



Consolidated Financial Statements

City of Moncton

December 31, 2012

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Grant Thornton

Independent auditors' report

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To His Worship the Mayor
And Members of City Council

We have audited the consolidated statement of financial position of the City of Moncton as at December 31, 2012 and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net debt and the consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Moncton as at December 31, 2012 and the results of its operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Moncton, New Brunswick

June 17, 2013

Chartered Accountants

City of Moncton

Consolidated Statement of Financial Position

Year Ended December 31

2012

2011

Financial assets

Cash and cash equivalents	\$ 246,003	\$ -
Restricted cash (Note 2)	664,310	607,527
Receivables (Note 3)	32,171,336	33,899,100
Mortgage receivable (Note 4)	1	1
Long-term investments (Note 5)	2,591,231	2,271,134
Land and land development	17,346,225	18,256,155
Unamortized debenture discounts	1,181,050	1,116,443
	<u>54,200,156</u>	<u>56,150,360</u>

Liabilities

Bank indebtedness (Note 6)	-	6,218,828
Payables and accruals (Note 7)	27,419,675	28,195,663
Deferred government transfers (Note 8)	3,215,575	2,096,287
Long-term debt (Note 9)	148,880,246	144,042,548
Accrued pension liability (Note 10)	3,152,900	3,554,700
Other post employment liabilities (Note 11)	9,180,505	8,677,605
	<u>191,848,901</u>	<u>192,785,631</u>

Net debt

(137,648,745) (136,635,271)

Non-financial assets

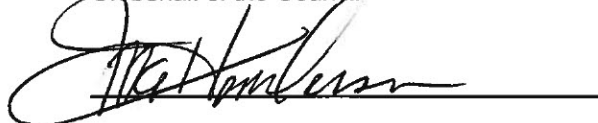
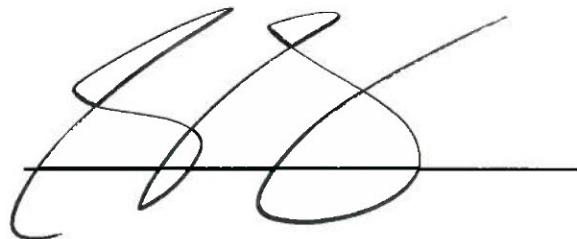
Tangible capital assets (Note 12)	591,207,973	548,419,969
Inventory of supplies	2,285,247	2,021,153
Prepays	619,467	781,650
	<u>594,112,687</u>	<u>551,222,772</u>

Accumulated surplus

\$ 456,463,942 \$ 414,587,501

Commitments and contingencies (Note 13)

On behalf of the Council:

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31

2012

2011

	PSAB Budget	Actual	Actual
Revenue			
Warrant of assessment	\$ 108,844,734	\$ 108,844,734	\$ 103,137,648
Unconditional transfers from Provincial Government	11,247,642	11,247,642	11,477,186
Federals grant in lieu	29,858	29,859	45,461
Other contributions and government transfers (Page 20)	9,437,993	27,851,599	17,319,079
Other revenue from own sources (Page 20)	12,181,601	12,051,764	13,469,138
Water and sewer revenue (Page 20)	29,338,499	29,349,955	26,724,011
Interest	680,000	1,116,372	1,155,543
	<u>171,760,327</u>	<u>190,491,925</u>	<u>173,328,066</u>
Expenses (Pages 21 & 22)			
General government services	43,529,845	44,487,665	66,756,009
Protection services	33,235,088	31,816,243	32,344,639
Transportation services	26,015,228	23,380,317	26,128,901
Environmental health and development services	6,070,114	5,690,075	5,634,915
Recreation and cultural services	18,177,658	18,338,174	18,769,433
Water and sewer	25,230,635	24,903,010	22,646,313
	<u>152,258,568</u>	<u>148,615,484</u>	<u>172,280,210</u>
Annual surplus	19,501,759	41,876,441	1,047,856
Accumulated surplus, beginning of year	-	414,587,501	413,539,645
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ 456,463,942</u>	<u>\$ 414,587,501</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Changes in Net Debt

Year Ended December 31

2012

2011

		PSAB Budget	
Annual surplus	\$ 19,501,759	\$ 41,876,441	\$ 1,047,856
Acquisition of tangible capital assets	(37,007,100)	(65,345,411)	(45,235,043)
Proceeds on disposal of tangible capital assets	-	613,212	23,002
Amortization and transfer of tangible capital assets	22,203,445	22,203,445	45,695,408
(Gain) loss on sale of tangible capital assets	-	(259,250)	462,954
	<u>(14,803,655)</u>	<u>(42,788,004)</u>	<u>946,321</u>
Change in prepaid expenses	-	162,183	99,019
Change in supplies inventory	-	(264,094)	33,915
	<u>-</u>	<u>(101,911)</u>	<u>132,934</u>
Increase (decrease) in net debt	4,698,104	(1,013,474)	2,127,111
Net debt, beginning of year	<u>(136,635,271)</u>	<u>(136,635,271)</u>	<u>(138,762,382)</u>
Net debt, end of year	<u>\$(131,937,167)</u>	<u>\$(137,648,745)</u>	<u>\$(136,635,271)</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Consolidated Statement of Cash Flows

Year Ended December 31

2012

2011

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

Operating activities

Annual surplus	\$ 41,876,441	\$ 1,047,856
Items not affecting cash:		
Amortization and transfer of tangible capital assets	22,203,445	45,695,408
(Gain) loss on sale of tangible capital assets	(259,250)	462,954
Change in accrued pension liability	(401,800)	(928,100)
Change in other post employment benefits	502,900	446,898
Changes in non-cash working capital:		
Change in receivables	1,727,764	(8,052,190)
Change in payables and accruals	(775,988)	(2,252,522)
Change in supplies inventory	(264,094)	33,915
Change in prepaid expenses	162,183	99,019
Change in land and land development	909,930	(2,374,789)
Change in debenture discounts	(64,607)	(73,797)
Net cash generated from operating activities	<u>65,616,924</u>	<u>34,104,652</u>

Capital activities

Acquisition of tangible capital assets	(65,345,411)	(45,235,043)
Change in deferred government transfers	1,119,288	1,946,587
Proceeds on sale of tangible capital assets	613,212	23,002
Net cash used for capital activities	<u>(63,612,911)</u>	<u>(43,265,454)</u>

Financing activities

Issuance of long-term debt	28,131,000	27,979,000
Repayment of long-term debt	(23,293,302)	(20,811,636)
Net cash generated from financing activities	<u>4,837,698</u>	<u>7,167,364</u>

Investing activities

Change in investments	(320,097)	(286,486)
Net cash used for investing activities	<u>(320,097)</u>	<u>(286,486)</u>

Increase (decrease) in cash and cash equivalents	6,521,614	(2,279,924)
Cash and cash equivalents (deficiency) at beginning of year	<u>(5,611,301)</u>	<u>(3,331,377)</u>
Cash and cash equivalents (deficiency) at end of year	<u>\$ 910,313</u>	<u>\$ (5,611,301)</u>

Summary of cash and cash equivalents:

Cash	\$ 246,003	\$ -
Restricted cash	664,310	607,527
Bank indebtedness	-	(6,218,828)
Cash and cash equivalents (deficiency) at end of year	<u>\$ 910,313</u>	<u>\$ (5,611,301)</u>

See accompanying notes and schedules to the consolidated financial statements.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

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

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

1. Summary of significant accounting policies

The consolidated financial statements of the Corporation of the City of Moncton are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

a) **Reporting entity**

These consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in fund balances and change in financial position of the reporting entity. The City is comprised of all organizations, local boards and commissions that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources. In addition to the City's municipal government operations, they include the operations of Moncton Industrial Development Limited (MID) and the Water and Light Department (utility operations).

Inter-departmental and organizational transactions and balances are eliminated.

b) **Government transfers**

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for which expenses are not yet incurred are included in deferred revenue.

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.

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.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

1. Summary of significant accounting policies (continued)

e) i) **Tangible capital assets**

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

Asset type	Years
Land improvements	15-25 years
Buildings and leasehold improvements	10-50 years
Vehicles and equipment	5-30 years
Computer hardware and software	5 years
Roads, streets, sidewalks and culverts	20-50 years
Parking lots	30 years
Water and wastewater networks	30-80 years

ii) **Assets under construction**

Assets under construction are not amortized until the asset is available for productive use.

iii) **Contribution of tangible capital assets**

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

iv) **Inventories of materials and supplies**

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and net realizable value.

v) **Land inventory and development costs**

Land held for resale in Moncton Industrial Development Limited is carried at the lower of cost and net realizable value. Development costs are carried at the lower of cost and net realizable value as well. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing. Land and development costs are being amortized against the cost of lot sales.

f) **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.

g) **Long-term debt**

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

h) **Employee future benefits**

The City and its employees contribute to the City of Moncton Municipal Pension Plan, a jointly trusteesd pension plan. The Plan provides for service pensions based on length of service and rate of pay (a defined benefit plan).

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

1. Summary of significant accounting policies (continued)

h) Employee future benefits (continued)

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 non-vesting sick time which is used during the employees' period of employment.

i) Budget

The budget figures contained in these consolidated financial statements were approved by Council on December 19, 2011 and the Minister of Local Government approved the General Operating Budget on January 25, 2012, Capital Budget on March 12, 2012 and Utility Operating Budget on January 25, 2012.

j) Reserves and funds

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/from reserves and reserve funds are recorded as an adjustment within accumulated surplus. Schedule 4 "Schedule of Reserve Funds" to the consolidated financial statements is included to show the reserve fund balances as supplementary information.

i. Operating funds

Operating funds are established for general, and sewer operations of the City. Operating funds are used to record the costs associated with providing City services.

ii. Capital funds

Capital funds are established for general, water, and sewer capital. Capital funds track the acquisition cost of various capital assets and the financing of those assets, including related debt.

iii. Reserve funds

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

k) 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.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

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

k) **Segmented information** (continued)

Protective services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

Transportation services

This department is responsible for common services, roads and streets maintenance, street lighting, traffic services, parking and other transportation related functions.

Environmental health services and development services

This department is responsible for the provision of waste collection and disposal for planning and zoning, community development, tourism and other municipal development and promotion services.

Recreation and cultural services

This department is responsible for the maintenance and operation of recreational and cultural facilities, including the swimming pool, arena, parks and playgrounds and other recreational and cultural facilities.

Water and wastewater systems

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

l) **Revenue recognition**

The revenues are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

m) **Expenses recognition**

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

n) **Use of estimates**

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

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

2. Restricted Cash	<u>2012</u>	<u>2011</u>
Restricted cash is comprised of the following:		
Deposits on program funding - Transportation		
Discovery Centre	\$ 153,535	\$ -
Deposits on hand	190,978	136,542
Cash held to pay performance rebates on land sales	262,297	455,985
Cash held for transition fund	<u>57,500</u>	<u>15,000</u>
	<u>\$ 664,310</u>	<u>\$ 607,527</u>

3. Receivables	<u>2012</u>	<u>2011</u>
Sewer construction improvements	\$ 53,783	\$ 53,783
City of Dieppe	236,912	212,797
Town of Riverview	128,440	256,957
Local improvements	151,789	124,865
Federal/Provincial government - capital and operating contributions	17,692,887	18,336,999
Federal/Provincial government - HST	1,617,752	1,620,363
Beausejour Gymnos	21,578	37,328
Canadian Football League	-	131,331
Canadian Olympic Committee	-	50,000
Magic Mountain Water Park Ltd.	56,500	81,500
Théâtre Capitol Theatre Inc.	182,888	212,550
Moncton Wildcats Junior Hockey Club Limited	21,446	28,281
Moncton Arena Partners	216,401	342,478
Rotary Club of Moncton, New Brunswick Inc.	100,000	120,000
Moncton Squash Club	108,172	113,172
Indoor Sports Management	99,962	130,056
Moncton Football Assoc Incorporated	350,607	387,808
Atlantic Nationals Automotive Extravaganza Ltd.	15,000	30,000
Other - various general fund receivables (net of allowances)	723,807	703,901
Water and sewer receivables	10,378,472	10,588,149
Moncton Industrial Development Limited receivables	<u>14,940</u>	<u>336,782</u>
	<u>\$ 32,171,336</u>	<u>\$ 33,899,100</u>

4. Mortgage receivable

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

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

5. Long-term investments

The long-term investment of \$2,591,231 represents amounts deposited for the benefit of the City with Maritime Life Assurance Company in accordance with the Moncton Place lease agreement. Under the lease agreement, monthly deposits are to be invested to build a fund of \$7 million over 25 years that will be available for the City to use at its discretion in pursuing various options for the premises. The interest rate being applied is 10.135% and is fixed for the entire 25 years.

6. Bank indebtedness

Bank indebtedness for operating purposes is within the limit prescribed by the Municipalities Act, and the Municipal Capital Borrowing Board has approved the short-term borrowing outstanding in the Capital Fund at the end of the year. The credit facility with the City's bank has combined authorizing borrowing limit of \$25 million for the City operations excluding Moncton Industrial Development Limited.

7. Payables and accruals

	<u>2012</u>	<u>2011</u>
Accounts payable and commitments	\$ 14,597,235	\$ 16,606,630
Payable to the Policing Authority	5,149,379	6,106,325
Contractors' holdbacks	6,425,602	3,648,936
Interest on long-term debt	540,422	603,624
Moncton Industrial Development Limited payables, accruals and deposit on land	671,776	1,194,887
Local improvement deposits	<u>35,261</u>	<u>35,261</u>
	<u>\$ 27,419,675</u>	<u>\$ 28,195,663</u>

8. Deferred government transfers

Deferred government transfers represent gas tax amounts held at year end to be applied to approved projects. These deferred contributions consist of Gas Tax Funds of \$3,215,575 (2011 - \$2,096,287).

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

9. Long-term debt	<u>2012</u>	<u>2011</u>
<u>New Brunswick Municipal Financing Corporation</u>		
Debtentures:		
AM5 3.375% - 5.75%, due 2012, OIC #00-0015, #00-0056, #01-0015	\$ -	\$ 605,100
AN8 3.1% - 5.6%, due 2012, OIC #00-15	-	368,000
AN7 3.1% - 5.6%, due 2012, OIC #01-15	-	610,000
AO3 3.05% - 5.0%, due 2013, OIC #01-0015	818,100	1,598,000
AP11 2.75% - 5.125%, due 2013, OIC #01-0015, #02-0018	798,000	1,558,000
AP12 2.75% - 5.125%, due 2013, OIC #01-0015	573,000	1,119,000
AQ1 2.75% - 5.5%, due 2014, OIC #02-0018	1,863,000	2,725,000
AR9 2.75% - 4.8%, due 2014, OIC #02-0018, #03-0017	1,783,000	2,616,000
AR10 2.75% - 4.8%, due 2014, OIC #02-0018	803,000	1,178,000
AS1 2.85% - 4.35%, due 2015, OIC #03-0017, #03-0020, #04-0010	2,653,000	3,469,000
AT12 3.75% - 4.375%, due 2015, OIC #03-0017, #04-0010	2,616,000	3,418,000
AT13 3.75% - 4.375%, due 2015, OIC #03-0017	1,211,000	1,583,000
AU1 4.15% - 4.7%, due 2015, OIC #04-0010, #05-0016	5,378,000	6,584,000
AV13 4.15% - 4.45%, due 2015, OIC #05-0016	1,632,000	1,999,000
AV14 4.15% - 4.45%, due 2015, OIC #04-0010	3,951,000	4,840,000
AW1 4.3% - 4.55%, due 2016, OIC #00-0018, #03-0017, #04-0010, #05-0016, #06-0019	6,644,000	7,810,000
AX12 4.45% - 4.85%, due 2017, OIC #06-0019	3,954,000	4,664,000
AY5 3.3% - 4.85%, due 2018, OIC #05-0016, #06-0019, #07-0015, #07-0093	7,943,000	9,135,000
AY6 3.3% - 4.85%, due 2018, OIC #05-0016	4,812,000	5,501,000
AZ10 2.1% - 5.55%, due 2018, OIC #04-0010, #05-0016	3,903,000	4,486,000
BA7 0.95% - 5%, due 2019, OIC #05-0016, #06-0019, #07-0015, #08-0014	10,839,000	12,572,000
BA8 0.95% - 5%, due 2019, OIC #06-0019	2,235,000	2,524,000
BC5 1.5% - 4.55%, due 2020, OIC #07-0015, #08-0014, #09-0025	12,877,000	14,294,000
BC6 1.5% - 4.55%, due 2020, OIC #07-0015	3,896,000	4,314,000
BD11 1.5% - 3.85%, due 2020, OIC #07-0015, #08-0014	7,937,000	8,850,000
BE21 1.65% - 4.25%, due 2021, OIC #08-0014, #09-0025, #10-0018	14,439,000	16,079,000
BE22 1.65% - 4.25%, due 2021, OIC #09-0025, #10-0018	4,870,000	5,340,000
BF9 1.35% - 3.45%, due 2021, OIC #09-0025, #10-0018	5,777,000	6,360,000
BG10 1.65% - 3.4% due 2022, OIC#06-19, #08-14, #09-0025, #10-0018, #10-0068, #11-0038, #11-0100	15,415,000	-
BH12 1.35%-3.1% due 2022, OIC#06-19, #08-14, #09-0025, #09-0072, #10-0018, #11-0038, #12-0016	3,011,000	-
BH13 1.35%-3.1% due 2022 OIC#06-19, #07-15, #08-14, #09-0025, #10-0018, #11-0038	9,705,000	-
	<u>142,336,100</u>	<u>136,199,100</u>
<u>Maritime Life Assurance Company</u>		
Mortgage payable, 8.186%, due 2019.	944,146	1,043,448

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

9. Long-term debt (continued)	<u>2012</u>	<u>2011</u>
<u>Scotiabank - Moncton Industrial Development Limited</u> Credit facility at 4.54% per annum, maturing in 2017 with principal repayments based on lot sales.	<u>5,600,000</u>	<u>6,800,000</u>
	<u>\$ 148,880,246</u>	<u>\$ 144,042,548</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:

2013	\$ 16,894,584	2016	\$ 12,376,864
2014	15,762,572	2017	10,467,296
2015	13,841,309		

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.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

10. Accrued pension liability

Pension benefits are provided to employees of The City of Moncton under the Pension Plan for the Employees of the City of Moncton amended and assented to February 26, 1998. Employees contribute to the plan, which provides for service pensions based on length of service and rate of pay (a defined benefit plan). The City's contribution limits were initially fixed by legislation at 6.65% of employee earnings plus a lump sum amount of \$25,000 per annum. Effective January 2007, the City's contribution limit was increased to 9% of employee earnings.

Employees make contributions equal to 9% of earnings, and the City contributes an equal amount. The contribution by the City in 2012 was \$3,062,900 (2011 - \$3,036,200). Total benefit payments to retirees during the year were \$10,023,100 (2011 - \$8,539,700). A separate pension fund is maintained. The City is in a net deficit position at December 31, 2012, as follows:

	<u>2012</u>	<u>2011</u>
Fair market value of plan assets	\$ 178,402,900	\$ 169,988,900
Accrued benefit obligation	<u>(184,014,100)</u>	<u>(169,990,200)</u>
Funded status	<u>(5,611,200)</u>	(1,300)
Unamortized actuarial (losses) gains	<u>(2,458,300)</u>	3,553,400
Accrued pension liability	<u>\$ (3,152,900)</u>	<u>\$ (3,554,700)</u>

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent evaluation of the Pension Plan by the City's actuaries, Mercer, was carried out effective June 30, 2012. The accrued benefit obligation shown at December 31, 2012 is based on an extrapolation of the 2012 valuation. There is a net unamortized actuarial loss to be amortized on a straight-line basis over the expected average remaining service life of the employee group (13 years).

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>2012</u>	<u>2011</u>
(a) Discount rate	6.25%	6.70%
(b) Rate of compensation increases	2.65%	3.25%
(c) Rate of inflation	2.25%	2.50%
(a) Mortality	Group annuitants. Mortality 1994 projected using scale AA.	
Retirement age	60% at earliest retirement age without reduction and remainder at age 65.	

	<u>2012</u>	<u>2011</u>
Current period benefit cost	\$ 6,093,300	\$ 5,951,000
Amortization of actuarial gain/losses	<u>(367,500)</u>	<u>(611,400)</u>
	5,725,800	5,339,600
Less: Employee contributions	<u>(3,063,700)</u>	<u>(3,036,200)</u>
Pension expense	2,662,100	2,303,400
Interest cost on the average accrued benefit obligation	<u>(1,000)</u>	<u>(195,300)</u>
Total expenses related to pension	<u>\$ 2,661,100</u>	<u>\$ 2,108,100</u>

The employer contribution expense of \$3,062,900 is included in the statement of operations as a component of department expenses. The change in pension liability of \$(401,800) is recorded in the general government services.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

11. Other post employment liabilities

The City of Moncton provides various groups of employees in accordance with applicable collective agreements the ability to accumulate sick bank benefits payable either upon retirement or resignation.

	<u>2012</u>	<u>2011</u>
Employee benefit obligations:		
Vested benefits	\$ 9,236,900	\$ 8,782,100
Unamortized actuary losses	(519,500)	(567,600)
Non-vested benefits	<u>463,105</u>	<u>463,105</u>
Accrued employee benefit obligation	<u>\$ 9,180,505</u>	<u>\$ 8,677,605</u>
Accrued employee benefit obligation	\$ 9,180,505	\$ 8,677,605
Less funded amount	<u>(1,803,972)</u>	<u>(1,173,200)</u>
Unfunded employee benefit obligation	7,376,533	7,504,405
Less non-vested benefits	<u>(463,105)</u>	<u>(463,105)</u>
Vested benefits to be funded from future revenue	<u>\$ 6,913,428</u>	<u>\$ 7,041,300</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 3.25%;
- the discount rate used to determine the accrued benefit obligation is 3.75%;
- retirement age is 60; 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, 2012

12. Tangible capital assets

	General Capital Assets								Water and Sewer Assets			2012	2011
	Land	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer, Hardware and Software	Land Improvements	Asset under Construction	Parking Lots	Road, Streets, Sidewalks, Culverts	W&S Buildings and Leasehold Improvements	Water and Sewer	Assets under Construction		
Cost													
Opening cost	\$ 18,417,498	\$ 70,487,426	\$ 45,987,700	\$ 7,165,428	\$ 32,251,932	\$ 15,074,382	\$ 11,625,418	\$ 233,390,620	\$ 45,979,287	\$ 351,337,114	\$ 11,887,729	\$843,604,534	\$825,701,544
Additions and transfers	246,732	1,466,705	1,680,329	896,304	3,471,207	(2,409,511)	144,813	18,547,476	1,406,944	16,021,478	23,872,934	65,345,411	45,235,043
Disposals and transfers	(229,421)		(548,001)							(446,138)		(1,223,560)	(27,332,053)
Closing cost	18,434,809	71,954,131	47,120,028	8,061,732	35,723,139	12,664,871	11,770,231	251,938,096	47,386,231	366,912,454	35,760,663	907,726,385	843,604,534
Accumulated amortization													
Opening accumulated Amortization		(26,811,350)	(27,538,360)	(5,617,127)	(11,711,550)		(5,310,627)	(94,515,625)	(22,777,806)	(100,902,120)		(295,184,565)	(276,335,254)
Amortization		(1,855,337)	(3,314,211)	(818,178)	(1,930,934)		(385,952)	(7,497,062)	(1,148,697)	(5,253,074)		(22,203,445)	(21,317,088)
Disposals			513,394							356,204		869,598	2,467,777
Closing accum'd amortization	-	(28,666,687)	(30,339,177)	(6,435,305)	(13,642,484)	-	(5,696,579)	(102,012,687)	(23,926,503)	(105,798,990)	-	(316,518,412)	(295,184,565)
Asset net book value	\$ 18,434,809	\$ 43,287,444	\$ 16,780,851	\$ 1,626,427	\$ 22,080,655	\$ 12,664,871	\$ 6,073,652	\$ 149,925,409	\$ 23,459,728	\$ 261,113,464	\$ 35,760,663	\$591,207,973	\$ 548,419,969

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

13. Commitments and contingencies

Commitments

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

2013	\$1,389,400
2014	\$1,389,384
2015	\$1,389,384
2016	\$1,473,671
2017	\$1,533,876

In addition, an amount approximating \$74,688 per year is being allocated to the General Capital Reserve (formerly the City Hall Development Fund) and invested through an arrangement under the lease. These funds would be available under the lease agreement for the City to exercise various options at its discretion.

- (b) Under the terms of a lease for the City library and now assigned to Fortis Properties Inc., the City is responsible for the proportionate share of the common area operating costs including property taxes. In 2012 this approximated \$677,045 and approximately 39% was recovered from the Province under a sub-lease for its proportionate share of the costs. The lease expires in 2053.
- (c) Under a lease agreement for computers with Dell Financial Services Canada Limited, the City is committed to lease payments totaling \$169,899 in 2013, \$144,622 in 2014, \$99,468 in 2015, \$32,122 in 2016 plus HST.
- (d) The City is committed under an agreement with Moncton 4Ice Sports Inc. (the Service Provider) to pay a service fee of \$119,430 per month for a total of \$1.433 million annually to provide and operate the 4Plex facility for the benefit of the citizens of Moncton. The initial term of the agreement is for twenty years with a ten year renewal option. The City also has the ability to exercise purchase options after twenty and after thirty years.
- (e) A commitment has been made to the University of Moncton for \$2 million, payable in equal annual instalments of \$200,000 over a ten-year period. At year end, \$200,000 remains to be paid.
- (f) The City is committed to provide \$500,000 to the Atlantic Ballet Theatre of Canada over a ten year period of \$50,000 per year. At December 31, 2012, four installments remain.
- (g) City has entered into a number of multi year contracts for the delivery of services, the construction of assets, and operating leases. These contract obligation will become liabilities in the future when the terms of the contract are met.
- (h) The City paid \$25,000 for an option to purchase approximately 11 acres of land on Main Street (formerly Highfield Square) for a potential purchase price of approximately \$7 million. The option expires on July 3, 2013.

City of Moncton

Notes to the Consolidated Financial Statements

December 31, 2012

13. Commitments and contingencies (continued)

Contingencies

- (a) City Council has approved the extension of a \$150,000 loan guarantee for the Atlantic Ballet Theatre of Canada. This guarantee commenced on January 1, 2010 and the loan guarantee will expire on December 31, 2014. At December 31, the guarantee stands at \$120,000.
 - (b) The City has an outstanding claim against it for approximately \$8.9 million for additional compensation for the expropriation of approximately 600 acres of wooded land on Berry Mills Road. The eventual outcome of this claim is not determinable at year end.
 - (c) 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.
-

14. Regulatory reporting

The Department of Local Government of New Brunswick has requested some disclosures in addition to Canadian Public Sector Accounting Standards for monitoring purposes. The City has provided these disclosure requirements in the consolidated financial statements provided to the Department of Local Government of New Brunswick.

15. Reclassification

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

City of Moncton

Schedule 1: Consolidated Schedule of Revenues

Year ended December 31, 2012

2012

2012

2011

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Other contributions and government transfers			
Infrastructure program	\$ 1,600,000	\$ 51,307	\$ 2,298,185
Gas tax program	4,983,000	5,267,640	3,037,046
Regional Development Corporation	-	-	2,612,119
Donated assets - developers	-	9,707,508	4,806,060
Department of Transportation	-	42,862	624,434
Organizations and individuals	600,000	669,917	495,329
Local improvement and branch sewer recoveries	-	269,615	81,300
Designated highway recoveries	1,000,000	-	1,250,000
Department of Supply and Services	-	-	457,888
Canadian Heritage	1,000,000	1,000,000	200,000
Other Government	-	17,699	-
Federal and Provincial contributions - water and sewer	-	10,555,896	1,237,912
Moncton Industrial Development Limited - grants	254,993	269,155	218,806
	<u>\$ 9,437,993</u>	<u>\$ 27,851,599</u>	<u>\$ 17,319,079</u>
Other revenue from own sources			
Licenses and permits - building permits	\$ 980,000	\$ 1,249,499	\$ 1,157,458
- other	485,650	610,913	484,127
Fines and fees	450,000	582,104	402,543
Parking	2,221,290	2,149,125	2,036,978
Rent	129,694	127,049	145,994
Miscellaneous	229,341	263,516	221,696
Protection	181,000	184,461	181,806
Transportation - designated highway recovery	689,305	700,211	697,358
- other	248,600	159,546	262,253
Public transit	3,875,108	2,030,787	3,561,310
Magnetic Hill Zoo	1,120,550	1,118,642	1,182,114
Magnetic Hill Park	140,000	336,300	604,959
Other recreational	363,155	446,016	342,074
Coliseum - Agrena	1,053,908	1,026,255	964,513
Gain (loss) on sale of assets	-	259,250	(462,954)
Cash received in lieu	-	48,149	56,136
Water and sewer other revenue	14,000	36,466	9,009
Moncton Industrial Development Limited - land sales	-	723,475	1,560,141
Moncton Industrial Development Limited - other	-	-	61,623
	<u>\$ 12,181,601</u>	<u>\$ 12,051,764</u>	<u>\$ 13,469,138</u>
Water and sewerage revenue			
Water user charges	\$ 17,459,843	\$ 17,330,249	\$ 16,001,171
Sewer user charges	4,758,406	4,702,287	4,310,785
Sewer treatment levy	7,120,250	7,317,419	6,412,055
	<u>\$ 29,338,499</u>	<u>\$ 29,349,955</u>	<u>\$ 26,724,011</u>

City of Moncton

Schedule 2: Consolidated Schedule of Expenses

Year Ended December 31

2012

2012

2011

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General government services			
Mayor and Councillors	\$ 574,439	\$ 567,432	\$ 526,047
City Manager and Internal Audit	344,780	326,700	317,880
Corporate Services	145,518	145,403	138,953
Finance and administration	2,171,317	2,121,526	1,931,271
Information systems	1,719,845	1,686,190	1,744,423
Human resources	1,369,475	1,337,245	1,313,099
Legislative Services	1,008,433	1,080,935	939,810
City Hall building	1,887,576	1,819,717	1,686,074
Corporate communications	744,583	784,897	804,016
Other general administration	3,602,495	3,834,334	3,136,086
Grants	1,390,126	1,354,192	1,311,523
Corporate planning and policy development	376,304	331,463	356,333
Moncton Industrial Development Limited	<u>801,992</u>	<u>2,012,536</u>	<u>2,147,497</u>
	16,136,883	17,402,570	16,353,012
Amortization and transfer of tangible assets	22,203,445	22,203,445	45,695,408
Interest	4,234,744	4,142,341	4,365,801
Pension	(401,800)	(401,800)	(928,100)
Post-retirement liabilities	981,573	853,701	750,149
Maintenance facilities	<u>375,000</u>	<u>287,408</u>	<u>519,739</u>
	<u>\$ 43,529,845</u>	<u>\$ 44,487,665</u>	<u>\$ 66,756,009</u>
Protection services			
Police	\$ 18,868,958	\$ 17,788,126	\$ 18,712,005
Fire	12,143,121	11,898,715	11,591,390
Building inspection	1,451,857	1,379,256	1,344,849
Other protective services	<u>771,152</u>	<u>750,146</u>	<u>696,395</u>
	<u>\$ 33,235,088</u>	<u>\$ 31,816,243</u>	<u>\$ 32,344,639</u>
Transportation services			
Engineering administration	\$ 1,917,062	\$ 1,813,260	\$ 1,615,064
Roads, streets and equipment	9,546,487	9,263,732	10,986,875
Street lighting	2,298,850	2,333,960	2,279,892
Traffic and parking	2,145,163	2,137,714	2,018,346
Public transit	9,656,323	7,366,954	8,779,557
Other transportation	<u>451,343</u>	<u>464,697</u>	<u>449,167</u>
	<u>\$ 26,015,228</u>	<u>\$ 23,380,317</u>	<u>\$ 26,128,901</u>
Environmental health and development services			
Garbage and waste collection	\$ 3,443,202	\$ 3,200,464	\$ 3,307,882
Planning commission grant	596,655	596,655	567,860
Development	1,142,624	1,060,225	1,099,093
Tourism	<u>887,633</u>	<u>832,731</u>	<u>660,080</u>
	<u>\$ 6,070,114</u>	<u>\$ 5,690,075</u>	<u>\$ 5,634,915</u>

City of Moncton

Schedule 2: Consolidated Schedule of Expenses

Year Ended December 31

2012

2012

2011

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Recreation and cultural services			
Parks and Leisure Services	\$ 7,397,838	\$ 7,480,602	\$ 7,251,459
Events and Venues	1,888,820	1,729,640	2,425,403
Library	512,705	502,767	501,705
Magnetic Hill Park	388,010	723,374	1,030,716
Museum	618,787	508,147	470,197
Magnetic Hill Zoo	2,109,824	2,113,117	2,008,449
Program planning and development	154,090	124,682	122,854
Arenas	2,245,210	2,251,004	2,060,541
Coliseum - Agrena	2,202,223	1,992,191	2,133,335
Other cultural programs and services	172,441	170,170	117,767
Capitol Theatre grant	487,710	742,480	647,007
	<u>\$ 18,177,658</u>	<u>\$ 18,338,174</u>	<u>\$ 18,769,433</u>
Water and sewer expenses			
Water supply			
Administration	\$ 3,730,675	\$ 3,672,079	\$ 3,211,656
Interest	1,594,729	1,497,504	1,487,056
Transmission and distribution	3,780,263	3,817,846	3,408,002
Purification and source of supply	481,521	436,553	362,466
Power and pumping	557,640	495,814	557,648
Water treatment charges	4,522,000	4,502,772	4,506,824
	<u>14,666,828</u>	<u>14,422,568</u>	<u>13,533,652</u>
Sewer collection and disposal			
Administration	1,381,234	1,381,236	1,226,190
Interest	833,437	707,528	671,003
Maintenance	1,228,886	1,271,428	1,298,778
Sewer billing adjustments	-	-	(400,000)
Sewer treatment charges	7,120,250	7,120,250	6,316,690
	<u>10,563,807</u>	<u>10,480,442</u>	<u>9,112,661</u>
	<u>\$ 25,230,635</u>	<u>\$ 24,903,010</u>	<u>\$ 22,646,313</u>

City of Moncton

Schedule 3: Schedule of Segment Disclosure

December 31, 2012

	General Government	Protection	Transportation	Environmental Health & Development	Recreation and cultural	Water & Sewer	MID	2012 Consolidated	2011 Consolidated
Revenues									
Warrant of assessment *	\$ 108,844,734	\$	\$	\$	\$	\$	\$	\$ 108,844,734	\$ 103,137,648
Unconditional transfers from Provincial Government *	11,247,642							11,247,642	11,477,186
Federal grant in lieu	29,859							29,859	45,461
Other contributions and government transfers	12,671,460					14,910,984	269,155	27,851,599	17,319,079
Other revenue from own sources	1,279,968	2,044,873	5,039,669		2,927,313	36,466	723,475	12,051,764	13,469,138
Water and sewer user fees						29,349,955		29,349,955	26,724,011
Interest	451,690					661,814	2,868	1,116,372	1,155,543
	134,525,353	2,044,873	5,039,669	-	2,927,313	44,959,219	995,498	190,491,925	173,328,066
Expenses									
Salaries and benefits	9,838,375	15,709,829	11,570,844	883,783	8,320,144	3,112,365		49,435,340	48,805,387
Goods and services	5,839,067	16,106,414	11,809,473	4,806,292	10,018,030	19,585,613	2,012,536	70,177,425	71,736,757
Amortization, disposals and transfers*	22,199,915						3,530	22,203,445	45,695,408
Interest	3,749,398					2,205,032	392,943	6,347,373	6,523,860
Pension*	(401,800)							(401,800)	(928,100)
Post-retirement liabilities*	853,701							853,701	446,898
	42,078,656	31,816,243	23,380,317	5,690,075	18,338,174	24,903,010	2,409,009	148,615,484	172,280,210
Surplus (deficit) for the year	\$ 92,446,697	\$ (29,771,370)	\$ (18,340,648)	\$ (5,690,075)	\$ (15,410,861)	\$ 20,056,209	\$ (1,413,511)	\$ 41,876,441	\$ 1,047,856

*The warrant of assessment, unconditional transfers from Provincial Government, amortization, disposals and transfers, change pension liability and post-retirement liabilities have been reported under General Government for segment disclosure.

City of Moncton

Schedule 4: Schedule of Reserve Funds

December 31, 2012

	General Operating Reserve	General Capital Reserve	W&S Operating Reserve	W&S Capital Reserve	Reserve for Land Develop Fund	2012 Total	2011 Total
Accumulated surplus, beginning of year	\$ 1,736,199	\$ 4,824,544	\$ 400,263	\$ 2,911,530	\$ 397,788	\$ 10,270,324	\$14,188,242
Transfers to/from Water and General Operating Funds							
Allocation from City of Moncton revenue fund		74,688				74,688	71,758
Appropriation from General Operating fund	850,000		50,000	200,000		1,100,000	1,225,000
Appropriation from General Operating fund for equipment purchases		1,828,697				1,828,697	2,161,612
Appropriation from General Operating fund for capital purchases		3,940,691				3,940,691	586,494
Transfer to General Capital fund for Stadium facility						-	(750,000)
Transfer to General Capital fund for Codiac facility						-	(2,114,125)
Transfer to General Capital fund for Land purchase					(75,198)	(75,198)	-
Transfer to General Capital fund for Equipment purchases		(609,321)				(609,321)	(2,619,865)
Transfer to General Operating fund to fund capital projects						-	(450,000)
Transfer to General Operating fund for deferred maintenance	(287,408)					(287,408)	(519,739)
Transfer to General Operating fund to fund deficit						-	(2,000,000)
	562,592	5,234,755	50,000	200,000	(75,198)	5,972,149	(4,408,865)
Interest	46,022	327,247	8,754	61,543	8,124	451,690	411,809
Proceeds on sale of assets		538,188				538,188	23,002
Cash received in lieu of land		75,023			52,789	127,812	56,136
Annual surplus (deficit)	608,614	6,175,213	58,754	261,543	(14,285)	7,089,839	(3,917,918)
Accumulated surplus, end of year	\$ 2,344,813	\$ 10,999,757	\$ 459,017	\$ 3,173,073	\$ 383,503	\$ 17,360,163	\$ 10,270,324

City of Moncton

Schedule 5: Schedule of Operating Budget to PSAB budget

December 31, 2012

	Operating Budget General	Operating Budget Water & Sewer	Capital Budget	MID	Amortization & Pension & Post Employment Adjustments	Transfers	Total
Revenue							
Province of New Brunswick							
Grant from City of Moncton	\$	\$	\$	\$ 270,000	\$	\$ (270,000)	\$ -
Warrant for property taxes	108,844,734						108,844,734
Unconditional grant	11,247,642						11,247,642
Federal grant in lieu	29,858						29,858
Other government contributions and transfers			9,183,000	539,492		(284,499)	9,437,993
Other revenue from own sources	12,167,601	14,000					12,181,601
Water and sewerage rates		29,338,499					29,338,499
Water supply for fire protection		3,088,907				(3,088,907)	-
Interest		680,000					680,000
Second previous year's surplus	788,599	136,393				(924,992)	-
	133,078,434	33,257,799	9,183,000	809,492	-	(4,568,398)	171,760,327
Expenses							
General government services	16,691,464			801,992	21,801,645	4,234,744	43,529,845
Protective services	36,323,995					(3,088,907)	33,235,088
Transportation services	30,749,628					(4,734,400)	26,015,228
Environmental health & development services	7,605,422					(1,535,308)	6,070,114
Recreation and cultural services	18,177,658						18,177,658
Water and sewer		22,802,469				2,428,166	25,230,635
Fiscal services							-
Long-term debt repayments	15,672,978	6,420,530				(22,093,508)	-
Interest	4,234,744	2,428,166				(6,662,910)	-
Transfer from the General Operating fund to the General Capital fund	850,000					(850,000)	-
Funding current year's capital projects – general	1,828,697					(1,828,697)	-
Funding General Capital fund	943,848					(943,848)	-
Transfer from the Water and Sewer Operating fund to the Water and Sewer Capital fund		250,000				(250,000)	-
	133,078,434	31,901,165	-	801,992	21,801,645	(35,324,668)	152,258,568
Surplus (deficit) for the year	\$ -	\$ 1,356,634	\$ 9,183,000	\$ 7,500	\$ (21,801,645)	\$ 30,756,270	\$ 19,501,759

City of Moncton

Schedule 6: Schedule of Reconciliation of Annual Surplus

December 31, 2012

	General Fund	General Capital Fund	General Reserve Fund	W & S Current Fund	W & S Capital Fund	Capital Reserve Fund	W & S Capital Reserve Fund	W & S General Operating Fund	Reserve for Land Develop Fund	MID	Total All Funds
2012 annual fund surplus (deficit)*	\$ 1,147,588	\$ 31,046,713	\$ 608,614	\$ 1,631,160	\$ 21,405,984	\$ 6,175,213	\$ 261,543	\$ 58,754	\$ (14,285)	\$ 121,797	\$ 62,443,081
Adjustment to annual surplus (deficit) for funding Requirements											-
Second previous year's surplus	(788,599)			(136,393)							(924,992)
MID - Grant	1,535,308								(1,535,308)		-
Transfer of Fire Watercosts	3,094,542			(3,094,542)							-
Transfer of City Hall Interest on Investment	74,688					(74,688)					-
Transfer of Capital from Operating Capital Theatre	4,734,400	(4,734,400)									-
Long term Debt principal repayment	15,598,302	(15,598,302)									(254,772)
Long term Debt principal repayment				6,495,000	(6,495,000)						-
Write down		2,637,328									2,637,328
Loss from disposal of tangible Capital Assets		(353,962)									(353,962)
Proceeds from disposal of tangible Capital Assets											-
Provision for Retirement liability	127,873										127,873
Amortization Expense		(15,798,144)			(6,401,771)						(22,199,915)
Pension Expense	401,800										401,800
Total Adjustments to 2012 annual surplus (deficit)	24,523,542	(33,847,480)	-	3,264,065	(12,896,771)	(74,688)	-	-	-	(1,535,308)	(20,566,640)
2012 annual Surplus(deficit) per PSAB for the year	\$ 25,671,130	\$ (2,800,767)	\$ 608,614	\$ 4,895,225	\$ 8,509,213	\$ 6,100,525	\$ 261,543	\$ 58,754	\$ (14,285)	\$ (1,413,511)	\$ 41,876,441

*The annual fund surplus includes all of the interfund transfers