

Consolidated Financial Statements

City of Moncton

December 31, 2020

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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, 2020
- 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, 2020 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.



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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.



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- 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 8, 2021

City of Moncton

Consolidated Statement of Operations

Year Ended December 31

	PSA Budget (Schedule 5)	2020 Actual	2019 Actual
Revenue			
Property Tax Warrant	\$ 143,724,760	\$ 143,724,755	\$ 138,099,112
Community Funding and Equalization Grant from Provincial Government	3,108,999	3,109,004	3,919,686
Federals grant in lieu	17	17	(56,897)
Government transfers for operating (Schedule 1)	1,643,974	5,134,703	1,692,830
Other revenue from own sources (Schedule 1)	14,659,597	12,764,851	17,665,235
Water and wastewater revenue (Schedule 1)	35,825,183	36,707,446	35,262,254
Interest	<u>762,000</u>	<u>2,795,982</u>	<u>3,503,598</u>
	<u>199,724,530</u>	<u>204,236,758</u>	<u>200,085,818</u>
Expenses (Schedule 2)			
General government services	54,599,654	56,192,057	56,390,159
Protection services	42,815,454	42,227,306	40,782,336
Transportation services	30,010,900	28,068,649	30,116,946
Environmental health and development services	10,872,948	11,811,501	11,282,263
Recreation and cultural services	17,063,132	16,105,777	16,134,780
Water and wastewater	<u>26,115,993</u>	<u>24,868,392</u>	<u>27,163,687</u>
	<u>181,478,081</u>	<u>179,273,682</u>	<u>181,870,171</u>
Annual surplus before capital contributions	18,246,449	24,963,076	18,215,647
Other contributed assets for capital (Schedule 1)	-	7,901,906	5,866,839
Government transfers for capital (Schedule 1)	<u>21,040,414</u>	<u>16,204,000</u>	<u>17,109,380</u>
Annual surplus	39,286,863	49,068,982	41,191,866
Accumulated surplus, beginning of year	<u>735,119,766</u>	<u>735,119,766</u>	<u>693,927,900</u>
Accumulated surplus, end of year	<u>\$ 774,406,629</u>	<u>\$ 784,188,748</u>	<u>\$ 735,119,766</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Financial Position

Year Ended December 31

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 50,975,862	\$ 32,422,926
Restricted cash (Note 2)	3,035,892	5,598,153
Receivables (Note 3)	29,884,867	26,605,619
Mortgage receivable (Note 4)	1	1
Long-term investments (Note 5)	6,778,286	6,048,806
Land and land development (Note 6)	30,581,020	29,786,514
Unamortized debenture discounts	1,517,430	1,486,630
Accrued pension asset (Note 11)	<u>32,146,000</u>	<u>25,327,900</u>
	<u>154,919,358</u>	<u>127,276,549</u>
Liabilities		
Payables and accruals (Note 8)	31,929,843	38,619,889
Forgivable loan payable (Note 9)	3,527,888	4,580,436
Long-term debt (Note 10)	200,245,918	198,017,273
Post employment benefits payable (Note 12)	<u>11,929,400</u>	<u>11,372,100</u>
	<u>247,633,049</u>	<u>252,589,698</u>
Net debt	<u>(92,713,691)</u>	<u>(125,313,149)</u>
Non-financial assets		
Tangible capital assets (Note 13)	873,215,753	857,500,851
Inventory of supplies	2,806,014	2,096,430
Prepays	<u>880,672</u>	<u>835,634</u>
	<u>876,902,439</u>	<u>860,432,915</u>
Accumulated surplus	<u>\$ 784,188,748</u>	<u>\$ 735,119,766</u>

Commitments and contingencies (Note 17)

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

2020

2019

Annual surplus	\$ 49,068,982	\$ 41,191,866
Acquisition and donation of tangible capital assets	(53,273,842)	(65,858,297)
Proceeds on disposal of tangible capital assets	366,707	747,636
Amortization of tangible capital assets	37,170,567	35,295,573
(Gain) loss on tangible capital assets	21,667	(251,392)
Change in prepaids	(45,038)	(146,345)
Change in inventory of supplies	(709,585)	222,100
	<u>(16,469,524)</u>	<u>(29,990,725)</u>
Decrease in net debt	32,599,458	11,201,141
Net debt, beginning of year	<u>(125,313,149)</u>	<u>(136,514,290)</u>
Net debt, end of year	<u>\$ (92,713,691)</u>	<u>\$(125,313,149)</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Cash Flows

Year Ended December 31

2020

2019

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

Operating activities

Annual surplus	\$ 49,068,982	\$ 41,191,866
Items not affecting cash:		
Amortization of tangible capital assets	37,170,567	35,295,573
Amortization on Land Development Costs	4,121,304	2,719,892
(Gain) loss on sale of tangible capital assets	21,667	(251,391)
Donated infrastructure	(6,737,070)	(4,649,502)
Change in accrued pension asset	(6,818,100)	(6,315,300)
Change in other post employment benefits	557,300	490,901
Change in debenture discounts	(30,800)	262,825
Loan forgiveness	(1,052,548)	(916,887)
Changes in non-cash working capital:		
Change in receivables	(3,279,248)	131,288
Change in payables and accruals	(6,690,046)	8,418,099
Change in inventory of supplies	(709,584)	222,100
Change in prepaids	(45,038)	(146,345)
Net cash provided by operating activities	<u>65,577,386</u>	<u>76,453,119</u>
Capital transactions		
Acquisition of tangible capital assets	(46,536,773)	(61,208,795)
Proceeds on sale of tangible capital assets	366,707	747,636
Net cash used for capital transactions	<u>(46,170,066)</u>	<u>(60,461,159)</u>
Financing activities		
Issuance of long-term debt	42,282,918	36,097,273
Repayment of long-term debt	(40,054,273)	(34,800,761)
Net cash provided by (used for) financing activities	<u>2,228,645</u>	<u>1,296,512</u>
Investing activities		
Purchases in land and land development	(4,915,810)	(7,667,518)
Change in long-term investments	(729,480)	(659,450)
Net cash used for investing activities	<u>(5,645,290)</u>	<u>(8,326,968)</u>
Increase in cash and cash equivalents	15,990,675	8,961,504
Cash and cash equivalents at beginning of year	<u>38,021,079</u>	<u>29,059,575</u>
Cash and cash equivalents at end of year	<u>\$ 54,011,754</u>	<u>\$ 38,021,079</u>

Summary of cash and cash equivalents:

Cash	\$ 50,975,862	\$ 32,422,926
Restricted cash	3,035,892	5,598,153
Cash and cash equivalents at end of year	<u>\$ 54,011,754</u>	<u>\$ 38,021,079</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2020

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, 2020

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, 2020

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 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 2, 2019 and the Minister of Local Government approved the General Operating Budget on January 23, 2020, Capital Budget on March 9, 2020 and Utility Operating Budget on January 23, 2020.

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, 2020

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, 2020

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

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2020

2. Restricted cash

Restricted cash is comprised of the following:

	<u>2020</u>	<u>2019</u>
Deposits on program funding – Transportation		
Discovery Centre	\$ 377,727	\$ 372,907
Deposit on Gas Tax program funding	1,477,507	4,208,306
Deposits on land - MID	153,206	241,636
Cash held to pay performance rebates on land sales - MID	<u>1,027,452</u>	<u>775,304</u>
	<u>\$ 3,035,892</u>	<u>\$ 5,598,153</u>

3. Receivables

Capital Receivables

	<u>2020</u>	<u>2019</u>
Federal/Provincial government - capital contributions	\$ 8,583,263	\$ 7,597,313
Warren Gate Investments Inc.	260,458	260,458
Private/Other Capital Contribution	-	89,979
Field of Dream Committee	-	781,895
Moncton Industrial Development	<u>14,398</u>	<u>317,076</u>
	<u>8,858,119</u>	<u>9,046,721</u>

Operating receivables

Federal/Provincial government - HST	1,514,733	1,465,216
Federal/Provincial government - Operating	3,509,490	-
Moncton Wildcats Junior Hockey Club Limited	1,853,898	1,929,481
Curl Moncton	1,136,692	1,133,995
Other – various (net of allowance)	1,046,003	713,893
Moncton High School Field Committee	568,610	-
Local improvements	179,636	330,887
Magic Mountain Water Park Ltd.	138,973	99,000
City of Dieppe	131,760	322
Moncton Squash Club	116,672	116,672
Royal Oaks Estates Inc	98,736	-
Moncton Arena Partners	81,684	356,983
Moncton Football Assoc Incorporated	75,063	75,063
Shopper's Drug Mart Champlain Place	51,292	181,410
Friends of the Zoo	50,000	50,000
Sewer construction improvements	46,665	10,035
Magnetic Hill Wharf Village	24,399	-
Town of Riverview	23,450	93,459
Indoor Sports Management	12,438	3,718
Universite de Moncton	10,620	3,660
Théâtre Capitol Theatre Inc.	8,381	68,782
Food Depot Alimentaire	-	49,996
ASM Global	-	499,756
Gulf Fisheries Centre	-	117,500
Mountainway Developments Inc.	<u>-</u>	<u>83,458</u>
	<u>10,679,195</u>	<u>7,383,286</u>
Water and wastewater receivables	9,730,569	9,366,238
Moncton Industrial Development Limited receivables	<u>616,984</u>	<u>809,374</u>
	<u>\$29,884,867</u>	<u>\$ 26,605,619</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2020

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 **\$6,778,286** 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 ending in 2021.

6. Land and land development

The City has invested in land and land development costs of **\$64,844,496** consisting of the Caledonia Industrial Park of **\$30,767,620**, Moncton Industrial Park of **\$12,069,224**, West TCH Land **\$767,706**, New Business Park Development of **\$17,596,580** and other land **\$3,643,366** for a future industrial park. Land and land development costs net of the cost of lots sold to date is **\$30,581,020**.

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>2020</u>	<u>2019</u>
Accounts payable and commitments	\$ 22,307,576	\$ 21,978,672
Payable to the Policing Authority	4,533,333	10,470,281
Contractors' holdbacks	3,306,792	3,174,628
Interest on long-term debt	462,333	501,801
Moncton Industrial Development Limited payables, accruals and deposit on land	1,284,548	2,459,246
Local improvement deposits	<u>35,261</u>	<u>35,261</u>
	<u>\$ 31,929,843</u>	<u>\$ 38,619,889</u>

Payables and accruals include an amount for contaminated sites of **\$637,724** (2019 - \$1,067,484). The amount is an estimate done by the internal environmental engineers.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2020

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").

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>2020</u>
Forgivable loan, ending balance December 31, 2019	\$ 4,580,436
Forgiveness amount - 2020	<u>(1,052,548)</u>
Forgivable loan, ending balance December 31, 2020	\$ 3,527,888

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2020

10. Long-term debt	<u>2020</u>	<u>2019</u>
<u>New Brunswick Municipal Financing Corporation</u>		
Debentures:		
BC5 1.5% - 4.55%, due 2020, OIC #07-0015, #08-0014, #09-0025	\$ -	\$ 1,786,000
BC6 1.5% - 4.55%, due 2020, OIC #07-0015	-	547,000
BD11 1.5% - 3.85%, due 2020, OIC #07-0015, #08-0014	-	1,088,000
BE21 1.65% - 4.25%, due 2021, OIC #08-0014, #09-0025, #10-0018	1,593,000	3,156,000
BE22 1.65% - 4.25%, due 2021, OIC #09-0025, #10-0018	612,000	1,212,000
BF9 1.35% - 3.45%, due 2021, OIC #09-0025, #10-0018	713,000	1,403,000
BG10 1.65% - 3.4% due 2022, OIC#06-19, #08-14, #09-0025, #10-0018, #10-0068, #11-0038, #11-0100	2,985,000	4,417,000
BH12 1.35%-3.1% due 2022, OIC#06-19, #08-14, #09-0025, #09-0072, #10-0018, #11-0038, #12-0016	404,000	598,000
BH13 1.35%-3.1% due 2022 OIC#06-19, #07-15, #08-14, #09-0025, #10-0018, #11-0038	2,058,000	3,045,000
BI9 1.35% - 3.25%, due 2023, OIC #09-0025, #10-0018, #11,0038,,#12-0016	2,024,000	2,664,000
BI10 1.35% - 3.25%, due 2023, OIC #09-0025, #12-0016	508,000	668,000
BJ10 1.25% - 3.70%, due 2023, OIC #09-0025, #10-0018, #10-0068, #11-0038 #12-0016, #13-0010	3,176,000	4,169,000
BJ11 1.25% - 3.70%, due 2023, OIC #06-0019, #08-0014, #09-0025, #10-0018 #11-0038, #12-0016	1,178,000	1,547,000
BK6 1.15% - 3.45%, due 2024, OIC #06-0019, # 09-0025, #10-0018, #11-0038, #12-0016, #13-0010, #13-0012	1,092,000	1,347,000
BK7 1.15% - 3.45%, due 2024, OIC #08-0014, #09-0025, #10-0018, #11-0038, #12-0016, #13-0010	1,255,000	1,548,000
BL8 1.20% - 3.10%, due 2024, OIC #10-0018, #11-0038, #12-0016, #13-0010 #14-0019	1,174,000	1,449,000
BL9 1.20% - 3.70%, due 2034, OIC #05-0016, #06-0019, #07-0015, #09-0025, #10-0018, #11-0038, #13-0010, #14-0019	15,157,000	16,064,000
BM8 0.95% - 2.80%, due 2025, OIC #08-0014, #09-0025, #09-0072, #10-0018, #11-0038, #12-0016, #13-0012, #14-0019	4,025,000	5,194,000
BL9 1.20% - 3.70%, due 2035, OIC #05-0016, #06-0019, #07-0015, #09-0025, #10-0018, #11-0038, #13-0010, #14-0019	5,207,000	6,211,000
BP8 1.45% - 2.90%, due 2026, OIC #09-0025, #11-0038, #12-0016, #13-0010, #13-0012, #14-0019, #15-0020, #15-0041	3,564,000	4,434,000
BP8 1.20%-2.95%, due 2026, OIC#10-0018, #11-0038, #12-0016, #13-0010, #14-0019, #15-0020, #16-0018	4,261,000	5,019,000
BQ8 1.20%-2.70%, due 2027, OIC#12-0016, #13-0010, #14-0019, #15-0020, #15-0041, #16-0018, #16-0027	3,834,000	4,558,000
BR6 1.65%-2.90%, due 2027, OIC#12-0016, #13-0010, #14-0019, #15-0020 #16-0018, #17-0008	6,636,000	7,576,000
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	62,934,000	66,752,000
BU7 2.55%-3.40%, due 2028, OIC#14-0019, #15-0020, #15-0041, #16-0018, #17-0008 #18-0041	5,692,000	6,641,000
BU8 2.55%-3.40%, due 2028, OIC#13-0010, #14-0019, #15-0020, #16-0018 #17-0008, #18-0014	7,911,000	8,827,000
BW11 1.95%-2.45%, due 2029, OIC#14-0019, #15-0020, #16-0018, #17-0008 #18-0014, #19-0013	12,823,000	14,543,000
BW12 1.95%-2.10%, due 2024, OIC#16-0018, #17-0008, #18-0014, #19-0013	7,147,000	8,849,000
BX7 .90%-2.05%, due 2030, OIC#15-0020, #17-0008, #18-0014, #19-0013 #19-0031, #19-0065	6,666,000	-
BY11 .50%-1.80%, due 2030, OIC#15-0020, #16-0018, #17-0008, #18-0014, #19-0013 #19-0031, #20-0009	10,348,000	-
BX8 .90%-1.5%, due 2025, OIC#17-0008, #18-0014, #19-0013	5,816,000	-
BY12 .50%-1.10%, due 2025, OIC#17-0008, #18-0014, #19-0013, #20-0009	5,605,000	-
	\$ 186,398,000	\$ 185,312,000

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2020

10. Long-term debt (continued)	<u>2020</u>	<u>2019</u>
<u>Scotiabank Bankers Acceptance - Moncton Industrial Development Limited</u>		
Expiry date of April 30, 2022	<u>13,847,918</u>	<u>12,705,273</u>
	<u>\$ 200,245,918</u>	<u>\$ 198,017,273</u>

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

2021	\$ 28,199,000	2024	\$ 19,727,000
2022	25,317,000	2025	15,938,000
2023	22,639,000		

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, 2020, the City has an approval to borrow up to an additional **\$29,087,000**.

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 **\$4,500,700** (2019 - \$4,390,500). Total benefit payments to retirees during the year were **\$12,974,700** (2019 - \$12,411,000). A separate pension fund is maintained. The City is in a net funded position at December 31, 2020, as follows:

	<u>2020</u>	<u>2019</u>
Fair market value of plan assets	\$ 329,785,200	\$ 300,269,100
Accrued benefit obligation	<u>(271,904,200)</u>	<u>(250,277,500)</u>
Funded status	57,881,000	49,991,600
Unamortized actuarial gain	<u>25,735,000</u>	24,663,700
Accounting pension asset	<u>\$ 32,146,000</u>	<u>\$ 25,327,900</u>

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The accrued benefit obligation shown for 2020 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, 2020

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>2020</u>	<u>2019</u>
(a) Discount rate	5.60%	6.00%
(b) Rate of compensation increases	2.50%	2.50%
(c) Rate of inflation	2.00%	2.00%
Mortality	115% of the rates of the CPM-2014 Public mortality table with MI-2017 projections scale	
Retirement age	Age-related tables	
	<u>2020</u>	<u>2019</u>
Current period benefit cost	\$ 7,897,300	\$ 7,238,300
Amortization of actuarial (gains)	<u>(2,670,800)</u>	<u>(2,197,600)</u>
	5,226,500	5,040,700
Less: employee contributions	<u>(4,500,700)</u>	<u>(4,390,500)</u>
Pension expense	725,800	650,200
Interest recovery on the average accrued benefit asset	<u>(3,043,200)</u>	<u>(2,575,000)</u>
Total recovery related to pension	<u>\$ (2,317,400)</u>	<u>\$ (1,924,800)</u>

The employer contribution expense of **\$4,500,700** is included in the statement of operations as a component of department expenses. The change in pension asset of **\$6,818,100** is recorded in the general government services.

	Percentage of Plan Assets	
	<u>2020</u>	<u>2019</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>100.00%</u>	<u>100.00%</u>

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2020

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>2020</u>	<u>2019</u>
Employee benefits obligations:		
Vested benefits	\$ 8,518,900	\$ 7,551,900
Unamortized actuary gains (losses)	(236,300)	633,800
Non-vested benefits	5,311,200	4,516,800
Unamortized actuary losses non-vested	<u>(1,664,400)</u>	<u>(1,330,400)</u>
Accrued employee benefit obligation	<u>\$ 11,929,400</u>	<u>\$ 11,372,100</u>
Accrued employee benefit obligation	\$ 11,929,400	\$ 11,372,100
Less funded amount	<u>(6,942,896)</u>	<u>(6,124,507)</u>
Unfunded employee benefit obligation	4,986,504	5,247,593
Less non-vested benefits	<u>(3,646,800)</u>	<u>(3,186,400)</u>
Vested benefits to be funded from future revenue	<u>\$ 1,339,704</u>	<u>\$ 2,061,163</u>
Benefit expense in the year	<u>\$ 1,506,800</u>	<u>\$ 1,353,900</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% (2019 2.50%)
- the discount rate used to determine the accrued benefit obligation is 1.80% (2019 2.75%);
- retirement age is 65 (2019 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, 2020

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 Improvements	Construction	Asset under Construction	Parking Lots	Road, Streets, Sidewalks, Culverts	W&W Buildings, Leasehold Improvements	Water and Wastewater Construction	2020	2019
Cost													
Opening cost	\$ 33,612,791	\$ 203,870,579	\$ 68,322,839	\$ 14,139,214	\$ 68,652,031	\$ 14,802,600	\$ 12,473,708	\$ 354,648,454	\$ 102,490,749	\$ 479,636,543	\$ 3,009,902	\$ 1,355,659,410	\$ 1,292,022,400
Additions and transfers	91,001	4,227,325	2,557,096	1,358,272	7,699,514	4,691,896	-	19,471,819	-	16,853,521	8,323,613	65,274,057	75,155,275
Transfers from WIP	-	-	-	-	-	(7,352,965)	-	-	-	-	(4,647,250)	(12,000,216)	(9,296,978)
Disposals and transfers	-	-	(2,618,761)	-	-	-	-	(1,125,498)	-	(758,746)	-	(4,503,005)	(2,221,288)
Closing cost	33,703,792	208,097,904	68,251,174	15,497,486	76,351,545	12,141,631	12,473,708	372,994,775	102,490,749	495,731,318	6,686,265	1,404,430,247	1,355,659,409
Accumulated amortization													
Opening accumulated Amortization	-	(50,742,088)	(44,230,960)	(11,080,647)	(31,892,109)	-	(8,269,363)	(162,805,418)	(41,956,377)	(147,181,676)	-	(496,159,658)	(464,589,028)
Amortization	-	(6,021,081)	(3,760,805)	(1,094,075)	(3,900,821)	-	(369,115)	(11,318,509)	(2,799,127)	(7,916,934)	-	(37,170,467)	(35,295,673)
Disposals and transfers	-	-	2,618,760	-	-	-	-	931,999	-	563,872	-	4,114,631	1,725,043
Closing accum'd amortization	-	(56,763,169)	(45,373,005)	(12,164,722)	(35,792,930)	-	(8,638,498)	(173,191,928)	(44,755,504)	(154,534,738)	-	(531,214,494)	(498,159,558)
Asset net book value	\$ 33,703,792	\$ 151,334,735	\$ 22,888,169	\$ 3,332,764	\$ 40,558,615	\$ 12,141,631	\$ 3,835,210	\$ 199,802,847	\$ 57,735,245	\$ 341,196,580	\$ 6,686,265	\$ 873,215,753	\$ 857,500,851

*During the year, the City received donated infrastructure of \$6,737,070 from subdivision developers.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2020

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 2020, 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 which 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:

2021	\$ 639,115
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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, 2020

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 2020 this approximated **\$646,372** and approximately **53.0%** 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 was for twenty years with a ten year renewal option. The City renewed its service level agreement with Moncton 4Ice Sports Inc. for an additional 10-years, ending in 2032. The current service fee expires in October 2022 upon which a new service fee will be determined between the parties for the next 10 years.
- (d) City Council has approved total commitments of **\$3,977,700** 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.
- (g) City Council has approved a total commitment of **\$6,000,000** over next 3 years to the Rising Tide Community Initiatives Inc.

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, 2020, the guarantee stands at **\$150,000**.
- b) 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, 2020

19. COVID-19 Impact

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, 2020

	2020	2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Government transfers for operating			
Canadian Museum Association – Provincial	\$ 60,000	\$ 60,000	\$ 60,000
Heritage Canada	-	100,000	-
Immigration, Refugees and Citizenship Canada	-	112,271	48,267
Regional Development Corporation	-	-	23,442
Protection - Other Local Governments	904,440	931,040	884,612
Provincial Contributions			
- Destination Canada	-	167,000	-
- COVID Safe Restart	-	2,565,378	-
- Municipal Transit	-	500,000	-
- Transportation- designated highway recovery	679,534	699,014	676,509
	<u>\$ 1,643,974</u>	<u>\$ 5,134,703</u>	<u>\$ 1,692,830</u>
Other revenue from own sources			
Licenses and permits			
- building permits	\$ 1,451,740	\$ 1,361,051	\$ 1,583,292
- other	520,635	604,774	930,086
Fines and fees	339,000	204,829	338,542
Parking	2,122,839	1,387,121	2,084,053
Rent	16,201	33,687	14,694
Miscellaneous	445,508	434,723	571,229
Protection	31,500	-	486
Transportation - other	107,025	111,763	109,449
Public transit	4,432,928	2,619,379	4,541,244
Magnetic Hill Zoo	2,033,959	1,185,482	1,872,991
Magnetic Hill Park	173,032	72,835	190,569
Other recreational	1,251,557	845,446	1,955,431
Coliseum - Agrena	1,685,380	714,969	599,017
Gain (loss) on sale and write-off of tangible assets	-	(388,374)	(496,245)
Cash received in lieu	-	59,394	35,600
Other / Misc. Income	-	3,481,476	3,200,620
Water and wastewater other revenue	48,293	32,686	107,637
Moncton Industrial Development Limited –land and other	-	3,610	26,540
	<u>\$ 14,659,597</u>	<u>\$ 12,764,851</u>	<u>\$ 17,665,235</u>
Water and wastewater revenue			
Water user charges	\$ 20,206,571	\$ 20,531,502	\$ 19,789,119
Wastewater user charges	7,271,952	7,814,264	7,094,586
Wastewater treatment levy	8,346,660	8,361,680	8,378,549
	<u>\$ 35,825,183</u>	<u>\$ 36,707,446</u>	<u>\$ 35,262,254</u>
Other contributions for capital			
Donated assets – developers	\$ -	\$ 6,737,071	\$ 4,649,502
Organizations and individuals	-	1,140,913	1,183,794
Local improvement and branch sewer recoveries	-	23,922	33,543
	<u>\$ -</u>	<u>\$ 7,901,906</u>	<u>\$ 5,866,839</u>
Government transfers for capital			
Department of Transportation and Infrastructure	\$ 4,075,000	\$ 208,447	\$ 1,680,083
Infrastructure Canada – gas tax funding	8,682,000	5,027,163	10,165,413
Federal Rail Safety Infrastructure	-	974,587	-
Regional Development Corporation	1,127,333	-	537,649
Build Canada Infrastructure Program Funding	6,728,977	5,624,498	3,422,091
Province of New Brunswick – Forgivable Loan	-	1,052,548	829,852
Provincial contributions - MID	427,104	676,647	248,422
Federal/Provincial contributions - water and wastewater	-	2,640,110	225,870
	<u>\$ 21,040,414</u>	<u>\$ 16,204,000</u>	<u>\$ 17,109,380</u>

City of Moncton

Schedule 2: Consolidated Schedule of Expenses

Year Ended December 31	2020	2020	2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Mayor and Councillors	\$ 704,211	\$ 578,292	\$ 678,296
City Manager and Internal Audit	460,367	214,099	193,617
Corporate services	147,207	149,049	272,587
Finance and administration	1,659,273	1,533,826	1,420,365
Information systems	2,220,067	2,046,723	2,050,440
Human resources	1,370,130	1,148,118	1,207,138
Legislative services	945,401	902,652	897,002
City Hall building	1,898,427	1,892,551	1,898,211
Corporate communications	1,029,733	762,331	905,372
Other general administration	3,412,243	3,575,454	3,811,990
Service Moncton	80,709	24,719	16,629
Grants	1,821,862	1,719,811	1,687,863
Corporate planning and policy development	354,758	345,175	340,440
Moncton Industrial Development Limited	770,392	974,175	769,277
	<u>\$ 16,874,780</u>	<u>\$ 15,866,975</u>	<u>16,149,227</u>
Amortization of tangible assets	37,170,365	37,170,567	35,295,573
Amortization of development costs - MID	-	4,121,304	2,719,892
Interest	5,426,036	4,936,983	5,760,920
Pension	(6,818,100)	(6,818,100)	(6,315,300)
Post-retirement liabilities	1,481,573	1,030,389	1,104,603
Contaminated sites expense	-	(429,760)	1,067,484
Deferred facility and energy maintenance cost	465,000	313,699	607,760
	<u>\$ 54,599,654</u>	<u>\$ 56,192,057</u>	<u>\$ 56,390,159</u>
Protection services			
Police	\$ 22,635,508	\$ 22,473,867	\$ 20,897,038
Fire	16,537,598	16,512,847	16,606,989
Building inspection	1,689,965	1,463,447	1,655,035
Other protective services	1,952,383	1,777,145	1,623,274
	<u>\$ 42,815,454</u>	<u>\$ 42,227,306</u>	<u>\$ 40,782,336</u>
Transportation services			
Engineering administration	\$ 1,794,136	\$ 1,534,439	\$ 1,726,560
Facilities	1,277,678	1,375,088	1,336,073
Roads, streets and equipment	10,025,070	9,713,509	10,591,158
Street lighting	2,522,480	2,611,950	2,500,360
Traffic and parking	1,662,328	1,681,601	1,746,086
Public transit	11,784,793	10,259,890	11,186,043
Other transportation	944,415	892,172	1,030,666
	<u>\$ 30,010,900</u>	<u>\$ 28,068,649</u>	<u>\$ 30,116,946</u>
Environmental health and development services			
Garbage and waste collection	\$ 3,069,860	\$ 3,418,471	\$ 3,135,317
Planning commission	80,069	71,093	104,932
Development	3,741,450	4,374,452	3,059,908
Magnetic Hill Zoo	2,956,913	2,498,807	3,111,357
Magnetic Hill Park and Magnetic Hill Concert Site	383,939	302,818	497,715
Immigration	125,694	118,288	129,641
Tourism	515,023	1,027,572	1,243,393
	<u>\$ 10,872,948</u>	<u>\$ 11,811,501</u>	<u>\$ 11,282,263</u>

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

Year Ended December 31

2020

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Parks and Leisure services	\$ 7,218,605	\$ 7,060,942	\$ 7,160,241
Library	461,558	419,530	486,456
Capitol Theatre grant	499,335	854,132	499,336
Senior's Citizens	101,444	95,293	101,592
Events and venues	1,651,653	1,050,868	1,803,666
Museum	1,246,265	1,098,602	1,163,793
Avenir Centre	402,440	278,918	315,725
Arenas	2,299,755	2,482,199	2,267,186
Moncton Stadium	68,875	68,875	52,905
William House / Treitz Haus	131,360	110,891	92,627
Coliseum - Agrena	2,777,642	2,436,427	1,990,079
Other cultural programs and services	<u>204,200</u>	<u>149,100</u>	<u>201,174</u>
	<u>\$ 17,063,132</u>	<u>\$ 16,105,777</u>	<u>\$ 16,134,780</u>
Water and wastewater expenses			
Water supply			
Administration	\$ 4,299,800	\$ 4,576,164	\$ 4,406,794
Interest	1,479,820	1,763,036	1,658,611
Transmission and distribution	3,909,698	3,004,685	3,318,261
Purification and source of supply	820,744	1,089,716	599,085
Power and pumping	588,870	697,894	596,497
Water treatment charges	<u>2,762,473</u>	<u>2,314,067</u>	<u>4,623,277</u>
	<u>\$ 13,861,405</u>	<u>\$ 13,445,562</u>	<u>\$ 15,202,525</u>
Wastewater collection and disposal			
Administration	\$ 1,714,628	\$ 1,715,182	\$ 1,679,945
Interest	929,772	633,802	910,538
Maintenance	1,263,528	724,377	1,028,607
Wastewater treatment charges	<u>8,346,660</u>	<u>8,349,469</u>	<u>8,342,072</u>
	<u>\$ 12,254,588</u>	<u>\$ 11,422,830</u>	<u>\$ 11,961,162</u>
Total water and wastewater	<u>\$ 26,115,993</u>	<u>\$ 24,868,392</u>	<u>\$ 27,163,687</u>

City of Moncton Schedule 3: Schedule of Segment Disclosure

December 31, 2020

	General Government	Environmental				Water & Wastewater	MID	2020 Consolidated	2019 Consolidated
		Protection	Transportation	Development	Health & Recreation and cultural				
Revenues									
Property Tax Warrant *	\$ 143,724,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,724,755	\$ 138,099,112	
Community Funding and Equalization									
Grant from Provincial Government *	3,109,004	-	-	-	-	-	3,109,004	3,919,686	
Federal grant in lieu	17	-	-	-	-	-	17	(56,897)	
Government transfers for operating	2,565,378	931,040	1,199,014	112,271	327,000	-	5,134,703	1,692,830	
Other revenue from own sources	2,957,705	-	4,148,377	1,258,317	1,560,415	2,807,351	12,764,851	17,665,235	
Water and wastewater user fees	-	-	-	-	36,707,446	-	36,707,446	35,262,254	
Interest	2,411,941	-	-	-	384,041	-	2,795,982	3,503,598	
	154,768,800	931,040	5,347,391	1,370,588	37,124,173	2,807,351	204,236,758	200,085,818	
Expenses									
Salaries and benefits	10,874,682	16,790,017	17,192,891	3,413,700	3,108,547	-	58,371,492	59,268,539	
Goods and services	4,018,118	25,437,289	10,875,758	8,397,801	19,363,007	5,095,479	82,301,574	82,511,443	
Amortization*	37,170,567	-	-	-	-	-	37,170,567	35,295,573	
Interest	4,515,625	-	-	-	2,396,838	421,358	7,333,821	8,330,069	
Pension**	(6,818,100)	-	-	-	-	-	(6,818,100)	(6,315,300)	
Deferred facility and energy									
Maintenance cost	313,699	-	-	-	-	-	313,699	607,760	
Contaminated sites expense	(429,760)	-	-	-	-	-	(429,760)	1,067,484	
Post-retirement liabilities**	1,030,389	-	-	-	-	-	1,030,389	1,104,603	
	50,675,220	42,227,306	28,068,649	11,811,501	24,868,392	5,516,837	179,273,682	181,870,171	
Annual surplus (deficit) before capital contributions	104,093,580	(41,296,266)	(22,721,258)	(10,440,913)	12,255,781	(2,709,486)	24,963,076	18,215,647	
Other contributions for capital*	7,225,259	-	-	-	-	676,647	7,901,906	5,866,839	
Government transfers for capital*	16,204,000	-	-	-	-	-	16,204,000	17,109,380	
Annual surplus (deficit) for the year	\$ 127,522,839	\$ (41,296,266)	\$ (22,721,258)	\$ (10,440,913)	\$ 12,255,781	\$ (2,032,839)	\$ 49,068,982	\$ 41,191,866	

*The property tax warrant, Community Funding and Equalization Grant from the 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, 2020

	General Operating Reserve	General Capital Reserve	W&S Operating Reserve	W&S Capital Reserve	Reserve for Land Development Fund	2020 Total
Assets						
Interest bearing, loan to City of Moncton revenue fund	7,371,171	46,256,238	2,666,581	10,453,680	170,960	66,918,630
Long-term investments	-	6,778,286	-	-	-	6,778,286
Accumulated surplus	\$ 7,371,171	\$ 53,034,524	\$ 2,666,581	\$ 10,453,680	\$ 170,960	\$ 73,696,916
Revenue						
Interest	117,842	1,442,346	28,008	183,267	3,607	1,775,070
Cash paid for development costs	-	-	-	-	59,394	59,394
Proceeds on sale of assets	-	366,707	-	-	-	366,707
Transfer from Water and General Operating Funds	1,163,114	10,138,492	1,410,000	2,972,933	-	15,684,539
	1,280,956	11,947,545	1,438,008	3,156,200	63,001	17,885,710
Expenses						
Transfer for development costs	-	-	-	-	(19,000)	(19,000)
Transfer to Water and General Operating & Capital Funds	(40,000)	(3,218,034)	-	(1,012,800)	-	(4,270,834)
	(40,000)	(3,218,034)	-	(1,012,800)	(19,000)	(4,289,834)
Annual surplus (deficit)	1,240,956	8,729,511	1,438,008	2,143,400	44,001	13,595,876
Accumulated surplus, beginning of year	\$ 6,130,215	\$ 44,335,013	\$ 1,228,573	\$ 8,310,280	\$ 189,460	\$ 60,193,541
Accumulated surplus, end of year	\$ 7,371,171	\$ 53,064,524	\$ 2,666,581	\$ 10,453,680	\$ 233,461	\$ 73,789,417

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

December 31, 2020

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

Public Council Session on February 3, 2020:

Moved by Councillor Butler, seconded by Councillor Lawrence that \$858,000 be transferred from the General Operating Fund to the General Operating Reserve Fund.

Moved by Councillor Léger, seconded by Councillor Butler that \$10,056,028 be transferred from the General Operating Fund to the General Capital Reserve Fund.

Moved by Councillor Edgett, seconded by Councillor Lawrence that \$10,000 be transferred from the Water and Wastewater Current Fund to the Water and Wastewater Operating Reserve Fund.

Moved by Councillor Léger, seconded by Councillor Edgett that \$2,972,933 be transferred from Water and Wastewater Current Fund to the Water and Wastewater Capital Reserve Fund.

Public Council Session on November 16, 2020:

Moved by Councillor Léger, seconded by Councillor Lawrence that \$1,012,800 be transferred from the Water and Wastewater Capital Reserve Fund to the Water and Wastewater Capital Fund.

Moved by Councillor Edgett, seconded by Councillor Léger that \$313,699.06 be transferred from the General Capital Reserve Fund to the General Operating Fund.

Moved by Councillor Léger, seconded by Deputy Mayor Crossman that \$80,424.10 be transferred from the General Capital Reserve Fund to the General Capital Fund.

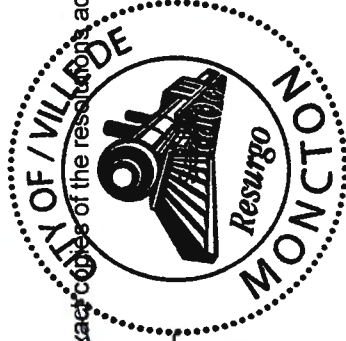
Moved by Councillor Butler, seconded by Councillor Edgett that \$109,335.03 be transferred from the General Capital Reserve Fund to the General Capital Fund.

Moved by Councillor Edgett, seconded by Councillor Léger that \$366,707.33 be transferred from the General Operating Fund to the General Capital Reserve Fund.

Moved by Councillor Edgett, seconded by Councillor Lawrence that \$30,114 be transferred from the General Operating Fund to the General Operating Reserve Fund.

I hereby certify that the above are true and exact copies of the resolutions adopted on each public council session date.


City Clerk
April 13, 2021



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

December 31, 2020

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

Public Council Session on November 16, 2020 –Continued:

- Moved by Councillor Edgett, seconded by Councillor Léger that \$40,000 be transferred from the General Operating Reserve Fund to the General Capital Fund.
- Moved by Councillor Léger, seconded by Councillor Edgett that \$275,000 be transferred from the General Operating Fund to the General Operating Reserve Fund.
- Moved by Councillor Thériault, seconded by Councillor Butler that \$2,714,576.25 be transferred from the General Capital Reserve Fund to the General Capital Fund.

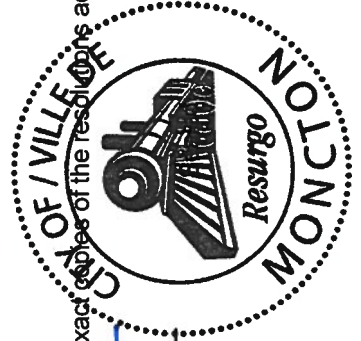
Public Council Session on December 21, 2020:

- Moved by Councillor Thériault, seconded by Councillor Edgett that \$1,400,000 be transferred from the Water and Wastewater Current Fund to the Water and Wastewater Operating Reserve Fund.

I hereby certify that the above are true and exact copies of the resolutions adopted on each public council session date.



City Clerk



April 13, 2021

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

December 31, 2020

	Operating Budget General	Operating Budget Water & Wastewater	Capital Fund Budget	MID	Amortization & Pension & Post Employment Adjustments	Transfers	Total
Revenue	\$	\$	\$	\$	\$	\$	\$
Grant from City of Moncton				343,288		(343,288)	
Province of New Brunswick							
Warrant for property taxes	143,724,760						143,724,760
Community Funding and Equalization Grant	3,108,999						3,108,999
Federal grant in lieu	17						17
Government transfers for operating	1,643,974						1,643,974
Government transfers for capital			20,613,310	427,104			21,040,414
Other contributions and transfers for capital			7,766,192			(7,766,192)	
Other revenue from own sources	14,611,303	48,294					14,659,597
Water and wastewater rates		35,825,183					35,825,183
Water supply for fire protection		3,564,663				(3,564,663)	
Interest	312,000	450,000					762,000
Deficit - previous year's deficit	171,570	239,586				(411,156)	
	163,572,623	40,127,726	28,379,502	770,392		(12,085,299)	220,764,944
Expenses							
General government services	18,285,961			770,392		5,191,036	54,599,654
Protective services	46,380,117					(3,564,663)	42,815,454
Transportation services	36,532,900					(6,522,000)	30,010,900
Environmental health & development services	12,461,493					(1,588,545)	10,872,948
Recreation and cultural services	17,107,324					(44,192)	17,063,132
Water and wastewater		23,706,400				2,409,593	26,115,993
Fiscal services							
Long-term debt repayments	16,464,764	11,028,800				(27,493,564)	
Interest	5,426,036	2,409,593				(7,835,629)	
Transfer from the General Operating fund to the General Operating Reserve	858,000					(858,000)	
Transfer from the General Operating fund to the General Capital Reserve	8,156,028					(8,156,028)	
Funding current year's capital projects - general	1,900,000					(1,900,000)	
Transfer from the Water and Wastewater Operating fund to the Water and Wastewater Capital fund		2,982,933				(2,982,933)	
	163,572,623	40,127,726		770,392	30,352,265	(53,344,925)	181,478,081
Surplus (deficit) for the year	\$	\$	\$	\$	\$	\$	\$
			28,379,502		(30,352,265)	41,259,626	39,286,863

City of Moncton Schedule 6: Schedule of Reconciliation of Annual Surplus

December 31, 2020

	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
2020 annual surplus (deficit) per Local Governance Act	\$ 4,107,711	\$ 1,240,956	\$ 309,333	\$ 16,038,003	\$ 8,729,511	\$ 2,143,400	\$ 1,438,008	\$ 44,001	\$ (787,583)	\$ 79,884,837
Adjustment to annual surplus (deficit) for funding Requirements										
Second previous year's deficit	(171,570)	-	(239,586)	-	-	-	-	-	-	(411,156)
MID - Grant	1,245,256	-	-	-	-	-	-	-	(1,245,256)	-
Transfer of Fire Watercosts	3,397,899	-	(3,397,899)	-	-	-	-	-	-	-
Transfer of City Hall Interest on Investment	82,464	-	-	-	(82,464)	-	-	-	-	-
Transfer of Capital from Operating	7,340,000	-	240,000	(240,000)	-	-	-	-	-	-
Transfer of Capital from Operating Library	44,192	-	-	-	-	-	-	-	-	-
Transfer from General Operating fund - IS Upgrades	-	-	-	-	-	-	-	-	-	-
Capital Theatre	(354,797)	-	-	-	-	-	-	-	-	(354,797)
Long term Debt principal repayment	16,388,000	-	10,961,000	(10,961,000)	-	-	-	-	-	-
Adjust liability for contaminated sites	429,760	-	-	-	-	-	-	-	-	429,760
Loss from disposal of tangible Capital Assets	-	(388,374)	-	-	-	-	-	-	-	(388,374)
Provision for Retirement liability	261,179	-	-	-	-	-	-	-	-	261,179
Amortization Expense	-	(26,490,949)	-	-	-	-	-	-	-	(37,170,567)
Pension Expense	6,818,100	-	-	-	-	-	-	-	-	6,818,100
Total Adjustments to 2020 annual surplus (deficit)	35,480,483	(50,651,515)	7,563,515	(21,880,618)	(82,464)	-	-	-	(1,245,256)	(30,815,855)
2020 annual Surplus(deficit) per PSAB for the year	\$ 39,588,194	\$ (4,030,018)	\$ 7,872,848	\$ (5,842,615)	\$ 8,647,047	\$ 2,143,400	\$ 1,438,008	\$ 44,001	\$ (2,032,839)	\$ 49,068,982

City of Moncton

Schedule 7: Schedule of Government Transfers

December 31, 2020

TRANSFERS FOR OPERATING:

Government Transfers for Operating

Atlantic Canada Opportunity Agency
 Canadian Museum Association – Provincial
 Heritage Canada
 Immigration, Refugees and Citizenship Canada
 Provincial Contributions – Designated Highways
 Province of New Brunswick – Destinations Canada
 Province of New Brunswick – COVID Safe Restart
 Province of New Brunswick – Municipal Transit
 Other Local Governments – Fire LSD Contract

	<u>Budget</u>	<u>2020</u>	<u>2019</u>
	\$ -	-	\$ 23,442
	60,000	60,000	60,000
	-	100,000	-
	-	112,271	48,267
	904,440	931,040	884,612
	-	167,000	-
	-	2,565,378	-
	-	500,000	-
	<u>679,534</u>	<u>699,014</u>	<u>676,509</u>
	<u>\$ 1,643,974</u>	<u>\$ 5,134,703</u>	<u>\$ 1,692,830</u>

TRANSFERS FOR CAPITAL:

Government Transfers for Capital

Department of Transportation and Infrastructure
 Infrastructure Canada – gas tax funding
 Federal Rail Safety Infrastructure
 Build Canada Infrastructure Program Funding (Provincial & Federal)
 Regional Development Corporation
 Province of New Brunswick – Forgivable Loan
 Provincial contributions - MID
 Federal/Provincial contributions - water and wastewater

	\$ 4,075,000	\$ 208,447	\$ 1,680,083
	8,682,000	5,027,163	10,165,413
	-	974,587	-
	6,728,977	5,624,498	3,422,091
	1,127,333	-	537,649
	-	1,052,548	829,852
	427,104	676,647	248,422
	<u>-</u>	<u>2,640,110</u>	<u>225,870</u>
	<u>\$ 21,040,414</u>	<u>\$ 16,204,000</u>	<u>\$ 17,109,380</u>
	<u>\$ 22,684,388</u>	<u>\$ 21,338,703</u>	<u>\$ 18,802,210</u>

TOTAL GOVERNMENT TRANSFERS

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, 2020

Statement of controlled entity, Moncton Industrial Development Limited

	<u>2020</u>	<u>2019</u>
Financial assets	\$ 32,378,662	\$ 31,612,828
Liabilities	<u>(18,185,427)</u>	<u>(16,632,906)</u>
Net debt	14,193,235	14,979,922
Non-financial assets	<u>27,634</u>	<u>28,530</u>
Accumulated surplus	<u>\$ 14,220,869</u>	<u>\$ 15,008,452</u>
Revenue	\$ 4,729,254	\$ 3,379,452
Expenses	<u>(5,516,837)</u>	<u>(3,932,584)</u>
Annual (deficit) surplus	<u>\$ (787,583)</u>	<u>\$ (553,132)</u>

City of Moncton
Schedule 9: Reconciliation of Funding Deficit

December 31, 2020

Reconciliation of Funding Deficit – Other Vested Retirement Liability	<u>2020</u>	<u>2019</u>
Liability at December 31, 2020	\$ 11,929,400	\$ 11,372,100
Amount of December 31, 2020 liability funded in the current year	(3,646,800)	(3,186,430)
Amounts funded in prior years	<u>(6,942,896)</u>	<u>(6,124,507)</u>
Balance to be funded in future years	\$ <u>1,339,704</u>	\$ <u>2,061,163</u>