

Consolidated Financial Statements

City of Moncton

December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To Her Worship the Mayor and Member of City Council

Opinion

We have audited the accompanying consolidated financial statements of City of Moncton (the "Entity"), which comprise:

- the consolidated statement of financial position as at end of December 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at end of December 31, 2018 and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in Annual Report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in Annual Report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are/is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Moncton, Canada

April 20, 2020

City of Moncton
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31

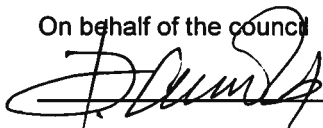
	PSA <u>Budget</u> (Schedule 5)	<u>2019</u> <u>Actual</u>	2018 <u>Actual</u>
Revenue			
Warrant of assessment	\$ 138,099,110	\$ 138,099,112	\$ 132,990,661
Community Funding and Equalization Grant from Provincial Government	3,893,508	3,919,686	7,006,108
Federals grant in lieu	(56,897)	(56,897)	1,941
Government transfers for operating (Schedule 1)	1,624,146	1,692,830	1,770,196
Other revenue from own sources (Schedule 1)	13,158,983	17,665,235	13,518,452
Water and wastewater revenue (Schedule 1)	35,582,552	35,262,254	34,481,930
Interest	<u>762,000</u>	<u>3,503,598</u>	<u>2,154,542</u>
	<u>193,063,402</u>	<u>200,085,818</u>	<u>191,923,830</u>
Expenses (Schedule 2)			
General government services	52,916,265	56,390,159	44,416,846
Protection services	40,297,025	40,782,336	39,651,465
Transportation services	29,048,276	30,116,946	29,224,022
Environmental health and development services	10,703,202	11,152,622	10,120,159
Recreation and cultural services	15,905,618	16,264,421	16,237,825
Water and wastewater	<u>27,732,267</u>	<u>27,163,687</u>	<u>26,924,092</u>
	<u>176,602,653</u>	<u>181,870,171</u>	<u>166,574,409</u>
Annual surplus before capital contributions	16,460,749	18,215,647	25,349,421
Other contributed assets for capital (Schedule 1)	-	5,866,839	11,613,955
Government transfers for capital (Schedule 1)	<u>29,926,083</u>	<u>17,109,380</u>	<u>15,664,648</u>
Annual surplus	46,386,832	41,191,866	52,628,024
Accumulated surplus, beginning of year	<u>693,927,908</u>	<u>693,927,900</u>	<u>641,299,876</u>
Accumulated surplus, end of year	<u>\$ 740,314,740</u>	<u>\$ 735,119,766</u>	<u>\$ 693,927,900</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton
Consolidated Statement of Financial Position
Year Ended December 31

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash and cash equivalents	\$ 32,422,926	\$ 25,552,026
Restricted cash (Note 2)	5,598,153	3,507,549
Receivables (Note 3)	26,605,619	26,736,907
Mortgage receivable (Note 4)	1	1
Long-term investments (Note 5)	6,048,806	5,389,356
Land and land development (Note 6)	29,786,514	24,838,888
Unamortized debenture discounts	1,486,630	1,749,455
Accrued pension asset (Note 11)	<u>25,327,900</u>	<u>19,012,600</u>
	<u>127,276,549</u>	<u>106,786,782</u>
Liabilities		
Payables and accruals (Note 8)	38,619,889	30,201,788
Long-term debt (Note 10)	198,017,273	196,720,761
Forgivable loan payable (Note 9)	4,580,436	5,497,323
Other post employment liabilities (Note 12)	<u>11,372,100</u>	<u>10,881,200</u>
	<u>252,589,698</u>	<u>243,301,072</u>
Net debt	<u>(125,313,149)</u>	<u>(136,514,290)</u>
Non-financial assets		
Tangible capital assets (Note 13)	857,500,851	827,434,371
Inventory of supplies	2,096,430	2,318,530
Prepays	<u>835,634</u>	<u>689,289</u>
	<u>860,432,915</u>	<u>830,442,190</u>
Accumulated surplus	<u>\$ 735,119,766</u>	<u>\$ 693,927,900</u>

Commitments and contingencies (Note 17), Subsequent Events (Note 19)

On behalf of the council




See accompanying notes and schedules to the consolidated financial statements.

City of Moncton
Consolidated Statement of Changes in Net Debt

Year Ended December 31

2019

2018

Annual surplus	\$ 41,191,866	\$ 52,628,024
Acquisition and donation of tangible capital assets	(65,858,297)	(137,160,270)
Proceeds on disposal of tangible capital assets	747,636	124,090
Amortization of tangible capital assets	35,295,573	31,746,698
(Gain) Loss on tangible capital assets	(251,392)	183,920
Change in prepaids	(146,345)	(110,648)
Change in inventory of supplies	222,100	285,123
	<u>(29,990,725)</u>	<u>(104,931,087)</u>
Decrease (increase) in net debt	11,201,141	(52,303,063)
Net debt, beginning of year	<u>(136,514,290)</u>	<u>(84,211,227)</u>
Net debt, end of year	<u>\$(125,313,149)</u>	<u>\$ (136,514,290)</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Cash Flows

Year Ended December 31

2019

2018

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

Operating activities

Annual surplus	\$ 41,191,866	\$ 52,628,024
Items not affecting cash:		
Amortization of tangible capital assets	35,295,573	31,746,698
Amortization on Land Development Costs	2,719,892	859,181
(Gain) / Loss on sale of tangible capital assets	(251,391)	183,920
Donated infrastructure	(4,649,502)	(5,127,412)
Change in accrued pension asset	(6,315,300)	(7,593,500)
Change in other post employment benefits	490,901	334,200
Change in debenture discounts	262,825	(660,786)
Loan forgiveness	(916,887)	(5,497,323)

Changes in non-cash working capital:

Change in receivables	131,288	4,120,844
Change in payables and accruals	8,418,099	(5,372,519)
Change in supplies inventory	222,100	285,123
Change in prepaids	(146,345)	(110,648)

Net cash provided by operating activities

76,453,119 65,795,802

Capital activities

Acquisition of tangible capital assets	(61,208,795)	(132,032,857)
Proceeds on sale of tangible capital assets	747,636	124,090

Net cash used for capital activities

(60,461,159) (131,908,767)

Financing activities

Issuance of long-term debt	36,097,273	93,400,554
Repayment of long-term debt	(34,800,761)	(23,403,125)
Proceeds from forgivable loan	-	10,994,646

Net cash provided by (used for) financing activities

1,296,512 80,992,075

Investing activities

Purchases in land and land development	(7,667,518)	(6,685,790)
Change in long-term investments	(659,450)	(596,153)

Net cash used for investing activities

(8,326,968) (7,281,943)

Increase in cash and cash equivalents

8,961,504 7,597,167

Cash and cash equivalents at beginning of year

29,059,575 21,462,408

Cash and cash equivalents at end of year

\$ 38,021,079 \$ 29,059,575

Summary of cash and cash equivalents:

Cash	\$ 32,422,926	\$ 25,552,026
Restricted cash	5,598,153	3,507,549

Cash and cash equivalents at end of year

\$ 38,021,079 \$ 29,059,575

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

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

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

1. Summary of significant accounting policies

Basis of presentation

The consolidated financial statements of the Corporation of the City of Moncton have been prepared in accordance with Canadian public sector accounting standards. These consolidated financial statements include the additional disclosure requirements by the Department of Local Government of New Brunswick.

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

a) **Basis of consolidation**

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.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

1. Summary of significant accounting policies (continued)

d) Non-financial assets

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

e) i) Tangible capital assets

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

Asset type	<u>Years</u>
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 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 and land development

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 expensed as 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.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

1. Summary of significant accounting policies (continued)

i) Long-term debt

Long-term debt is recorded net of any related sinking fund balances.

j) Employee future benefits

The City and its employees contribute to the City of Moncton Municipal Pension Plan, a jointly trusted 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 3, 2018 and the Minister of Local Government approved the General Operating Budget on January 25, 2019, Capital Budget on March 11, 2019 and Utility Operating Budget on January 25, 2019.

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

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

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.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

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 acquired in 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.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

2. Restricted cash

Restricted cash is comprised of the following:

	<u>2019</u>	<u>2018</u>
Deposits on program funding – Transportation Discovery Centre	\$ 372,907	\$ 364,438
Deposit on Gas Tax program funding	4,208,306	2,079,662
Deposits on hand - MID	241,636	722,077
Cash held to pay performance rebates on land sales - MID	775,304	341,372
	<u>\$ 5,598,153</u>	<u>\$ 3,507,549</u>

3. Receivables

	<u>2019</u>	<u>2018</u>
Federal/Provincial government - capital and operating contributions	\$ 8,929,929	\$ 11,131,043
Other – various (net of allowance)	7,500,078	6,093,850
Water and wastewater receivables	9,366,238	9,370,790
Moncton Industrial Development Limited receivables	809,374	141,224
	<u>\$26,605,619</u>	<u>\$ 26,736,907</u>

4. Mortgage receivable

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

5. Long-term investments

The long-term investment of \$6,048,806 represents amounts deposited for the benefit of the City with a Third Party 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 in 2021.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

6. Land and land development

The City has invested inland and land development costs of **\$59,928,686** consisting of the Caledonia Industrial Park of **\$30,745,628**, Moncton Industrial Park of **\$11,858,021**, West TCH Land **\$767,706**, New Business Park Development of **\$12,947,374** and other land **\$3,609,957** for a future industrial park. Land and land development costs net of the cost of lots sold to date is **\$29,786,514**.

7. Bank indebtedness

Bank indebtedness for operating purposes is within the limit prescribed by the Local Governance 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.

8. Payables and accruals

	<u>2019</u>	<u>2018</u>
Accounts payable and commitments	\$ 21,978,672	\$ 15,545,888
Payable to the Policing Authority	10,470,281	9,560,521
Contractors' holdbacks	3,174,628	3,072,711
Interest on long-term debt	501,801	512,412
Moncton Industrial Development Limited payables, accruals and deposit on land	2,459,246	1,474,995
Local improvement deposits	<u>35,261</u>	<u>35,261</u>
	<u>\$ 38,619,889</u>	<u>\$ 30,201,788</u>

Payables and accruals include an amount for contaminated sites of **\$1,067,484** (2018 - \$540,000). The amount is an estimate done by the internal environmental engineers.

9. Forgivable loan payable

On July 12, 2018, the Province of New Brunswick (Regional Development Corporation) ("RDC") issued a forgivable loan to the City of Moncton in the amount of **\$10,994,646** for Moncton's Downtown Event Centre (the "project").

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

9. Forgivable loan payable (continued)

Forgiveness

Based on the agreement in place, RDC will forgive the loan in the following manner:

Initial forgiveness

Completion and commissioning of the project	36%
Completion and commissioning of the project on or before the date agreed by the parties	7%
Completion of the project within the budget agreed by the parties	7%

Total initial forgiveness **50%**

From 2018 to 2032 inclusive, RDC will grant additional forgiveness, up to a maximum of 50% of the Principal Sum, in annual increments equal to the amount of the tax revenue generated by the Project.

The forgivable loan is non-interest bearing unless the City defaults on the agreement, at which time the forgiveness of the loan will cease immediately and interest at a rate of 3% per annum calculated semi-annually, will be charged on the outstanding loan balance from date of advance.

On or before January 31, 2033, any principal amount remaining will need to be repaid with interest.

	<u>2019</u>
Forgivable loan, ending balance December 31, 2018	\$ 5,497,323
Repayment on overpaid amount received in 2018	(87,035)
Forgiveness amount - 2019	<u>(829,852)</u>
Forgivable loan, ending balance December 31, 2019	\$ 4,580,436

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

10. Long-term debt	2019	2018
<u>New Brunswick Municipal Financing Corporation</u>		
Debentures:		
BA7 0.95% - 5%, due 2019, OIC #05-0016, #06-0019, #07-0015, #08-0014	\$ -	\$ 1,540,000
BA8 0.95% - 5%, due 2019, OIC #06-0019	-	348,000
BC5 1.5% - 4.55%, due 2020, OIC #07-0015, #08-0014, #09-0025	1,786,000	3,538,000
BC6 1.5% - 4.55%, due 2020, OIC #07-0015	547,000	1,084,000
BD11 1.5% - 3.85%, due 2020, OIC #07-0015, #08-0014	1,088,000	2,137,000
BE21 1.65% - 4.25%, due 2021, OIC #08-0014, #09-0025, #10-0018	3,156,000	4,657,000
BE22 1.65% - 4.25%, due 2021, OIC #09-0025, #10-0018	1,212,000	1,789,000
BF9 1.35% - 3.45%, due 2021, OIC #09-0025, #10-0018	1,403,000	2,072,000
BG10 1.65% - 3.4% due 2022, OIC #06-19, #08-14, #09-0025, #10-0018, #10-0068, #11-0038, #11-0100	4,417,000	5,807,000
BH12 1.35%-3.1% due 2022, OIC #06-19, #08-14, #09-0025, #09-0072, #10-0018, #11-0038, #12-0016	598,000	787,000
BH13 1.35%-3.1% due 2022 OIC #06-19, #07-15, #08-14, #09-0025, #10-0018, #11-0038	3,045,000	4,007,000
BI9 1.35% - 3.25%, due 2023, OIC #09-0025, #10-0018, #11,0038, #12-0016	2,664,000	3,287,000
BI10 1.35% - 3.25%, due 2023, OIC #09-0025, #12-0016	668,000	824,000
BJ10 1.25% - 3.70%, due 2023, OIC #09-0025, #10-0018, #10-0068, #11-0038 #12-0016, #13-0010	4,169,000	5,135,000
BJ11 1.25% - 3.70%, due 2023, OIC #06-0019, #08-0014, #09-0025, #10-0018 #11-0038, #12-0016	1,547,000	1,906,000
BK6 1.15% - 3.45%, due 2024, OIC #06-0019, # 09-0025, #10-0018, #11-0038, #12-0016, #13-0010, #13-0012	1,347,000	1,926,000
BK7 1.15% - 3.45%, due 2024, OIC #08-0014, #09-0025, #10-0018, #11-0038, #12-0016, #13-0010	1,548,000	1,845,000
BL8 1.20% - 3.10%, due 2024, OIC #10-0018, #11-0038, #12-0016, #13-0010 #14-0019	1,449,000	1,964,000
BL9 1.20% - 3.70%, due 2034, OIC #05-0016, #06-0019, #07-0015, #09-0025, #10-0018, #11-0038, #13-0010, #14-0019	16,064,000	16,961,000
BM8 0.95% - 2.80%, due 2025, OIC #08-0014, #09-0025, #09-0072, #10-0018, #11-0038, #12-0016, #13-0012, #14-0019	5,194,000	6,345,000
BL9 1.20% - 3.70%, due 2035, OIC #05-0016, #06-0019, #07-0015, #09-0025, #10-0018, #11-0038, #13-0010, #14-0019	6,211,000	7,196,000
BP8 1.45% - 2.90%, due 2026, OIC #09-0025, #11-0038, #12-0016, #13-0010, #13-0012, #14-0019, #15-0020, #15-0041	4,434,000	5,289,000
BP8 1.20%-2.95%, due 2026, OIC #10-0018, #11-0038, #12-0016, #13-0010, #14-0019, #15-0020, #16-0018	5,019,000	5,767,000
BQ8 1.20%-2.70%, due 2027, OIC #12-0016, #13-0010, #14-0019, #15-0020, #15-0041, #16-0018, #16-0027	4,558,000	5,273,000
BR6 1.65%-2.90%, due 2027, OIC #12-0016, #13-0010, #14-0019, #15-0020 #16-0018, #17-0008	7,576,000	8,499,000
BT8 2.10%-3.70%, due 2038, OIC #10-0018, #11-0038, #12-0016, #13-0010, #14-0019, #15-0020, #15-0054, #16-0018, #17-0008	66,752,000	70,484,000
BU7 2.55%-3.40%, due 2028, OIC #14-0019, #15-0020, #15-0041, #16-0018, #17-0008 #18-0041	6,641,000	7,566,000
BU8 2.55%-3.40%, due 2028, OIC #13-0010, #14-0019, #15-0020, #16-0018 #17-0008, #18-0014	8,827,000	9,720,000
BW11 1.95%-2.45%, due 2029, OIC #14-0019, #15-0020, #16-0018, #17-0008 #18-0014, #19-0013	14,543,000	-
BW12 1.95%-2.10%, due 2024, OIC #16-0018, #17-0008, #18-0014, #19-0013	8,849,000	-
	\$ 185,312,000	\$ 187,753,000

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

10. Long-term debt (continued)	<u>2019</u>	<u>2018</u>
<u>Maritime Life Assurance Company</u>		
Mortgage payable, 8.186%, due 2019	-	147,839
<u>Scotiabank Bankers Acceptance - Moncton Industrial Development Limited</u>		
Expiry date of April 30, 2022	<u>12,705,273</u>	<u>8,819,922</u>
	<u>\$198,017,273</u>	<u>\$ 196,720,761</u>

The mortgage payable was amortized over twenty-three and three quarter years and matured on November 1, 2019.

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

2020	\$ 27,349,000	2023	\$ 18,392,000
2021	24,019,000	2024	15,436,000
2022	21,104,000		

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, 2019, the City has an approval to borrow up to an additional **\$52,938,000**.

11. 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 **\$4,390,500** (2018 - \$4,252,300). Total benefit payments to retirees during the year were **\$12,411,000** (2018 - \$11,122,100). A separate pension fund is maintained. The City is in a net funded position at December 31, 2019, as follows:

	<u>2019</u>	<u>2018</u>
Fair market value of plan assets	\$ 300,269,100	\$ 269,143,000
Accrued benefit obligation	<u>(250,277,500)</u>	<u>(229,854,700)</u>
Funded status	49,991,600	39,288,300
Unamortized actuarial gain	<u>24,663,700</u>	<u>20,275,700</u>
Accounting pension asset	<u>\$ 25,327,900</u>	<u>\$ 19,012,600</u>

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The accrued benefit obligation shown for 2019 is based on the pension valuation performed by the City's actuaries, William M. Mercer Limited, carried out effective December 31, 2019.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

11. 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>2019</u>	<u>2018</u>
(a) Discount rate	6.00%	6.40%
(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 MI-2018 projections scale	
Retirement age	Age-related tables	
	<u>2019</u>	<u>2018</u>
Current period benefit cost	\$ 7,238,300	\$ 7,162,700
Amortization of actuarial (gains) losses	<u>(2,197,600)</u>	<u>(3,173,300)</u>
	5,040,700	3,989,400
Less: employee contributions	<u>(4,390,500)</u>	<u>(4,252,300)</u>
Pension (recovery) / expense	650,200	(262,900)
Interest recovery on the average accrued benefit asset	<u>(2,575,000)</u>	<u>(3,078,300)</u>
Total recovery related to pension	<u>\$ (1,924,800)</u>	<u>\$ (3,341,200)</u>

The employer contribution expense of **\$4,390,500** is included in the statement of operations as a component of department expenses. The change in pension asset of **\$6,315,300** is recorded in the general government services.

	Percentage of Plan Assets	
	<u>2019</u>	<u>2018</u>
Benefits plan assets consist of:		
Bonds	30.00%	30.00%
Canadian and foreign equities	38.50%	38.50%
Infrastructure	10.50%	10.50%
Hedge Fund	7.00%	7.00%
Other (Private equity, Private debt, Opportunistic fixed income)	<u>14.00%</u>	<u>14.00%</u>
	<u>100%</u>	<u>100%</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

12. 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 resign.

	<u>2019</u>	<u>2018</u>
Employee benefits obligations:		
Vested benefits	\$ 7,551,900	\$ 7,346,800
Unamortized actuary gains	633,800	730,900
Non-vested benefits	4,516,800	4,305,200
Unamortized actuary losses non-vested	<u>(1,330,400)</u>	<u>(1,501,700)</u>
Accrued employee benefit obligation	<u>\$ 11,372,100</u>	<u>\$ 10,881,200</u>
Accrued employee benefit obligation	\$ 11,372,100	\$ 10,881,200
Less funded amount	<u>(6,124,507)</u>	<u>(5,256,637)</u>
Unfunded employee benefit obligation	5,247,593	5,624,563
Less non-vested benefits	<u>(3,186,400)</u>	<u>(2,803,500)</u>
Vested benefits to be funded from future revenue	<u>\$ 2,061,163</u>	<u>\$ 2,821,063</u>
Benefit expense in the year	<u>\$ 1,353,900</u>	<u>\$ 1,367,100</u>

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

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

The following summarizes the major assumptions in the valuation:

- annual salary increase is 2.50% (2018 2.50%)
- the discount rate used to determine the accrued benefit obligation is 2.75% (2018 3.35%);
- retirement age is 65 (2018 age 65); and
- estimated net excess utilization of rate of sick leave varies with age.

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

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

13. Consolidated tangible capital assets

	General Capital Assets							Water and Wastewater Assets				
	Land	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer, Hardware and Software	Land and Improvements	Asset under Construction	Road, Streets, Sidewalks, Culverts	W&W Buildings and Leasehold Improvements	Water and Wastewater Construction	Assets under Construction	2019	2018
Cost												
Opening cost	\$ 33,532,702	\$ 200,110,685	\$ 65,620,420	\$ 12,409,857	\$ 55,155,655	\$ 10,507,816	\$ 337,307,844	\$ 97,892,712	\$ 464,561,506	\$ 2,449,495	\$ 1,292,022,400	\$ 1,156,088,419
Additions and transfers	80,089	3,759,894	4,418,592	1,729,357	13,496,376	4,294,784	17,342,362	4,598,037	15,578,400	560,407	66,868,297	137,160,271
Disposals and transfers	-	-	(1,716,173)	-	-	-	(1,752)	-	(503,364)	-	(2,221,288)	(1,226,290)
Closing cost	<u>33,612,791</u>	<u>203,870,579</u>	<u>68,322,839</u>	<u>14,139,214</u>	<u>68,652,031</u>	<u>14,802,600</u>	<u>354,648,454</u>	<u>102,490,749</u>	<u>479,636,542</u>	<u>3,009,902</u>	<u>1,355,659,409</u>	<u>1,292,022,400</u>
Accumulated amortization												
Opening accumulated Amortization	-	(44,809,082)	(41,782,986)	(10,183,833)	(28,593,431)	-	(7,900,268)	(38,980,898)	(140,202,988)	-	(484,588,028)	(433,759,610)
Amortization	-	(5,933,006)	(3,781,530)	(896,814)	(3,298,678)	-	(10,672,628)	(2,975,479)	(7,368,423)	-	(36,296,673)	(31,746,698)
Disposals and transfers	-	-	1,333,556	-	-	-	1,752	-	389,735	-	1,726,043	918,279
Closing accum'd amortization	<u>-</u>	<u>(50,742,088)</u>	<u>(44,230,960)</u>	<u>(11,080,647)</u>	<u>(31,892,109)</u>	<u>-</u>	<u>(162,805,418)</u>	<u>(41,956,377)</u>	<u>(147,181,676)</u>	<u>-</u>	<u>(498,158,558)</u>	<u>(464,588,029)</u>
Asset net book value	<u>\$ 33,612,791</u>	<u>\$ 153,128,491</u>	<u>\$ 24,091,879</u>	<u>\$ 3,058,567</u>	<u>\$ 36,759,922</u>	<u>\$ 14,802,600</u>	<u>\$ 191,843,036</u>	<u>\$ 60,534,372</u>	<u>\$ 332,454,866</u>	<u>\$ 3,009,902</u>	<u>\$ 857,500,851</u>	<u>\$ 827,434,371</u>

*During the year, the City received donated infrastructure of \$4,649,502 from subdivision developers.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

14. Short-term borrowings compliance

Operating borrowing

As prescribed in the *Local Governance 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 2019, 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.

15. Water and wastewater fund surplus/deficit

The City employs an annual balanced budget approach is within the allowable practice under the *Local Governance Act*.

16. Water cost transfer

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

17. Commitments and contingencies

Commitments

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

2020	\$1,533,876
2021	\$ 639,115

In addition, an amount approximating \$82,464 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.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

17. 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 2019 this approximated **\$652,949** and approximately **48.6%** 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) City Council has approved total commitments of **\$6,016,000** to community organizations.
- (e) In 2017, 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**, for a total projected operating cost of **\$634,897**, plus HST at 15%.
- (f) City has entered into a number of multi-year contracts for the delivery of services, the construction of assets, business improvement grants, and operating leases. These contract obligation will become liabilities in the future when the terms of the contract are met.

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, 2019, 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.

18. Reclassification

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

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2019

19. Subsequent events

On March 19, 2020, the Government of New Brunswick declared a state of Emergency related to the COVID-19 pandemic. As a result, the City of Moncton put in place various actions to comply with this State of Emergency. The negative impact on the City has been primarily related to own source/non tax revenues such as transit fares, facility admission fees, events and trade show revenue and some impact on interest revenue where revenue relief has been put in place. In response, the City has been reviewing and communicating various financial mitigation measures with the intent that these measures will offset any negative income impact as a result of the COVID-19 Pandemic. At this time, it is unknown as to any long term financial impact on the City of Moncton in relation to the Pandemic.

City of Moncton

Schedule 1: Consolidated Schedule of Revenues

Year ended December 31, 2019	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Government transfers for operating			
Canadian Museum Association – Provincial	\$ 60,000	\$ 60,000	\$ 60,000
Immigration, Refugees and Citizenship Canada	-	48,267	102,434
Regional Development Corporation	-	23,442	80,064
Protection - Other Local Governments	884,612	884,612	847,664
Provincial Contributions			
- Transportation- designated highway recovery	679,534	676,509	680,034
	<u>\$ 1,624,146</u>	<u>\$ 1,692,830</u>	<u>\$ 1,770,196</u>
Other revenue from own sources			
Licenses and permits			
- building permits	\$ 1,241,740	\$ 1,583,292	\$ 1,676,028
- other	872,529	930,086	836,912
Fines and fees	339,000	338,542	234,284
Parking	2,122,839	2,084,053	2,096,175
Rent	16,201	14,694	14,694
Miscellaneous	303,387	571,229	418,564
Protection	3,500	486	87
Transportation - other	107,025	109,449	99,608
Public transit	4,378,515	4,541,244	4,227,036
Magnetic Hill Zoo	1,921,209	1,872,991	1,888,592
Magnetic Hill Park	173,032	190,569	207,179
Other recreational	1,184,602	1,955,431	605,270
Coliseum - Agrena	458,164	599,017	333,536
Gain (loss) on sale and write-off of tangible assets	-	(496,245)	(308,010)
Cash received in lieu	-	35,600	412,613
Other / Misc. Income	-	3,200,620	143,868
Water and wastewater other revenue	37,240	107,637	35,932
Moncton Industrial Development Limited –land and other	-	26,540	596,084
	<u>\$ 13,158,983</u>	<u>\$ 17,665,235</u>	<u>\$ 13,518,452</u>
Water and wastewater revenue			
Water user charges	\$ 20,112,174	\$ 19,789,119	\$ 19,285,488
Wastewater user charges	7,128,338	7,094,586	6,700,911
Wastewater treatment levy	8,342,040	8,378,549	8,495,531
	<u>\$ 35,582,552</u>	<u>\$ 35,262,254</u>	<u>\$ 34,481,930</u>
Other contributions for capital			
Donated assets - developers	\$ -	\$ 4,649,502	\$ 5,127,412
Organizations and individuals	-	1,183,794	6,378,430
Local improvement and branch sewer recoveries	-	33,543	108,113
	<u>\$ -</u>	<u>\$ 5,866,839</u>	<u>\$ 11,613,955</u>
Government transfers for capital			
Department of Transportation and Infrastructure	\$ 2,350,000	\$ 1,680,083	\$ -
Infrastructure Canada – gas tax funding	5,082,000	10,165,413	5,131,793
ACOA -Infrastructure program	-	-	163,562
Regional Development Corporation	8,715,166	537,649	-
Build Canada Infrastructure Program Funding (Provincial & Federal)	13,343,097	3,422,091	4,314,567
Province of New Brunswick – Forgivable Loan	-	829,852	5,497,323
Provincial contributions - MID	110,476	248,422	219,788
Federal/Provincial contributions - water and wastewater	-	225,870	337,615
	<u>\$ 29,600,739</u>	<u>\$ 17,109,380</u>	<u>\$ 15,664,648</u>

City of Moncton

Schedule 2: Consolidated Schedule of Expenses

Year Ended December 31	2019	2019	2018
	Budget	Actual	Actual
General government services			
Mayor and Councillors	\$ 672,069	\$ 678,296	\$ 637,816
City Manager and Internal Audit	315,082	193,617	201,120
Corporate services	261,318	272,587	263,904
Finance and administration	1,891,143	1,420,365	1,477,685
Information systems	2,096,168	2,050,440	2,033,319
Human resources	1,276,009	1,207,138	1,272,552
Legislative services	917,457	897,002	886,614
City Hall building	1,907,615	1,898,211	1,872,427
Corporate communications	1,087,507	905,372	921,543
Other general administration	3,503,549	3,811,990	3,617,751
Service Moncton	188,748	16,629	-
Grants	1,690,760	1,687,863	1,614,931
Corporate planning and policy development	344,579	340,440	332,285
Moncton Industrial Development Limited	772,400	769,277	730,274
	<u>16,924,404</u>	<u>16,149,227</u>	<u>15,862,221</u>
Amortization of tangible assets	35,295,573	35,295,573	31,746,698
Amortization of development costs - MID	-	2,719,892	859,183
Interest	5,065,015	5,760,920	2,567,319
Pension	(6,315,300)	(6,315,300)	(7,593,500)
Post-retirement liabilities	1,481,573	1,104,603	1,112,279
Contaminated sites expense	-	1,067,484	(360,354)
Deferred facility and energy maintenance cost	465,000	607,760	223,000
	<u>\$ 52,916,265</u>	<u>\$ 56,390,159</u>	<u>\$ 44,416,846</u>
Protection services			
Police	\$ 21,027,627	\$ 20,897,038	\$ 20,955,058
Fire	15,716,573	16,606,989	15,542,007
Building inspection	1,766,324	1,655,035	1,691,373
Other protective services	1,786,501	1,623,274	1,463,027
	<u>\$ 40,297,025</u>	<u>\$ 40,782,336</u>	<u>\$ 39,651,465</u>
Transportation services			
Engineering administration	\$ 1,722,653	\$ 1,726,560	\$ 1,845,809
Facilities	1,303,121	1,336,073	1,225,754
Roads, streets and equipment	9,742,312	10,591,158	10,601,861
Street lighting	2,514,502	2,500,360	2,466,599
Traffic and parking	1,669,434	1,746,086	1,861,716
Public transit	11,164,036	11,186,043	10,736,480
Other transportation	932,218	1,030,666	485,803
	<u>\$ 29,048,276</u>	<u>\$ 30,116,946</u>	<u>\$ 29,224,022</u>
Environmental health and development services			
Garbage and waste collection	\$ 3,116,638	\$ 3,135,317	\$ 3,194,158
Planning commission	111,434	104,932	103,497
Development	3,578,958	3,059,908	2,953,727
Magnetic Hill Zoo	2,857,600	3,111,357	3,030,788
Magnetic Hill Park and Magnetic Hill Concert Site	391,479	497,715	399,180
Tourism	647,093	1,243,393	438,809
	<u>\$ 10,703,202</u>	<u>\$ 11,152,622</u>	<u>\$ 10,120,159</u>

City of Moncton**Schedule 2: Consolidated Schedule of Expenses, continued**

Year Ended December 31

2019

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Parks and Leisure services	\$ 6,846,569	\$ 7,160,241	\$ 7,011,096
Library	424,432	486,456	409,226
Capitol Theatre grant	499,335	499,336	501,368
Senior's Citizens	94,947	101,592	96,168
Events and venues	1,722,157	1,803,666	1,623,320
Museum	1,198,027	1,163,793	1,151,429
Avenir Centre	419,993	315,725	555,623
Arenas	2,267,466	2,267,186	2,257,452
Moncton Stadium	52,905	52,905	124,204
William House / Treitz Haus	123,415	92,627	101,751
Coliseum - Agrena	1,934,379	1,990,079	1,964,571
Immigration	122,456	129,641	276,085
Other cultural programs and services	<u>200,537</u>	<u>201,174</u>	<u>165,532</u>
	<u>\$ 15,905,618</u>	<u>\$ 16,264,421</u>	<u>\$ 16,237,825</u>
Water and wastewater expenses			
Water supply			
Administration	\$ 4,221,541	\$ 4,406,794	\$ 4,283,310
Interest	1,538,792	1,658,611	1,583,603
Transmission and distribution	3,900,539	3,318,261	3,394,427
Purification and source of supply	791,508	599,085	785,430
Power and pumping	617,598	596,497	646,491
Water treatment charges	<u>4,475,837</u>	<u>4,623,277</u>	<u>4,653,558</u>
	<u>\$ 15,545,815</u>	<u>\$ 15,202,525</u>	<u>\$ 15,346,819</u>
Wastewater collection and disposal			
Administration	\$ 1,679,948	\$ 1,679,945	\$ 1,548,625
Interest	879,628	910,538	765,897
Maintenance	1,284,836	1,028,607	984,341
Wastewater treatment charges	<u>8,342,040</u>	<u>8,342,072</u>	<u>8,278,410</u>
	<u>12,186,452</u>	<u>11,961,162</u>	<u>11,577,273</u>
Total water and wastewater	<u>\$ 27,732,267</u>	<u>\$ 27,163,687</u>	<u>\$ 26,924,092</u>

City of Moncton Schedule 3: Schedule of Segment Disclosure

December 31, 2019

	General Government		Environmental			Water & Wastewater	MID	2019 Consolidated	2018 Consolidated
	Government	Protection	Transportation	Health & Development	Recreation and cultural				
Revenues									
Warrant of assessment*	\$ 138,099,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,099,112	\$ 132,990,661
Community Funding and Equalization									
Grant from Provincial Government*	3,919,686	-	-	-	-	-	-	3,919,686	7,006,108
Federal grant in lieu	(56,897)	-	-	-	-	-	-	(56,897)	1,941
Government transfers for operating		884,612	676,509		131,709			1,692,830	1,770,196
Other revenue from own sources	4,474,834	486	6,756,166	2,063,560	2,554,448	107,637	1,708,104	17,665,235	13,518,452
Water and wastewater user fees						35,262,254		35,262,254	34,481,930
Interest	3,101,217	-	-	-	-	402,381	-	3,503,598	2,154,542
	149,537,952	885,098	7,432,675	2,063,560	2,686,157	35,772,272	1,708,104	200,085,818	191,923,830
Expenses									
Salaries and benefits	10,795,303	16,956,977	17,034,863	3,790,618	6,978,881	3,491,635	220,262	59,268,539	57,199,777
Goods and services	4,584,647	23,825,359	13,082,083	7,362,004	9,285,540	21,102,903	3,268,907	82,511,443	78,608,983
Amortization*	35,295,573	-	-	-	-	-	-	35,295,573	31,746,698
Interest	5,338,187	-	-	-	-	2,569,149	422,733	8,330,069	4,916,818
Pension**	(6,315,300)	-	-	-	-	-	-	(6,315,300)	(7,593,500)
Deferred facility and energy maintenance cost	607,760	-	-	-	-	-	-	607,760	223,000
Contaminated sites expense	1,067,484	-	-	-	-	-	-	1,067,484	360,354
Post-retirement liabilities**	1,104,603	-	-	-	-	-	-	1,104,603	1,112,279
	52,478,257	40,782,336	30,116,946	11,152,622	16,264,421	27,163,687	3,911,902	181,870,171	166,574,409
Annual surplus (deficit) before capital contributions	97,059,695	(39,897,238)	(22,684,271)	(9,089,062)	(13,578,264)	8,608,585	(2,203,798)	18,215,647	25,349,421
Other contributions for capital*	5,618,416	-	-	-	-	-	248,423	5,866,839	11,613,955
Government transfers for capital*	17,109,380	-	-	-	-	-	-	17,109,380	15,664,648
Annual surplus (deficit) for the year	\$ 119,787,491	\$ (39,897,238)	\$ (22,684,271)	\$ (9,089,062)	\$ (13,578,264)	\$ 8,608,585	\$ (1,955,375)	\$ 41,191,866	\$ 52,628,024

*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 & Statement of Reserve Funds

December 31, 2019

	General Operating Reserve	General Capital Reserve	W&S Operating Reserve	W&S Capital Reserve	Reserve for Land Development Fund	2019 Total
Assets						
Interest bearing, loan to City of Moncton revenue fund	6,130,215	38,256,207	1,228,573	8,310,280	126,959	54,052,234
Long-Term Investments	-	6,048,806	-	-	-	6,048,806
Accumulated surplus	\$ 6,130,215	\$ 44,305,013	\$ 1,228,573	\$ 8,310,280	\$ 126,959	\$ 60,101,040
Revenue						
Interest	196,561	1,706,315	35,557	325,330	4,889	2,268,652
Cash paid for development costs	-	-	-	-	35,600	35,600
Proceeds on sale of assets	-	717,136	-	-	-	717,136
Cash received in lieu of land	-	30,500	-	-	-	30,500
Transfer from Water and General Operating Funds	519,420	10,504,161	10,000	2,535,000	-	13,568,581
	715,981	12,958,112	45,557	2,860,330	40,489	16,620,469
Expenses						
Transfer for Development Costs	-	-	-	-	(11,520)	(11,520)
Transfer to Water and General Operating & Capital Funds	(850,000)	(3,716,249)	-	(3,500,000)	0	(8,066,249)
	(850,000)	(3,716,249)	-	(3,500,000)	(11,520)	(8,077,769)
Annual surplus (deficit)	(134,019)	9,241,863	45,557	(639,670)	28,969	8,542,700
Accumulated surplus, beginning of year	\$ 6,264,234	\$ 35,093,150	\$ 1,183,016	\$ 8,949,950	\$ 160,491	\$ 51,650,841
Accumulated surplus, end of year	\$ 6,130,215	\$ 44,335,013	\$ 1,228,573	\$ 8,310,280	\$ 189,460	\$ 60,193,541

City of Moncton Schedule 4: Schedule & Statement of Reserve Funds

December 31, 2019

Statements of Reserves Council Resolutions regarding transfers to and from reserves:

Public Council Session on January 21, 2019:

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$358,000** into the General Operating Reserve Fund. Moved by: Councillor Butler, Seconded by: Councillor Edgett

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$9,261,697**, into the General Capital Reserve Fund. Moved by: Deputy Mayor Turner Seconded by: Councillor Boudreau

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$10,000** into the Utility Operating Reserve Fund. Moved by: Councillor Butler Seconded by: Councillor Léger

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$2,185,000**, into the Utility Capital Reserve Fund. Moved by: Deputy Mayor Turner Seconded by: Councillor Lawrence

Public Council Session on August 19, 2019:

That Moncton City Council authorize the release of funds from the General Capital Reserve Fund for this purchase in the amount of **\$1,808,958.24**. This amount includes the Total Tendered Price, less H.S.T. rebate, plus an estimated accessories cost (see attached list) of \$23,900.00 (including Taxes less HST rebate). Moved by: Councillor Léger Second by: Deputy Mayor Boudreau

Public Council Session on December 12, 2019:

That Moncton City Council approve a contribution of **\$750,000** from the Jeux de la Francophonie Reserve Fund towards the construction of an artificial turf field at École l'Odysée in 2021 conditional upon a license agreement being signed in 2020 between the City of Moncton and the Province of New Brunswick for the community use of the new field. Moved by: Councillor Edgett Seconded by: Councillor Thériault

Public Council Session on December 16, 2019:

THEREFORE BE IT RESOLVED that the sum of **\$3,500,000** be released from the Utility Capital Reserve Fund covering the costs of the 2019 Meter Replacement Program, this being the procedures dictated by way of Provincial Legislation Moved by: Councillor Pellerin Seconded by: Councillor Butler

THEREFORE BE IT RESOLVED that the sum of **\$607,760** be released from the General Capital Reserve Fund covering the costs of the Deferred Maintenance projects, this being the procedures dictated by way of Provincial Legislation Moved by: Councillor Edgett Seconded by: Councillor Léger

City of Moncton Schedule 4: Schedule & Statement of Reserve Funds

December 31, 2019

**Statements of Reserves
Council Resolutions regarding transfers to and from reserves:**

**Public Council Session on December 16, 2019:
(continued)**

THEREFORE BE IT RESOLVED that the sum of **\$119,298.56** be released from the General Capital Reserve Fund covering the costs of the 2019 Lifecycle Maintenance Costs, this being the procedures dictated by way of Provincial Legislation Moved by: Councillor Hicks Seconded by: Councillor Butler

THEREFORE BE IT RESOLVED that the sum of **\$234,903.64** be released from the General Capital Reserve Fund, this being the procedures dictated by way of Provincial Legislation Moved by: Councillor Butler Seconded by: Councillor Léger

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$30,500** into the General Capital Reserve Fund. Moved by: Councillor Turner Seconded by: Councillor Léger

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$717,136.01**, into the General Capital Reserve Fund. Moved by: Deputy Mayor Boudreau Seconded by: Councillor Edgett

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$21,420**, into the General Operating Reserve Fund. Moved by: Councillor Léger Seconded by: Councillor Turner

THEREFORE BE IT RESOLVED that authorization be granted for a withdrawal in the amount of **\$300,000** from the General Capital Reserve Fund. Moved by: Councillor Lawrence Seconded by: Councillor Thériault

THEREFORE BE IT RESOLVED that authorization be granted for a withdrawal in the amount of **\$750,421.51**, from the General Capital Reserve Fund. Moved by: Councillor Thériault Seconded by: Deputy Mayor Boudreau

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$750,000**, into the General Capital Reserve Fund. Moved by: Councillor Crossman Seconded by: Deputy Mayor Boudreau

City of Moncton Schedule 4: Schedule & Statement of Reserve Funds

December 31, 2019

Statements of Reserves
Council Resolutions regarding transfers to and from reserves:

Public Council Session on December 16, 2019:
(continued)

THEREFORE BE IT RESOLVED that the sum of **\$644,906.76** be released from the General Capital Reserve Fund covering the costs of the 2019 City Fleet Purchase Costs, this being the procedures dictated by way of Provincial Legislation Moved by: Councilor Pellerin Seconded by: Councilor Turner

THEREFORE BE IT RESOLVED that authorization be granted for a withdrawal in the amount of **\$75,000** from the General Operating Reserve Fund. Moved by: Councilor Edgett Seconded by: Councilor Butler

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$350,000** to the Utility Capital Reserve Fund from the Utility Operating Fund. Moved by: Councilor Hicks Seconded by: Councilor Butler

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$140,000** to the General Operating Reserve Fund from the General Operating Fund. Moved by: Councilor Butler Seconded by: Councilor Turner

THEREFORE BE IT RESOLVED that authorization be granted for a deposit in the amount of **\$1,160,000** to the General Capital Reserve Fund from the General Operating Fund. Moved by: Councilor Turner Seconded by: Councilor Léger

THEREFORE BE IT RESOLVED that authorization be granted for a withdrawal in the amount of **\$25,000**, from the General Operating Reserve Fund. Moved by: Deputy Mayor Boudreau Seconded by: Councilor Lawrence

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

December 31, 2019

	Operating Budget General	Operating Budget Water & Wastewater	Capital Fund Budget	MID	Amortization & Pension & Post Employment Adjustments	Transfers	Total
Revenue	\$	\$	\$	\$	\$	\$	\$
Grant from City of Moncton	-	-	-	336,580	-	(336,580)	-
Province of New Brunswick	138,099,110	-	-	-	-	-	138,099,110
Warrant for property taxes	3,893,508	-	-	-	-	-	3,893,508
Community Funding and Equalization Grant	(56,897)	-	-	-	-	-	(56,897)
Federal grant in lieu	1,624,146	-	-	-	-	-	1,624,146
Government transfers for operating	-	-	29,490,263	-	-	-	29,926,083
Government transfers for capital	-	-	7,224,192	435,820	-	(7,224,192)	-
Other contributions and transfers for capital	13,121,743	37,240	-	-	-	-	13,158,983
Other revenue from own sources	-	35,582,552	-	-	-	-	35,582,552
Water and wastewater rates	-	3,467,204	-	-	-	(3,467,204)	-
Water supply for fire protection	312,000	450,000	-	-	-	-	762,000
Interest	(40,759)	(149,928)	-	-	-	190,687	-
Deficit - previous year's deficit	-	-	-	-	-	-	-
	156,952,851	39,387,068	36,714,455	772,400	-	(10,837,289)	222,989,485
Expenses							
General government services	18,333,577	-	-	772,400	28,980,273	4,830,015	52,916,265
Protective services	43,764,229	-	-	-	-	(3,467,204)	40,297,025
Transportation services	36,320,276	-	-	-	-	(6,272,000)	29,048,276
Environmental health & development services	12,172,445	-	-	-	-	(1,469,243)	10,703,202
Recreation and cultural services	15,949,810	-	-	-	-	(44,192)	15,905,618
Water and wastewater	-	25,313,847	-	-	-	2,418,420	27,732,267
Fiscal services	-	-	-	-	-	-	-
Long-term debt repayments	14,568,802	9,459,801	-	-	-	(26,187,603)	-
Interest	5,065,015	2,418,420	-	-	-	(7,483,435)	-
Transfer from the General Operating fund to the General Operating Reserve	358,000	-	-	-	-	(358,000)	-
Transfer from the General Operating fund to the General Capital Reserve	7,058,762	-	-	-	-	(7,058,762)	-
Funding current year's capital projects - general	2,202,935	-	-	-	-	(2,202,935)	-
Transfer from the Water and Wastewater Operating fund to the Water and Wastewater Capital fund	-	2,195,000	-	-	-	(2,195,000)	-
	156,952,851	39,387,068	-	772,400	28,980,273	(49,489,939)	176,602,653
Surplus (deficit) for the year	\$	\$	\$	\$	\$	\$	\$
	-	-	36,714,455	-	(28,980,273)	38,652,650	46,386,832

City of Moncton Schedule 6: Schedule of Reconciliation of Annual Surplus December 31, 2019

	General 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
2019 annual surplus (deficit) per Local Governance Act	\$ (513,696)	\$ (134,019)	\$ (183,366)	\$ 14,602,556	\$ 9,241,863	\$ (639,670)	\$ 45,557	\$ 28,969	\$ (553,131)	\$ 70,307,492
Adjustment to annual surplus (deficit) for funding Requirements										
Second previous year's deficit	\$ 40,759		\$ 149,928							\$ -
MID - Grant	\$ 1,402,244					\$ (1,402,244)				\$ 190,687
Transfer of Fire Watercosts	\$ 3,302,977		\$ (3,302,977)							\$ -
Interest on Investment	\$ 82,464				\$ (82,464)					\$ -
Transfer of Capital from Operating	\$ 6,972,000		\$ 375,000	\$ (375,000)						\$ -
Transfer of Capital from Operating Library	\$ 44,192									\$ -
Long term Debt principal repayment	\$ 16,580,839		\$ 9,400,000	\$ (9,400,000)						\$ -
Adjust liability for contaminated sites	\$ (1,067,484)									\$ (1,067,484)
Recognize Forgivable Loan										\$ 829,851
Reallocate fixed assets purchased through operating fund	\$ 30,868									\$ 30,868
Loss from disposal of tangible Capital Assets										\$ (496,245)
Provision for Retirement liability	\$ 376,970									\$ 376,970
Amortization Expense										\$ -
Pension Expense	\$ 6,315,300			\$ (9,430,957)						\$ (3,115,657)
Total Adjustments to 2019 annual surplus (deficit)	\$ 34,081,129	\$ (49,128,041)	\$ 6,821,951	\$ (19,205,957)	\$ (82,464)	\$ -	\$ -	\$ -	\$ (1,402,244)	\$ (29,115,626)
2019 annual Surplus(deficit) per PSAB for	\$ 33,567,433	\$ (715,612)	\$ 6,438,666	\$ (4,603,401)	\$ 9,159,399	\$ (639,670)	\$ 45,567	\$ 28,969	\$ (1,955,376)	\$ 41,191,866

City of Moncton Schedule 7: Schedule of Government Transfers

December 31, 2019

	Budget	2019	2018
TRANSFERS FOR OPERATING:			
Government Transfers for Operating			
Atlantic Canada Opportunity Agency	-	\$ 23,442	\$ 80,064
Canadian Museum Association – Provincial	60,000	60,000	60,000
Immigration, Refugees and Citizenship Canada	-	48,267	102,434
Provincial Contributions – Designated Highways	884,612	884,612	847,664
Other Local Governments – Fire LSD Contract	679,534	676,509	680,034
	<u>\$ 1,624,146</u>	<u>\$ 1,692,830</u>	<u>\$ 1,770,196</u>
TRANSFERS FOR CAPITAL:			
Government Transfers for Capital			
Department of Transportation and Infrastructure	\$ 2,350,000	\$ 1,680,083	-
Infrastructure Canada – gas tax funding	5,082,000	10,165,413	5,131,793
ACOA -Infrastructure program	-	829,852	163,562
Build Canada Infrastructure Program Funding (Provincial & Federal)	13,343,097	3,422,091	4,314,567
Regional Development Corporation	8,715,166	537,649	-
Province of New Brunswick – Forgivable Loan	-	-	5,497,323
Provincial contributions - MID	110,476	248,422	219,788
Federal/Provincial contributions - water and wastewater	-	225,870	337,615
	<u>\$29,600,739</u>	<u>\$17,109,380</u>	<u>\$ 15,664,648</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$31,224,885</u>	<u>\$18,802,210</u>	<u>\$ 17,434,844</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, 2019

Statement of controlled entity, Moncton Industrial Development Limited

	<u>2019</u>	<u>2018</u>
Financial assets	\$ 31,612,828	\$ 26,349,006
Liabilities	<u>(16,632,906)</u>	<u>(10,816,917)</u>
Net debt	14,979,922	15,532,089
Non-financial assets	<u>28,529</u>	<u>29,494</u>
Accumulated surplus	<u>\$ 15,008,451</u>	<u>\$ 15,561,583</u>
Revenue	\$ 3,379,452	\$ 2,384,043
Expenses	<u>(3,932,584)</u>	<u>(1,771,021)</u>
Annual (deficit) surplus	<u>\$ (553,132)</u>	<u>\$ 613,022</u>

City of Moncton
Schedule 9: Reconciliation of Funding Deficit

December 31, 2019

Reconciliation of Funding Deficit – Other Vested Retirement Liability

	<u>2019</u>	<u>2018</u>
Liability at December 31, 2019	\$ 11,372,100	\$ 10,881,200
Amount of December 31, 2019 liability funded in the current year	(3,186,430)	(2,803,500)
Amounts funded in prior years	<u>(6,124,507)</u>	<u>(5,256,637)</u>
Balance to be funded in future years	<u>\$ 2,061,163</u>	<u>\$ 2,821,063</u>
