Operating Reserve Fund	459,017	1,290,558	1,628,305	1,651,861	1,367,831
Water & Wastewater Capital Reserve Fund	3,173,073	3,460,957	5,399,566	5,028,699	8,018,961
Reserve for Land Development	383,503	316,120	260,097	343,585	418,197
Moncton Industrial Development Ltd.	7,751,366	6,885,291	6,219,625	5,219,415	4,518,440

<b>Consolidated Accumulated Surplus</b>	<b>\$456,463,942</b>	<b>\$495,691,154</b>	<b>\$529,459,655</b>	<b>\$554,839,956</b>	<b>\$595,137,331</b>
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<b>Net Debt</b>	<b>(\$137,648,745)</b>	<b>(\$134,023,314)</b>	<b>(\$132,788,524)</b>	<b>(\$118,240,901)</b>	<b>(\$101,040,404)</b>
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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 2012	ACTUAL 2013	ACTUAL 2014	ACTUAL 2015	ACTUAL 2016
General Residential	\$3,816,972,600	\$4,031,512,300	\$4,195,230,800	\$4,338,244,000	\$4,437,001,300
Federal Residential	10,778,300	11,085,600	11,170,700	11,234,800	1,346,100
Provincial Residential	593,403,700	614,217,700	660,818,200	692,246,700	675,969,700
<b>Total Residential Assessment</b>	<b>\$4,421,154,600</b>	<b>\$4,656,815,600</b>	<b>\$4,867,219,700</b>	<b>\$5,041,725,500</b>	<b>\$5,114,317,100</b>
General Non-Residential	\$1,435,595,300	\$1,514,219,600	\$1,606,710,300	\$1,697,693,200	\$1,738,379,600
Federal Non-Residential	31,619,900	31,958,900	32,140,400	35,313,700	35,919,200
Provincial Non-Residential	11,820,400	12,366,000	11,855,000	14,167,400	11,630,200
<b>Total Non Residential Assessment</b>	<b>\$1,479,035,600</b>	<b>\$1,558,544,500</b>	<b>\$1,650,705,700</b>	<b>\$1,747,174,300</b>	<b>\$1,785,929,000</b>
Total Municipal assessment base	\$5,900,190,200	\$6,215,360,100	\$6,517,925,400	\$6,788,899,800	\$6,900,246,100
Differential Municipal Tax Base	739,517,800	779,272,250	825,352,850	873,587,150	892,964,500
Adjustment for Federal Properties	-	-	-	(1,078,650)	(1,303,308)
<b>Total Municipal Tax Base for rate</b>	<b>\$6,639,708,000</b>	<b>\$6,994,632,350</b>	<b>\$7,343,278,250</b>	<b>\$7,661,408,300</b>	<b>\$7,791,907,292</b>
Residential	66.59%	66.58%	66.28%	65.81%	65.64%
Commercial	33.41%	33.42%	33.72%	34.19%	34.36%

## Tax rate structure

### Residential

City rate	\$1.6393	\$1.6393	\$1.6393	\$1.6393	\$1.6497
Provincial rate	1.4573	1.3973	1.3373	1.2773	1.2173
Assessment cost	0.0194	0.0194	0.0194	0.0194	0.0194
Subtotal	\$3.1160	\$3.056	\$2.9960	\$2.9360	\$2.8864
Less provincial tax credit	(1.4573)	(1.3973)	(1.3373)	(1.2773)	(1.2173)

<b>Total tax bill rate</b>	<b>\$1.6587</b>	<b>\$1.6587</b>	<b>\$1.6587</b>	<b>\$1.6587</b>	<b>\$1.6691</b>
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### Non-residential

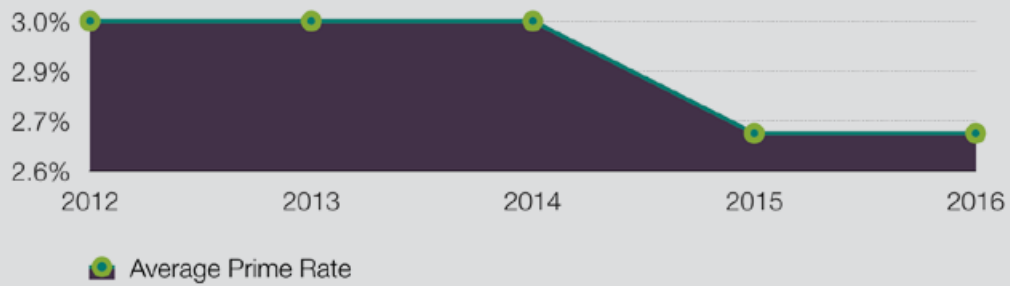
City rate at 1.50	\$2.4590	\$2.4590	\$2.4590	\$2.4590	\$2.4746
Provincial rate	2.1860	2.1035	2.0210	2.1860	2.1860
Provincial rate (assessment & collection)	0.0194	0.0194	0.0194	0.0194	0.0194

<b>Total tax bill rate</b>	<b>\$4.6644</b>	<b>\$4.5819</b>	<b>\$4.4994</b>	<b>\$4.6644</b>	<b>\$4.6800</b>
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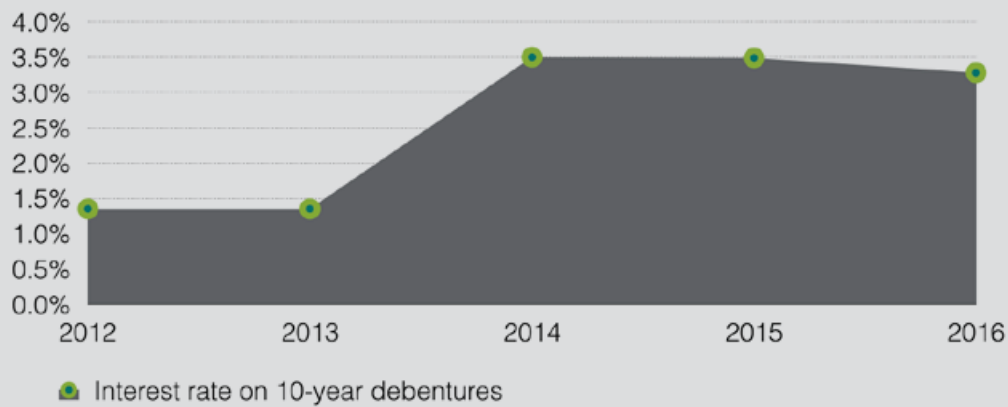
Number of properties	24,836	25,283	25,646	25,872	26,034
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# Statistical Information

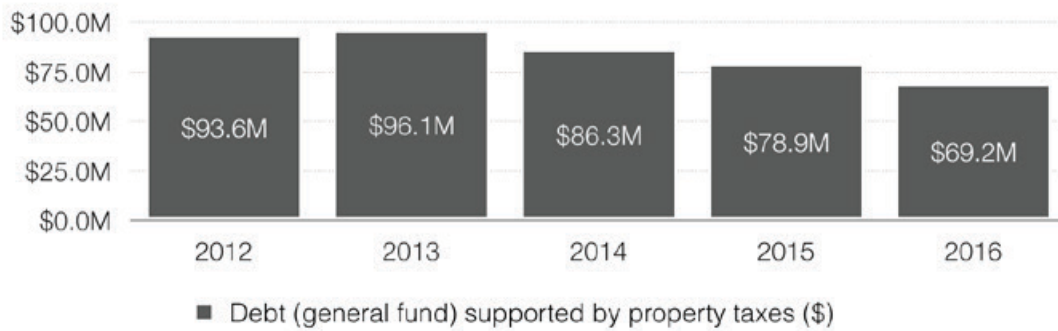
AVERAGE PRIME RATE (%)



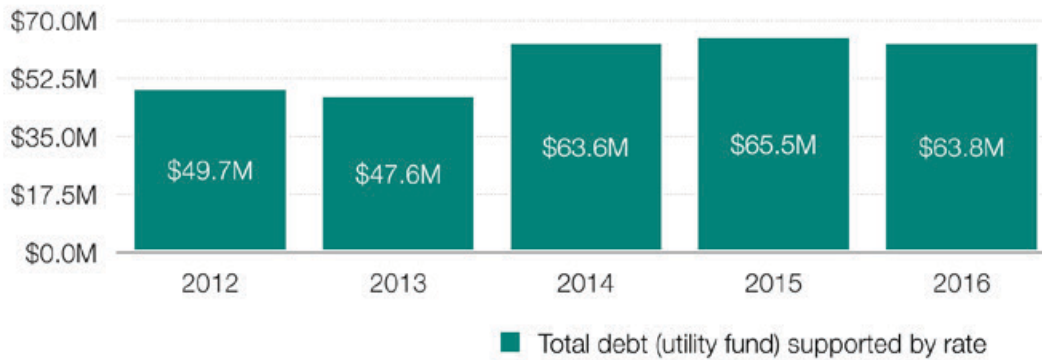
INTEREST RATE ON 10-YEAR DEBENTURES



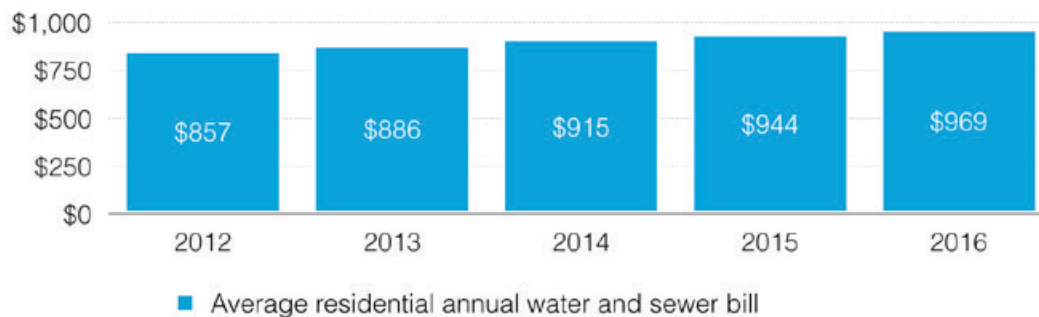
### DEBT (GENERAL FUND) SUPPORTED BY PROPERTY TAXES (\$)



### TOTAL DEBT (UTILITY FUND) SUPPORTED BY RATE



### AVERAGE RESIDENTIAL ANNUAL WATER AND SEWER BILL



### AVERAGE CAPITA DEBT BASED ON CENSUS POPULATION

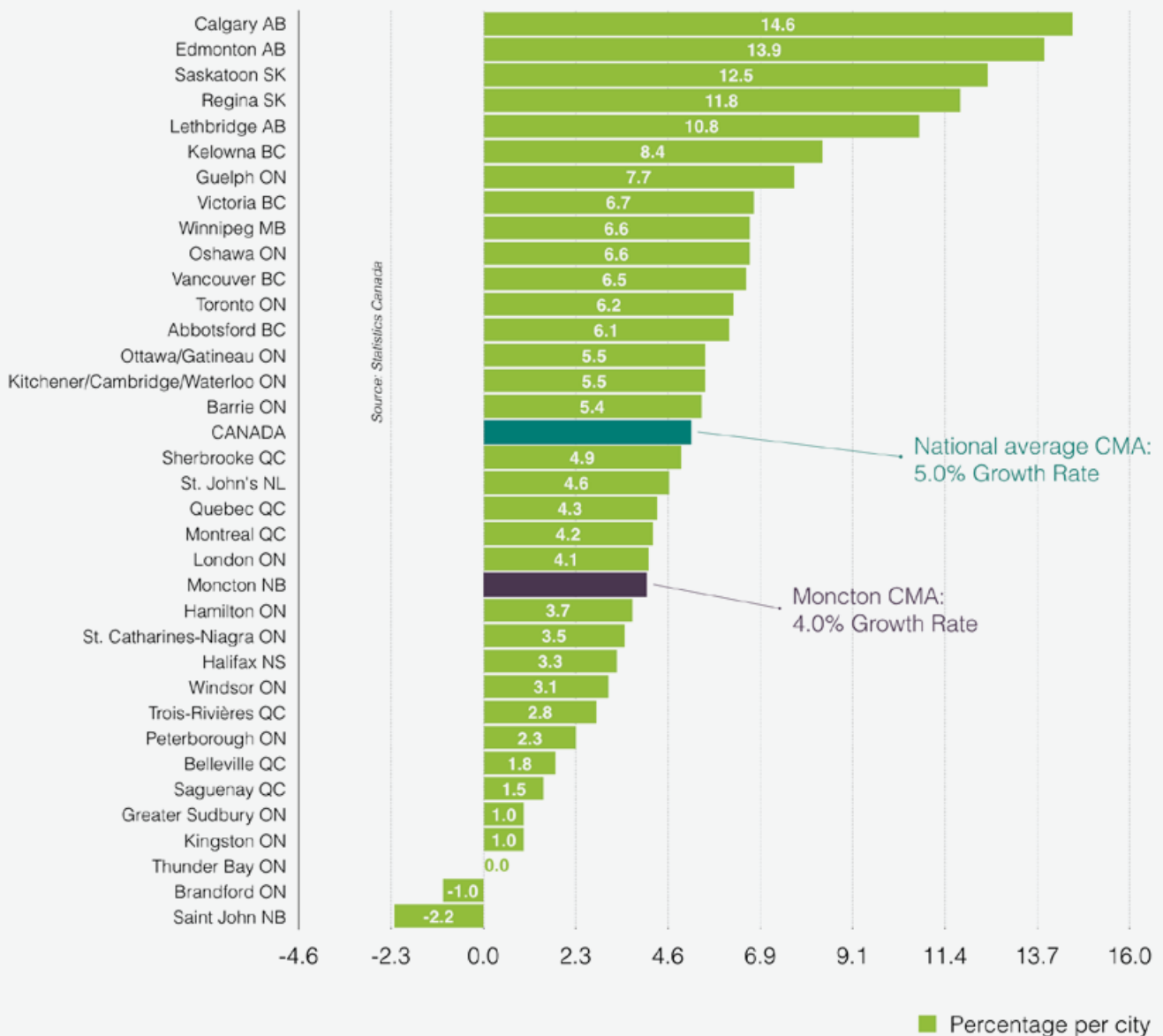
	2012*	2013*	2014*	2015*	2016
<b>Per Capita Debt</b>	\$1,993.08	\$1,998.59	\$2,085.17	\$2,009.43	\$1,850.13

\*Prior year's average have been restated based on the City of Moncton's population per 2016 Census (71,889).

# Population

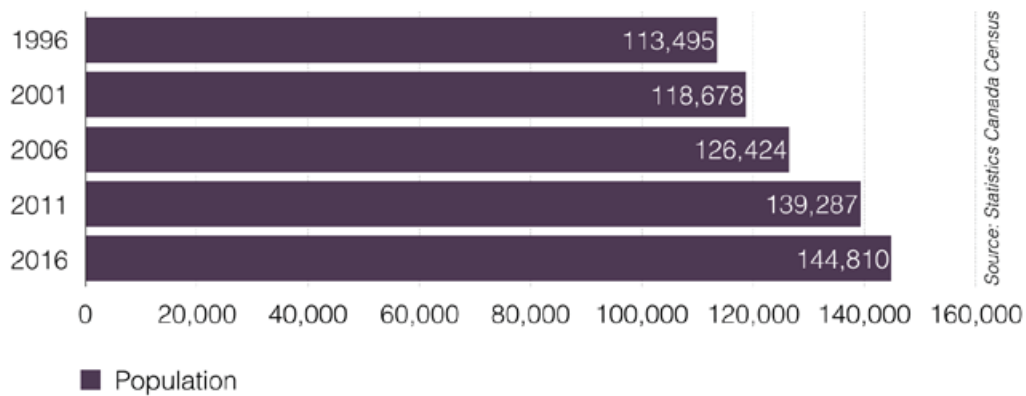
CMA is defined as census metropolitan areas. Statistics Canada defines them as a metropolitan area with a population of at least 100,000 people with an urban core of at least 50,000. CMA areas are different than established municipal boundaries.

## POPULATION GROWTH RATE BY CMA

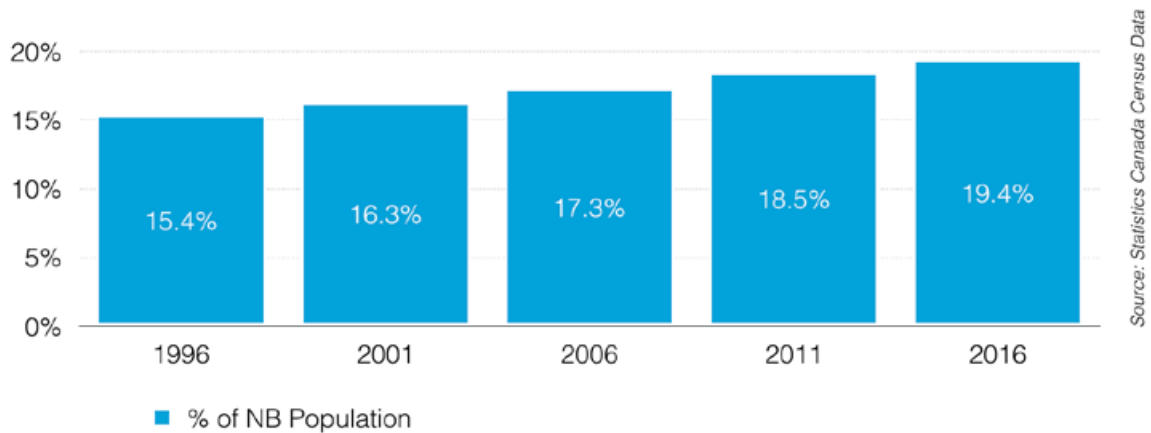




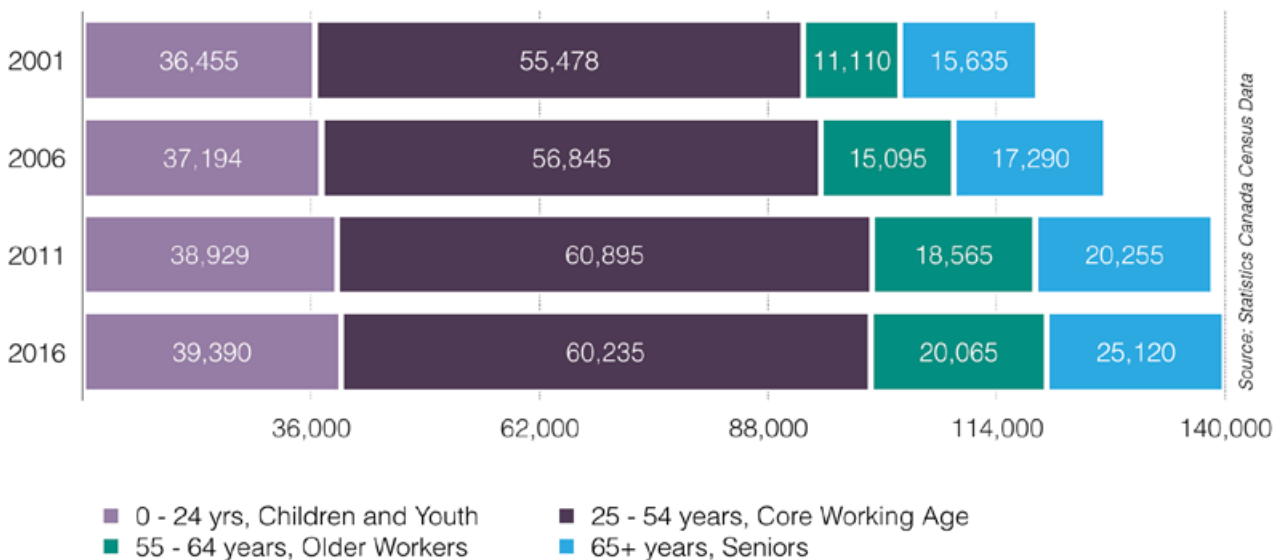
## MONCTON CMA POPULATION GROWTH



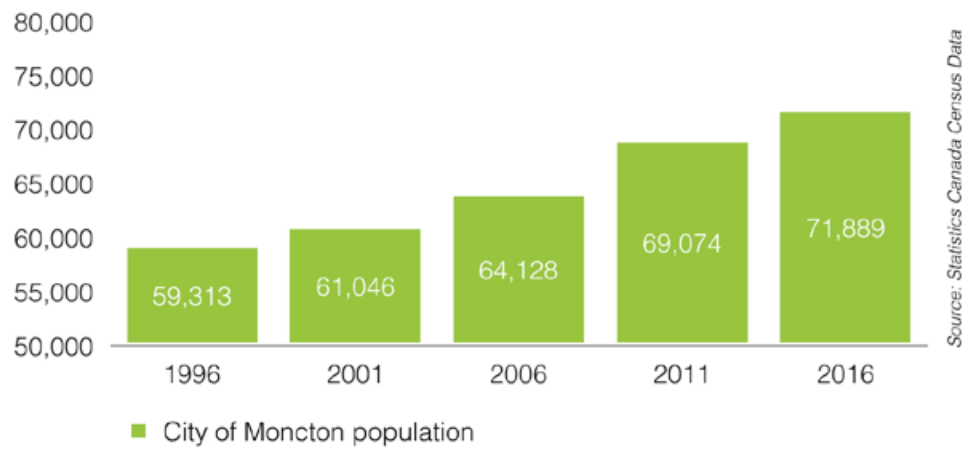
## MONCTON CMA POPULATION AS % OF N.B. POPULATION



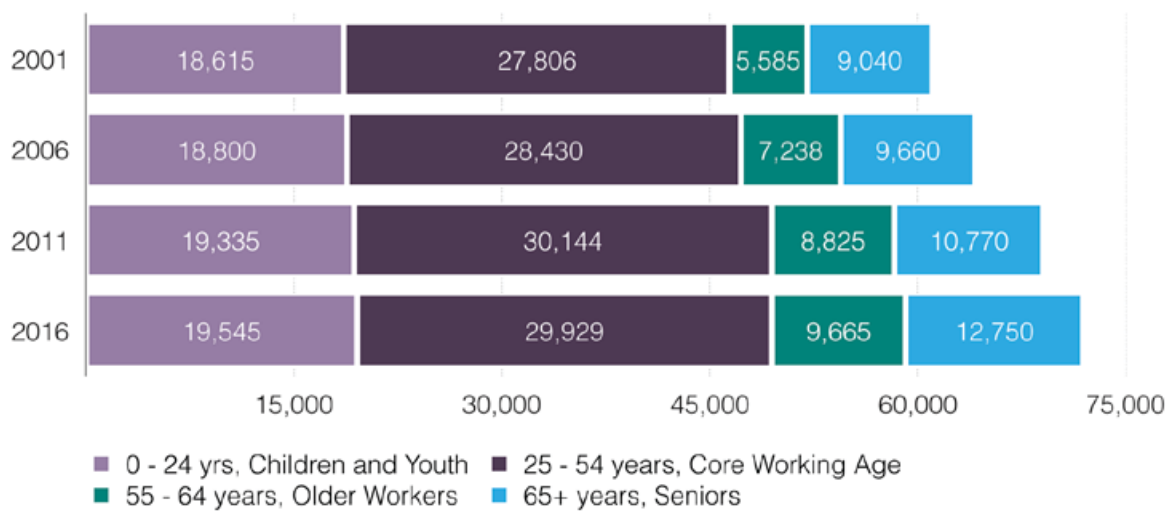
## MONCTON CMA POPULATION BY AGE



## CITY OF MONCTON POPULATION

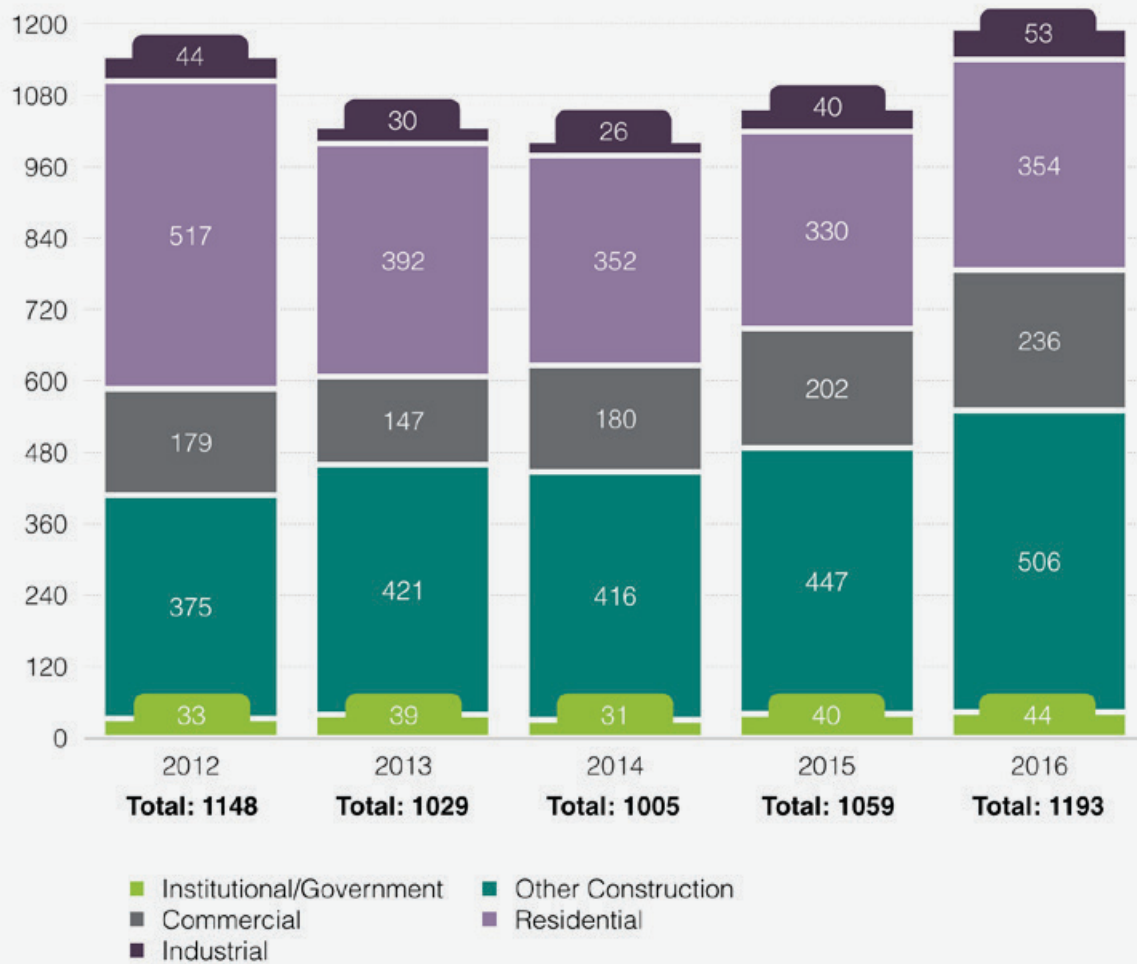


## CITY OF MONCTON POPULATION BY AGE

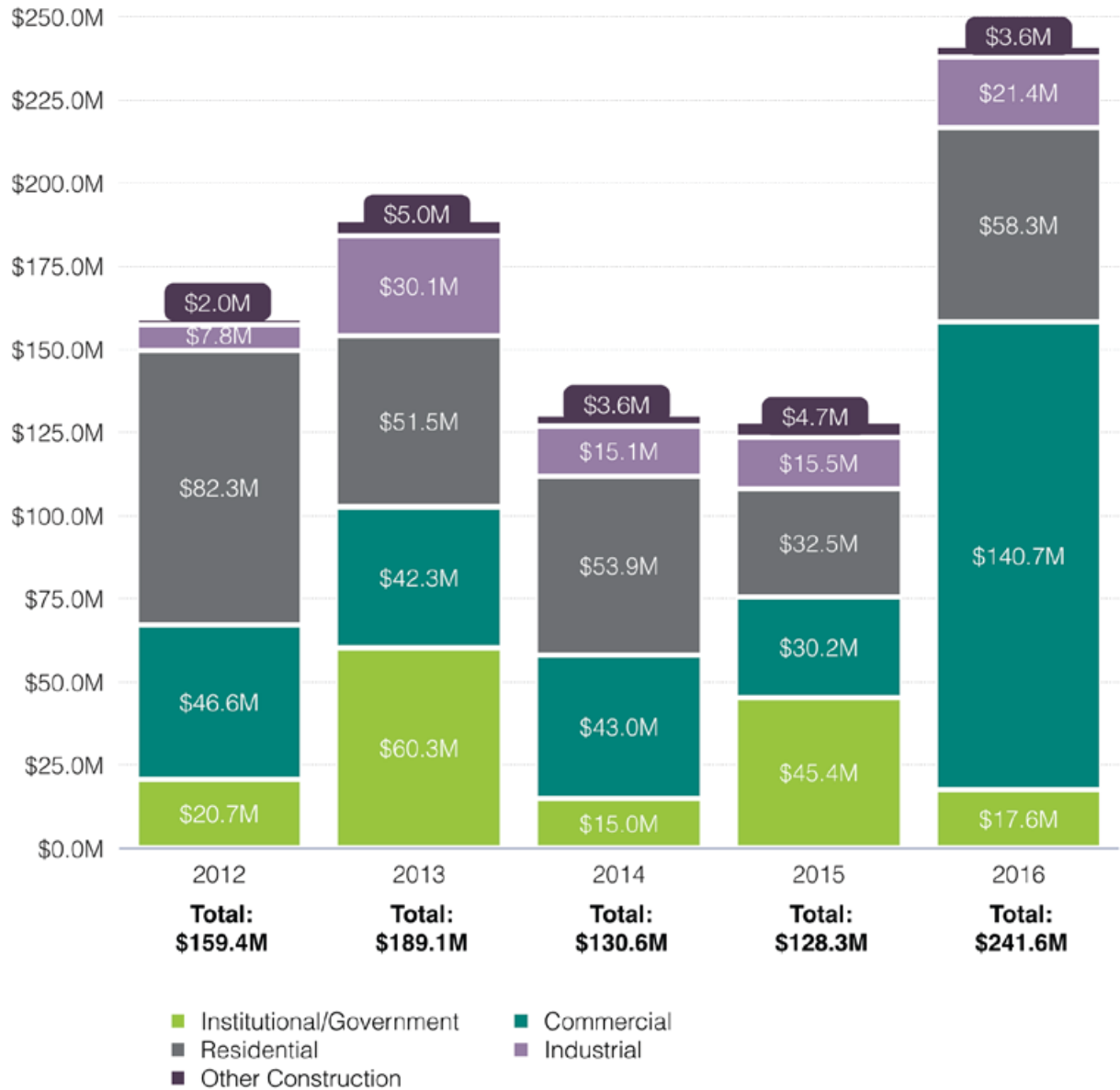


# New Construction

NUMBER OF BUILDING PERMITS ISSUED

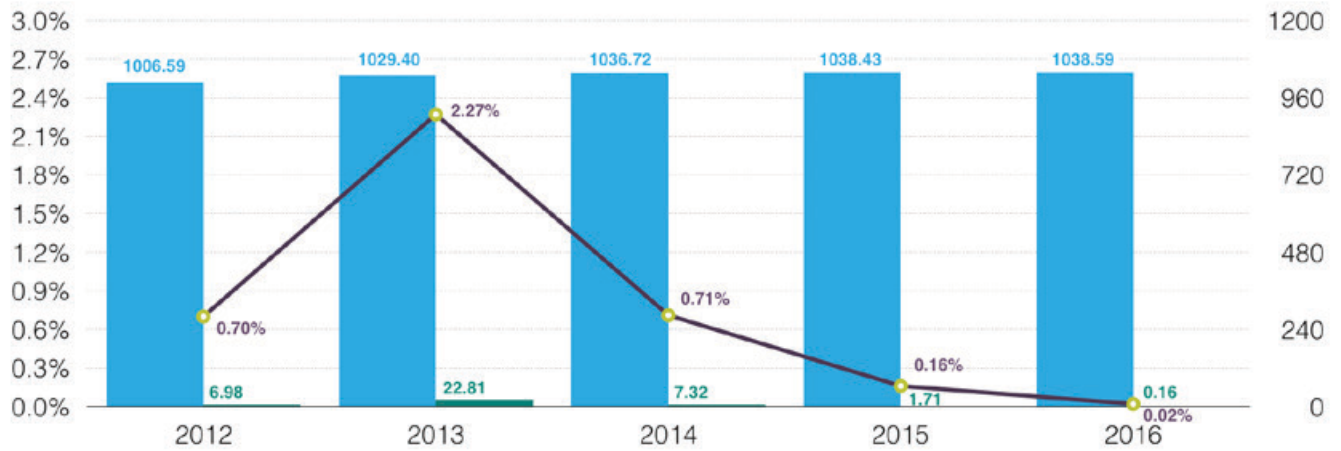


## \$ VALUE BY TYPE OF BUILDING PERMIT





## STREET NETWORK ANNUAL GROWTH



5	year average	Lane-km	Total City Owned	% Growth
		17.92	920.98	1.88%

**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.

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

