



Financial Statements

City of Moncton

General Funds and Reserve Funds

December 31, 2008

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## Auditor's report

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To His Worship the Mayor

and Members of City Council

We have audited the revenue fund, capital fund and reserve funds balance sheets of the City of Moncton as at December 31, 2008 and the revenue fund statement of revenue, expenditure and surplus, the capital fund statement of investment in capital assets and the statement of the source and application of capital financing for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City of Moncton's revenue fund, capital fund and reserve funds as at December 31, 2008, and the results of its operations and the source and application of its capital financing for the year then ended in accordance with the accounting principles prescribed for New Brunswick municipalities by the Department of Local Government.

These financial statements, which have not been, and were not intended to be prepared in accordance with Canadian generally accepted accounting principles are solely for the information and use of the Moncton City Council and the Department of Local Government in order to conform to the Control of Municipalities Act. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Moncton, New Brunswick



April 7, 2009

Chartered Accountant

# City of Moncton

## Revenue Fund

### Statement of Revenue, Expenditure and Deficit

Year Ended December 31

2008

2007

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Warrant of assessment	\$ 85,438,735	\$ 85,438,735	\$ 78,165,251
Unconditional transfers from			
Provincial Government	11,593,117	11,593,117	11,365,801
Other revenue from own sources	9,936,046	11,239,765	6,986,958
Surplus – second previous year	556,352	556,352	165,538
	<u>107,524,250</u>	<u>108,827,969</u>	<u>96,683,548</u>
Sale of property	-	185,209	12,615
	<u>107,524,250</u>	<u>109,013,178</u>	<u>96,696,163</u>
<b>Expenditures</b>			
General government services	13,025,187	12,756,400	12,265,970
Protection services	32,286,986	32,314,342	30,269,717
Transportation services	21,339,909	23,344,773	17,067,938
Environmental health and development services	7,114,219	6,992,885	6,525,914
Recreation and cultural services	14,691,841	15,792,257	14,307,591
Fiscal services	16,850,799	16,654,108	14,626,225
	<u>105,308,941</u>	<u>107,854,765</u>	<u>95,063,355</u>
Transfer to reserves	-	185,209	12,615
	<u>105,308,941</u>	<u>108,039,974</u>	<u>95,075,970</u>
Excess of revenue over expenditure	2,215,309	973,204	1,620,193
Appropriations to reserve funds (Note 2)	<u>(2,215,309)</u>	<u>(2,215,309)</u>	<u>(1,990,309)</u>
Deficit for the year before transfer from general operating reserve fund	\$ Nil	(1,242,105)	(370,116)
Transfer from general operating reserve fund		<u>1,066,450</u>	-
Deficit before extraordinary item		(175,655)	(370,116)
Extraordinary item – flood claims settlement recovery		<u>270,140</u>	-
Surplus (deficit) for the year		94,485	(370,116)
(Deficit) surplus, beginning of year (Note 16)		<u>(172,758)</u>	<u>596,958</u>
		(78,273)	226,842
Transfer second year surplus to current budget		<u>(556,352)</u>	<u>(165,538)</u>
(Deficit) surplus, end of year		<u>\$ (634,625)</u>	<u>\$ 61,304</u>

See accompanying notes to the financial statements.

# City of Moncton

## Revenue Fund

### Balance Sheet

December 31

2008

2007

#### Assets

Cash and cash equivalents	\$ 13,754,215	\$ 1,209,254
Receivables (Note 3)	15,571,445	17,752,546
Receivable from		
Codiac Transit Commission	-	878,356
Water and Light revenue fund	8,730,973	13,088,739
Inventory of supplies	1,430,302	1,083,531
Prepays	647,424	402,777
Unamortized debenture discounts	640,507	687,829
Deferred costs (Note 4)	77,247	58,834
Deferred policing severance costs (Note 5)	330,329	660,657
	<u>\$ 41,183,308</u>	<u>\$ 35,822,523</u>

#### Liabilities and Deficit

Payables and accruals (Note 6)	\$ 20,036,438	\$ 18,523,119
Payable to the Policing Authority	9,578,102	4,781,370
Loans payable to		
Province of New Brunswick (Note 5)	330,329	660,657
General operating reserve fund, interest bearing	1,877,564	2,325,157
General capital reserve fund, interest bearing	7,711,259	7,330,228
Utility capital reserve funds, interest bearing	2,234,707	2,128,246
Reserve for land development, interest bearing	49,534	12,442
(Deficit) surplus (Page 2)	<u>(634,625)</u>	<u>61,304</u>
	<u>\$ 41,183,308</u>	<u>\$ 35,822,523</u>

Commitments and contingencies (Notes 10, 11, 12)

On behalf of the Council

See accompanying notes to the financial statements.

# City of Moncton

## Capital Fund

### Balance Sheet

December 31

2008

2007

#### Assets

Mortgage receivable (Note 3)	\$ 1,900,000	\$ 1,900,000
Property and equipment (Note 7)	<u>388,442,112</u>	<u>349,973,168</u>
	<u>\$ 390,342,112</u>	<u>\$ 351,873,168</u>

#### Liabilities and Equity

Bank indebtedness (Note 9)	\$ 11,429,225	\$ 3,499,964
Long-term debt (Note 8)	<u>85,127,703</u>	<u>82,282,894</u>
	<u>96,556,928</u>	<u>85,782,858</u>
Deferred capital contributions	-	4,975,768
Investment in capital assets (Page 5)	<u>293,785,184</u>	<u>261,114,542</u>
	<u>\$ 390,342,112</u>	<u>\$ 351,873,168</u>

On behalf of the Council

See accompanying notes to the financial statements.

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# City of Moncton

## Capital Fund

### Statement of Investment in Capital Assets

Year Ended December 31

2008

2007

Balance, beginning of year	\$ 261,114,542	\$ 242,490,294
Add:		
Transfer of capital surplus from Codiac Transit Commission, January 1, 2008	6,495,373	-
Debt retired	12,381,031	10,782,076
Contributions - Federal/Provincial governments		
Designated highways recovery	332,111	466,969
Department of Transportation	1,713,834	-
Department of Environment	58,871	37,149
Gas Tax program	7,568,827	-
Infrastructure program	2,582,028	6,191,672
Regional Development Corporation	1,442,961	860,000
Canadian Heritage	175,000	175,000
City's contributions		
Transfers from general capital reserve for equipment	1,753,915	1,080,083
Transfer from reserve for land development	75,611	6,351
Other		
Local improvement and branch sewer recoveries	334	35,230
Organizations and individuals	107,858	934,573
Deduct:		
Writedown of the carrying value of equipment	(1,911,557)	(1,839,300)
Writedown of leasehold improvements	<u>(105,555)</u>	<u>(105,555)</u>
Balance, end of year	<u>\$ 293,785,184</u>	<u>\$ 261,114,542</u>

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See accompanying notes to the financial statements.

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# City of Moncton

## Capital Fund

### Statement of Source and Application of Capital Financing

Year Ended December 31

2008

2007

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#### Funds provided by

Transfer of capital surplus from Codiac Transit Commission, January 1, 2008	\$ 6,495,373	\$ -
Transfer of capital debt from Codiac Transit Commission, January 1, 2008	2,773,840	-
Capital contributions from other governments	8,897,864	9,721,098
Local improvement and branch sewer recoveries	334	35,230
Debentures issued	12,452,000	19,213,000
Transfers from general capital reserve	1,753,915	1,080,083
Transfer from reserve for land development	75,611	6,351
Appropriations from revenue fund for debt retirement	12,381,031	10,782,076
Organizations and individuals	107,858	934,573
Decrease in receivable from Federal/Provincial governments	-	2,985,460
Increase in temporary bank borrowing	7,929,261	-
Decrease in receivable from revenue fund	-	360,631
	<u>\$ 52,867,087</u>	<u>\$ 45,118,502</u>

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#### Funds applied to

Purchase and construction of capital assets		
Permanent streets	\$ 10,341,587	\$ 8,177,843
Equipment	4,015,699	1,908,021
Real estate	15,218,788	12,816,343
Storm and branch sewers	552,669	1,725,946
	<u>30,128,743</u>	<u>24,628,153</u>
Capital assets transferred from Codiac Transit Commission, January 1, 2008	10,357,313	-
Redemption of long-term debt	12,381,031	10,782,076
Decrease in temporary bank borrowing	-	9,708,273
	<u>\$ 52,867,087</u>	<u>\$ 45,118,502</u>

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See accompanying notes to the financial statements.

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# City of Moncton

## Revenue and Capital Funds

### Notes to the Financial Statements

December 31, 2008

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#### 1. Significant accounting policies

##### a) Basis of accounting

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed for New Brunswick municipalities by the Department of Local Government. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles as follows:

- a) Depreciation is not recorded on property and equipment, however, the City is recording an annual provision to write down the carrying value of significant equipment;
- b) principal repayments on debentures are recorded as an expenditure when paid;
- c) the surplus (deficit) of the second previous year is recorded as a revenue (expenditure) of the current year;
- d) purchase of capital assets budgeted for in the current revenue fund are recorded as a current expenditure;
- e) appropriations to other funds for current or future purchase of capital assets or for future operating expenditures are recorded as a current expenditure;
- f) funds received through capital assistance programs for the purchase of property and equipment are treated as additions to investment in capital assets;
- g) the liability for vested unused sick leave benefits is not required to be recorded, however, relevant information is provided by note disclosure;
- h) changes in accounting policies are not to be applied retroactively;
- i) pension plan accounting going concern liabilities and disclosures.

#### Transition to conform with Public Sector Accounting Standards

For year ends after January 1, 2009, the Canadian Institute of Chartered Accountants will require municipalities to adopt Generally Accepted Accounting Principles for local government financial reporting, as prescribed by the Public Sector Accounting Board (PSAB).

The City has continued to work towards compliance with the new accounting standard and will be compliant by the required reporting date.

One of the more significant provisions of the new standard requires municipalities to capitalize tangible capital assets at historical costs and amortize these assets over their estimated useful lives. As of December 31, 2008, the City has obtained a complete listing for the roads, vehicles, sewer, and water and wastewater infrastructure; a listing of assets for land, land improvements, buildings, furniture, equipment, and technology is currently under development.

Other key elements of PSAB requirements are also in development. They include items such as reporting entities, full accruals, employment benefits and financial reporting.

##### b) Revenue recognition

Major sources of revenue are recorded on an accrual basis.

##### c) Expenditure recognition

Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

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# City of Moncton

## Revenue and Capital Funds

### Notes to the Financial Statements

December 31, 2008

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#### 1. Significant accounting policies (continued)

Principal repayments of long-term debt are recorded as expenditures when repaid. Interest on long-term debt is recorded on an accrual basis. Debenture discounts are written-off on a straight-line basis over the terms of the various issues.

#### d) Inventory of supplies

Inventory is valued at the lower of cost and net realizable value.

#### e) Property and equipment

Capital assets and projects in progress are recorded at cost. The City does not record depreciation on its property consistent with Municipal guidelines; however, annually equipment and leasehold improvements are written down to recognize the decline in the life of these assets. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to investment in capital assets, in addition to the principal repayments of long-term debt.

#### f) Prior years' operating results

Section 89 of the Municipalities Act of New Brunswick requires that the surplus or deficit for a given fiscal year be included in the budget of the second ensuing year.

#### g) Financing

Interim financing costs for annual capital construction projects are charged to current fund fiscal expenditures.

#### h) Use of estimates

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenditures. Actual amounts could differ from these estimates.

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#### 2. Appropriations to reserve funds

	<u>2008</u>	<u>2007</u>
General capital reserve fund:		
Resolution - Aug 20, 2007	\$ -	\$ 1,765,309
General operating reserve fund:		
Resolution - Aug 20, 2007	-	225,000
General capital reserve fund:		
Resolution - Nov 17, 2008	1,590,309	-
General capital reserve fund:		
Resolution - Dec 15, 2008	100,000	-
General operating reserve fund:		
Resolution - Dec 15, 2008	<u>525,000</u>	<u>-</u>
	<u>\$ 2,215,309</u>	<u>\$ 1,990,309</u>

# City of Moncton

## Revenue and Capital Funds

### Notes to the Financial Statements

December 31, 2008

#### 3. A) Receivables - Revenue Fund

	<u>2008</u>	<u>2007</u>
Kay Community Centre Foundation Inc.	\$ 300,000	\$ 334,775
Sewer construction improvements	107,264	108,779
Local improvements	565,321	342,611
Federal/Provincial government - capital and operating contributions	8,431,235	12,965,026
Federal/Provincial government - HST	3,597,278	1,574,123
Beausejour Gymnos	23,070	33,150
Magic Mountain Water Park Ltd.	128,933	110,204
Théâtre Capitol Theatre Inc.	249,228	261,811
Moncton Wildcats Junior Hockey Club Limited	188,856	170,902
Friends of the Zoo Inc.	157,120	187,120
Moncton Arena Partners	407,174	358,144
Rotary Club of Moncton, New Brunswick Inc.	160,000	200,000
Moncton Squash Club	142,968	157,968
Indoor Sports Management	200,671	202,459
Santa Claus Parade	4,444	20,599
Moncton 2010 LOC	224,325	-
Atlantic Nationals Automotive Extravaganza Ltd.	79,622	-
Other – various	<u>603,936</u>	<u>724,875</u>
	<u>\$15,571,445</u>	<u>\$ 17,752,546</u>

#### B) Mortgage receivable – Capital Fund

The mortgage receivable of \$1.9 million on the Capital Fund is non-interest bearing with no set terms for repayment and is receivable from the Théâtre Capitol Theatre Inc. as a result of the transfer of the theatre property to that Corporation in 1999.

#### 4. Deferred costs

Deferred costs of \$77,247 represent service fees paid for tickets sold in 2008, for 2009 events by a third party agency. (\$58,834 prior year)

#### 5. Deferred policing severance costs and loan payable to the Province of New Brunswick

On January 18, 1998 the City transferred responsibility for policing to the Province of New Brunswick. The Province entered into an agreement with the RCMP to police the tri-community of Moncton, Dieppe and Riverview. The former City of Moncton police officers were absorbed into the RCMP and entitled to accrued vacation and sick time benefits in accordance with their contract with the City. Severance pay was also paid based on years of service to those who opted not to join the RCMP. This amount equalled \$3,963,943 and is funded by an interest-free loan from the Province of New Brunswick to be repaid by the City commencing in fiscal 1999. By agreement with the Province these repayments form part of the annual general operating budgets. The original repayment term was six years but this was extended in 2000 by an additional five years. In 1999, \$660,657 was repaid and for 2000-2009 the amount is \$330,329 per year.

# City of Moncton

## Revenue and Capital Funds

### Notes to the Financial Statements

December 31, 2008

#### 6. Payables and accruals - Revenue Fund

	<u>2008</u>	<u>2007</u>
Accounts payable and commitments	\$ 16,262,547	\$ 14,288,418
Contractors' holdbacks	2,986,066	3,389,946
Interest on long term debt	738,962	795,892
Local improvement deposits	<u>48,863</u>	<u>48,863</u>
	<u>\$ 20,036,438</u>	<u>\$ 18,523,119</u>

#### 7. Property and equipment

	<u>2008</u>	<u>2007</u>
Permanent streets	\$ 184,447,935	\$ 174,106,348
Equipment	22,494,740	11,040,540
Real estate	145,268,165	129,042,122
Storm sewers and branch sewers	35,070,157	34,517,488
Leaseholds – City Hall	<u>1,161,115</u>	<u>1,266,670</u>
	<u>\$ 388,442,112</u>	<u>\$ 349,973,168</u>

#### 8. Long-term debt

	<u>2008</u>	<u>2007</u>
Debenture debt		
Serials and certificates	\$ 83,830,000	\$ 80,913,159
Other		
Maritime Life Assurance Company	<u>1,297,703</u>	<u>1,369,735</u>
	<u>\$ 85,127,703</u>	<u>\$ 82,282,894</u>

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

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

2009	\$ 12,909,051	2012	\$ 10,808,290
2010	12,326,570	2013	10,006,584
2011	12,057,636		

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.

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# City of Moncton

## Revenue and Capital Funds

### Notes to the Financial Statements

December 31, 2008

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#### 9. Bank indebtedness

Bank indebtedness for operating purposes is within the limits prescribed by the Municipalities Act, and the Municipal Capital Borrowing Board has approved the short term borrowing outstanding in the Capital Fund at the end of the year.

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#### 10. Commitments

- (a) In 1996 the City entered into a new long-term lease agreement to lease the new City Hall complex, for twenty-five years, which includes an option to purchase. The minimum annual lease payment is \$1,258,000 in 2009 & 2010 and \$1,334,800 in 2011 and \$1,389,400 in 2012 & 2013.

In addition, an amount approximating \$68,000 per year is being allocated to the General Capital Reserve (formerly the City Hall Development Fund) and invested through an arrangement under the lease. These funds would be available under the lease agreement for the City to exercise various options at its discretion.

- (b) Under the terms of a lease for the City library and now assigned to Fortis Properties Inc., the City is responsible for the proportionate share of the common area operating costs including property taxes. In 2008 this approximated \$616,000 and approximately 25% 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 signed October 21, 1994 to providing two special grants to Moncton Industrial Development Limited relating to property taxes on parklands:

- i) Zero tax grants - unsold land - The City of Moncton is providing a grant each year equivalent to municipal taxes levied to MID for all unsold lands for the time that MID continues to own such lands.
- ii) Incremental tax grants - lands sold – In 2007, the City of Moncton agreed to extend its commitment for the incremental tax grants indefinitely based on a new rolling base year formula covering the most recent 5 year period in order to provide funding support for future industrial park expansion defined as bank acquisition or construction of new industrial park infrastructure. This commitment covers a period not to be less than the term of the bank loans obtained to expand the Caledonia Park and to acquire industrial park lands for future development for a term of up to 15 years.

The City has also approved an undertaking to provide MID with a lump sum grant to pay out the full amount of the outstanding bank loan that remains, if any, as at April 30, 2017, relating to this expansion initiative.

- (d) Under a lease agreement for computers with Dell Financial Services Canada Limited, the City is committed to lease payments totalling \$161,232 in 2009, \$204,063 in 2010, \$158,054 in 2011, and 27,088 in 2012 plus HST.

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# City of Moncton

## Revenue and Capital Funds

### Notes to the Financial Statements

December 31, 2008

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#### **(e) Energy performance contract**

The City entered into an Energy Performance Contract in June 1999 with Vestar Limited, formerly Rose Technology Group Limited, for the design and implementation of measures to improve energy efficiency, wherein Vestar Limited guaranteed the energy savings component.

The contract costs of \$1.7 million are to be repaid from operating and energy savings over a maximum ten-year period.

As support for the financing, Vestar Limited has assigned to the Royal Bank funds due to them by the City for the energy savings component of the contract.

In the opinion of management of the City, the guaranteed energy savings component by Vestar Limited is an offset to any obligation of the City under the assignment to the Royal Bank and as a consequence neither the capital expenditures nor the financing obligation is reflected in the financial statements of the City at December 31, 2008. To date the City has paid out \$2,192,000 under the contract including interest.

- (f)** 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.
- (g)** A commitment has been made to the University of Moncton for \$2 million, payable in equal annual instalments of \$200,000 over a ten-year period. At year end \$ 1 million remains to be paid.
- (h)** The City has committed to providing \$500,000, payable in equal annual instalments over five years to Atlantic Baptist University for capital purposes. At year-end, \$200,000 remains to be paid.
- (i)** The City has a commitment to provide capital funds toward the construction of a \$17.5 million track and field facility at the University of Moncton to be ready for the World Junior Track and Field event that takes place in 2010. The City's share is \$5 million. It has also committed \$2 million towards the 2010 operating cost budget of \$8.5 million for this event. The Federal and Provincial governments are providing the remainder of the capital and operating budget amounts of \$17.5 million and \$8.5 million respectively. A joint usage agreement between the University of Moncton and the City will form part of the final agreement.

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#### **11. Liability for vested sick leave benefits**

The liability of the City of Moncton for unused sick benefits which have vested with employees and which are to be paid out to terminating employees approximates \$6.85 million at December 31, 2008.

It is the policy of the City to provide an amount annually in its operating budget to be used towards funding of unused sick benefits paid out to anyone leaving the City's employ, with over 5 years of service. This fund balance stood at \$665,000 as at December 31, 2008.

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# City of Moncton

## Revenue and Capital Funds

### Notes to the Financial Statements

December 31, 2008

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#### 12. Contingencies

- a) The City is contingently liable for debentures and other capital debt reflected on the capital fund of the Water and Light Department of \$43.4 million.
- b) The City of Moncton, in participation with the other municipalities of Riverview and Dieppe has agreed to provide a pro-rata guarantee to support \$4.8 million in capital borrowing of the Greater Moncton Airport Authority Inc. The City of Moncton had authorized and executed a guarantee of \$3.35 million, being its 69.8% pro-rata share. At December 31, 2008, the City's share of the guaranteed amount has been reduced to \$644,120.
- c) City Council has approved the extension of a \$150,000 loan guarantee for the Atlantic Ballet Theatre of Canada expiring on December 31, 2013. This guarantee will reduce by \$30,000 per year commencing on January 1, 2010 and on the first day in each year thereafter until the expiry of the guarantee on December 31, 2013.
- d) 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.

There is one significant environmental matter that relates to the former causeway landfill closure for which the City has a financial obligation resulting from a court order. The City has been ordered to divert and relocate the Jonathan Creek away from the landfill. City management estimates the cost of this obligation could be \$3 million. Funding will be provided in future capital budgets to satisfy the court order.

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#### 13. Pension plan

Pension benefits are provided to employees of The City of Moncton under the Pension Plan for the Employees of the City of Moncton Act, 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 percent of employee earnings plus a lump sum amount of \$25,000 per annum. Effective January 2007, the City's contribution limit was increased to 9 percent of employee earnings. The City charges to expenditures its contributions on an annual basis. The contribution by the City in 2008 was \$2,634,739 (2007 - \$2,451,625).

The most recent evaluation of the Pension Plan by the City's actuaries, William M. Mercer Limited, was carried out effective June 30, 2008. The actuaries reported an excess of assets over the present value of accrued plan benefits in the amount of \$9.05 million at June 30, 2008 on a going concern basis. The actuaries have provided an extrapolation of the present value of the accrued benefits obligation as at December 31, 2008. The net assets available at December 31, 2008 were less than the accrued pension benefits obligation by \$14 million at year-end.

	<u>2008</u>	<u>2007</u>
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Information about the City's pension benefit plan follows:

- (i) The most significant actuarial assumptions for accrued pension benefit obligations are:

(a) Discount rate	6.7%	6.7%
(b) Rate of compensation increases	3.25%	3.25%
(c) Rate of inflation	4%	4%
(d) Mortality	Group annuitants. Mortality 1994 projected using scale AA	
Retirement age	60% at earliest retirement age without reduction and remainder at age 65.	

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# City of Moncton

## Revenue and Capital Funds

### Notes to the Financial Statements

December 31, 2008

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<b>13. Pension plan (continued)</b>	<b><u>2008</u></b>	<b><u>2007</u></b>
(ii) Financial position		
Fair market value of plan assets	<b>\$ 133,644,000</b>	\$ 153,478,000
Accrued benefit obligation	<b><u>(147,700,000)</u></b>	<u>(140,913,000)</u>
 Funded status – plan (deficiency) surplus	 <b><u>\$ (14,056,000)</u></b>	 <u>\$ 12,565,000</u>

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#### **14. Inter-fund accounts**

Inter-fund account balances at December 31, 2008 represent current year transactions and are in compliance with the policy established by the Department of Local government. Interest is applied monthly to inter-fund balances.

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#### **15. Financial instruments**

The fair values of cash and cash equivalents, receivables and payables and accruals are assumed to approximate their carrying amounts because of their short term to maturity. The fair values of fixed rate long term liabilities in the capital fund and long term investment in the general capital reserve fund have not been determined as it is not practical to do so with sufficient reliability due to time and cost constraints.

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#### **16. Codiac Transit Commission – 2008 operations**

The Codiac Transit Commission was dissolved effective January 1, 2008. The accounts of the Codiac Transit Commission have been combined with those of the City's general and capital funds. The surplus (deficit) accounts have been combined as follows:

Surplus, beginning of year – City revenue fund	<b>\$ 61,304</b>
Transfer of (deficit) from Codiac Transit Commission, January 1, 2008	<b><u>(234,062)</u></b>
 (Deficit), beginning of year – combined	 <b><u>\$ (172,758)</u></b>

# City of Moncton

## General Operating Reserve Fund

### Balance Sheet

December 31

2008

2007

#### Assets

Loan to City of Moncton revenue fund, interest bearing	<u>\$1,877,564</u>	<u>\$2,325,157</u>
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#### Equity

Equity, beginning of year	<b>\$2,325,157</b>	\$1,983,860
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#### Add:

Appropriation from City of Moncton revenue fund	<b>525,000</b>	225,000
Interest earned	<b>93,857</b>	116,297

#### Deduct:

Transfer to City of Moncton revenue fund	<u><b>(1,066,450)</b></u>	<u>-</u>
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Equity, end of year	<u><b>\$1,877,564</b></u>	<u><b>\$2,325,157</b></u>
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The fund represents monies placed aside for current revenue fund expenditures at the discretion of City Council. \$1.5 million is specifically identified for the new Sports Stadium operating costs for the World Junior Track and Field in 2010.

On behalf of the Council

# City of Moncton

## General Capital Reserve Fund

### Balance Sheet

December 31

2008

2007

#### Assets

Long term investment, interest bearing	\$ 1,498,839	\$ 1,290,328
Land, at cost	30,000	30,000
Loan to City of Moncton revenue fund, interest bearing	<u>7,711,259</u>	<u>7,330,228</u>
	<u>\$ 9,240,098</u>	<u>\$ 8,650,556</u>

#### Liabilities and Equity

Equity, beginning of year	\$ 8,650,556	\$ 7,410,079
Add:		
Interest earned	400,283	474,980
Allocation from City of Moncton revenue fund	67,656	67,656
Appropriations from City of Moncton revenue fund for equipment purchases	1,590,309	1,765,309
Appropriations from City of Moncton revenue fund for capital purchases	100,000	-
Proceeds from land sales	185,209	12,615
Less:		
Equipment purchases	<u>(1,753,915)</u>	<u>(1,080,083)</u>
Equity, end of year	<u>\$ 9,240,098</u>	<u>\$ 8,650,556</u>

On behalf of the Council

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# City of Moncton

## General Capital Reserve Fund

### Balance Sheet

December 31, 2008

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- Effective January 1, 1998, the Municipalities Act was amended providing for a General Capital Reserve Fund. The former City Hall Development Fund and the Machinery and Equipment Depreciation Trust Fund were merged and renamed to comply with the amendment. This fund is to be used for capital expenditures only. The equity at year end is comprised of the following:

• City Hall trust funds	\$ 1,498,839
• Unrestricted capital funds	2,762,522
• Funds for construction of the new Sports Stadium	3,500,000
• Funds for equipment replacement	<u>1,478,737</u>
	<u>\$ 9,240,098</u>

#### Purposes:

- 1) The City Hall trust funds of \$1,498,839 represent amounts deposited for the benefit of the City with Maritime Life Assurance Company in accordance with the Moncton Place lease agreement. Under the lease agreement, monthly deposits are to be invested to build a fund of \$7 million over 25 years that will be available for the City to use at its discretion in pursuing various options for the premises. The interest rate being applied is 10.135% and is fixed for the entire 25 years.

The deposits required from the City's revenue fund over the next five years are as follows:

2009	\$ 67,656	2012	\$ 74,688
2010	67,656	2013	74,688
2011	71,758		

- 2) The unrestricted capital amount of \$2,762,522 represents monies from the sale of City property and is to be expended at the direction of City Council for any capital purposes.
- 3) The \$1,478,737 represents monies set aside for equipment replacement based on planned equipment purchases.

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On behalf of the Council

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# **City of Moncton** **Reserve for Land Development** **Balance Sheet**

December 31

**2008**

**2007**

## **Assets**

Loan to City of Moncton revenue fund, interest bearing	\$ 49,534	\$ 12,442
Land, at cost	<u>62,501</u>	<u>62,501</u>
	<u>\$ 112,035</u>	<u>\$ 74,943</u>

## **Liabilities and Equity**

Equity, beginning of year	\$ 74,943	\$ 44,299
Add: Interest earned	6,083	3,668
Cash received in lieu of land	106,620	33,327
Less: Transfer to capital fund for development costs	<u>(75,611)</u>	<u>(6,351)</u>
Equity, end of year	<u>\$ 112,035</u>	<u>\$ 74,943</u>

This fund represents monies received relative to the subdivision of land and is to be expended at the direction of City Council for acquiring or developing land for public purposes. Lands received from developers to be used for public purposes are also held by this fund and recorded at a nominal value of \$1.

On behalf of the Council

# City of Moncton

## Revenue Fund

### Schedule of Revenues

Year Ended December 31

2008

2007

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Other revenue from own sources</b>			
Licenses and permits - building permits	\$ 925,000	<b>\$ 1,117,915</b>	\$ 1,014,291
- other	465,460	<b>524,137</b>	459,033
Fines and fees	414,593	<b>431,195</b>	282,851
Parking	1,920,750	<b>1,830,755</b>	1,715,817
Rent	96,298	<b>101,816</b>	143,081
Miscellaneous	172,504	<b>268,078</b>	288,837
Protection	311,440	<b>265,269</b>	241,168
Transportation - designated highway recovery	658,054	<b>681,214</b>	657,196
- other	157,587	<b>184,000</b>	187,685
Public transit	2,661,658	<b>2,867,954</b>	-
Magnetic Hill Zoo	681,865	<b>966,435</b>	777,954
Magnetic Hill Park	155,000	<b>298,641</b>	159,192
Other recreational	348,750	<b>314,151</b>	326,966
Coliseum - Agrena	<u>967,087</u>	<u><b>1,388,205</b></u>	<u>732,887</u>
	<u>\$ 9,936,046</u>	<u><b>\$11,239,765</b></u>	<u>\$ 6,986,958</u>

# City of Moncton

## Revenue Fund

### Schedule of Expenditures

Year Ended December 31

2008

2007

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>General government services</b>			
Mayor and councillors	\$ 526,610	\$ 532,970	\$ 506,607
City manager	1,002,017	961,398	984,055
Finance and administration	1,785,891	1,746,829	1,666,016
Information systems	971,294	965,598	900,213
Personnel	1,238,061	1,184,705	1,062,943
Solicitor	509,083	497,994	440,437
City Hall building	1,506,772	1,606,915	2,189,057
Public relations	675,168	627,256	593,690
Other general administration	3,177,985	3,096,277	2,470,926
Grants	1,265,125	1,219,433	1,168,935
Corporate planning and policy development	367,181	317,025	283,091
	<u>13,025,187</u>	<u>12,756,400</u>	<u>12,265,970</u>
<b>Protection services</b>			
Police	17,477,306	17,643,887	16,431,933
Fire	11,105,105	11,018,230	10,444,631
Water costs for fire protection	2,200,687	2,161,351	2,160,474
Building inspection	1,062,241	1,060,977	776,501
Other protective services	441,647	429,897	456,178
	<u>32,286,986</u>	<u>32,314,342</u>	<u>30,269,717</u>
<b>Transportation services</b>			
Engineering administration	1,782,905	1,702,202	1,507,773
Roads, streets and equipment	9,420,379	11,143,515	8,169,994
Street lighting	2,240,450	2,061,213	2,029,282
Traffic and parking	1,755,195	1,642,586	1,525,161
Public transit	5,846,674	6,493,385	3,566,827
Other transportation	294,306	301,872	268,901
	<u>21,339,909</u>	<u>23,344,773</u>	<u>17,067,938</u>
<b>Environmental health and development services</b>			
Garbage and waste collection	2,781,118	2,692,417	2,685,267
Planning commission grant	495,063	495,063	361,554
Development	2,686,077	2,591,279	2,370,494
Tourism	1,151,961	1,214,126	1,108,599
	<u>\$ 7,114,219</u>	<u>\$ 6,992,885</u>	<u>\$ 6,525,914</u>

# City of Moncton

## Revenue Fund

### Schedule of Expenditures

Year Ended December 31

2008

2007

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Recreation and cultural services</b>			
Parks and recreation	\$ 7,467,936	\$ 7,789,405	\$ 7,621,313
Museum	570,190	420,493	457,675
Library	448,604	448,477	429,791
Magnetic Hill Zoo	1,472,660	1,677,360	1,369,780
Magnetic Hill Park	281,801	598,138	340,108
Program planning and development	147,709	183,140	175,476
Arenas	1,808,658	1,990,478	1,699,334
Coliseum - Agrena	2,125,031	2,315,514	1,844,864
Capitol Theatre	369,252	369,252	369,250
	<u>14,691,841</u>	<u>15,792,257</u>	<u>14,307,591</u>
<b>Fiscal services</b>			
Interest on short term borrowing and investing - net	106,923	(126,022)	(119,787)
Interest on long-term debt	4,295,189	4,331,443	3,896,280
Deposit in trust, with Maritime Life	67,656	67,656	67,656
Principal instalments on long-term debt	<u>12,381,031</u>	<u>12,381,031</u>	<u>10,782,076</u>
	<u>16,850,799</u>	<u>16,654,108</u>	<u>14,626,225</u>
	<u>\$ 105,308,941</u>	<u>\$ 107,854,765</u>	<u>\$ 95,063,355</u>