

CITY OF IQALUIT
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

CITY OF IQALUIT
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DECEMBER 31, 2008

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AUDITORS' REPORT

Mayor and Council
City of Iqaluit
Iqaluit, Nunavut

We have audited the consolidated statement of financial position of the City of Iqaluit as at December 31, 2008 and the consolidated statements of financial activities, changes in fund balances and cash flows for the year then ended. These consolidated financial statements are the responsibility of Administration. 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 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 Administration, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Iqaluit as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles and as required by Section 144 of the *Cities, Towns and Villages Act* of Nunavut on a basis consistent with that of the preceding year.

We further report in accordance with the *Cities, Towns and Villages Act* of Nunavut that, in our opinion, proper books of account have been kept by the City, the consolidated financial statements are in agreement with the records maintained by the City and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the City, except as outlined in Note 13 to the consolidated financial statements.


CHARTERED ACCOUNTANTS

Iqaluit, Nunavut
March 16, 2009

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 11,641,444	\$ 5,599,190
Taxes and grants in lieu receivable (Note 3)	411,469	490,061
Contributions receivable - Government of Nunavut	138,336	2,601,408
Accounts receivable (Note 4)	2,956,020	3,581,892
Land held for resale (Note 5)	1,534,105	2,148,125
Land leases receivable (Note 6)	<u>8,463,499</u>	<u>8,829,327</u>
	<u>25,144,873</u>	<u>23,250,003</u>
LIABILITIES		
Due to Government of Nunavut (Note 7)	275,603	270,469
Accounts payable and accrued liabilities	4,092,952	4,721,965
Post-employment benefits payable (Note 1(g))	1,158,867	1,043,755
Deposits	86,594	97,291
Performance bond payable	56,445	174,226
Deferred revenue (Note 8)	4,110,922	1,757,152
Long term debt (Note 9)	11,708,869	13,073,485
Obligations under capital lease (Note 10)	<u>2,402,651</u>	<u>2,620,446</u>
	<u>23,892,903</u>	<u>23,758,789</u>
NET FINANCIAL ASSETS (OBLIGATIONS)	<u>1,251,970</u>	<u>(508,786)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	114,424	98,893
Property, plant and equipment (Schedule 16)	<u>108,363,799</u>	<u>102,264,875</u>
	<u>108,478,223</u>	<u>102,363,768</u>
NET FINANCIAL POSITION	<u>\$109,730,193</u>	<u>\$101,854,982</u>
MUNICIPAL POSITION		
General operating fund	\$ 1,712,277	\$ (138,668)
Water and sewer fund	(883,217)	(1,020,904)
Sanitation program fund	(849,363)	(756,175)
Capital fund	0	0
Land development fund	1,521,736	3,164,473
Gravel fund	(174,242)	(30,840)
Reserve fund	<u>5,186,287</u>	<u>3,822,216</u>
	6,513,478	5,040,102
Equity in property, plant and equipment	<u>103,216,715</u>	<u>96,814,880</u>
	<u>\$109,730,193</u>	<u>\$101,854,982</u>

Contingent Liabilities (Note 14)

Approved on behalf of the City of Iqaluit:

Mayor

Chief Administrative Officer

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Taxes and grants in lieu	\$ 10,480,500	\$ 10,425,810	\$ 9,166,159
Water and sewer	4,632,000	4,733,652	4,587,516
Government capital contributions	7,800,000	4,643,799	4,845,755
Other revenue from own sources	2,265,960	3,281,940	2,292,801
Equalization contribution	1,344,100	1,749,080	1,500,173
Land sales	50,000	1,661,695	2,200,068
Sanitation services	1,280,000	1,446,749	1,495,750
Contracts	897,000	1,149,312	869,286
Water and sewer subsidies	975,600	1,074,335	1,107,237
Interest on land leases	0	832,061	845,597
Lot leases and fees	2,364,100	233,970	290,249
Land contributions - other	120,000	214,873	40,921
Gravel	102,600	145,870	108,259
Land administration contribution	75,000	75,000	75,000
Capital contributions - other	150,000	27,962	112,220
	<u>32,536,860</u>	<u>31,696,108</u>	<u>29,536,991</u>
EXPENDITURES			
Operating			
Water and sewer	4,586,500	5,177,835	4,638,814
Recreational and cultural	2,966,800	3,160,297	2,868,873
General government	3,247,300	2,852,048	3,174,567
Emergency services	2,625,400	2,675,209	2,514,533
Public works and transportation	2,698,400	1,999,886	2,281,799
Sanitation	1,179,300	1,455,075	1,425,831
Lands department	1,365,200	1,391,694	1,246,423
Contracts	897,000	1,149,312	869,637
Cost of land sold	700,000	1,101,510	2,268,365
By-law enforcement	681,600	704,654	547,885
Interest on debentures	577,000	494,658	372,532
Engineering services	392,200	262,029	93,199
Economic development	293,500	169,791	251,513
Gravel	78,600	57,947	55,088
	<u>22,288,800</u>	<u>22,651,945</u>	<u>22,609,059</u>
Capital purchases	<u>9,108,600</u>	<u>7,267,877</u>	<u>8,826,935</u>
	<u>31,397,400</u>	<u>29,919,822</u>	<u>31,435,994</u>
EXCESS REVENUES (EXPENDITURES)	1,139,460	1,776,286	(1,899,003)
Net Capital Long Term Debt Issued (Repaid)	609,300	(92,175)	394,072
Net Capital Obligations Under Capital Lease Issued (Repaid)	<u>(524,800)</u>	<u>(210,735)</u>	<u>140,846</u>
CHANGE IN FUND BALANCES	<u>\$ 1,223,960</u>	<u>\$ 1,473,376</u>	<u>\$ (1,364,085)</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Operating Fund	Water Sewer Fund	Sanitation Program Fund	Capital Fund	Land Development Fund	Gravel Fund	Reserve Fund	2008 Municipal Position Total	2007 Municipal Position Total
EXCESS REVENUES (EXPENDITURES)	\$ 3,632,916	\$ 630,152	\$ (8,326)	\$ (2,596,116)	\$ 29,737	\$ 87,923	\$ 0	\$ 1,776,286	\$ (1,899,003)
Net interfund transfers									
To (from) reserves	(1,194,482)	(79,000)	(54,000)	210,411	(247,000)	0	1,364,071	0	0
To capital fund	(587,489)	(413,465)	(30,862)	2,688,615	(1,425,474)	(231,325)	0	0	0
Long term obligations									
Capital leases issued	0	0	0	254,114	0	0	0	254,114	557,669
Capital leases repaid	0	0	0	(464,849)	0	0	0	(464,849)	(416,823)
Long term debt issued	0	0	0	0	0	0	0	0	469,658
Long term debt repaid	0	0	0	(92,175)	0	0	0	(92,175)	(75,586)
CHANGE IN FUND BALANCES	1,850,945	137,687	(93,188)	0	(1,642,737)	(143,402)	1,364,071	1,473,376	(1,364,085)
BALANCES, OPENING	<u>(138,668)</u>	<u>(1,020,904)</u>	<u>(756,175)</u>	<u>0</u>	<u>3,164,473</u>	<u>(30,840)</u>	<u>3,822,216</u>	<u>5,040,102</u>	<u>6,404,187</u>
BALANCES, CLOSING	<u>\$ 1,712,277</u>	<u>\$ (883,217)</u>	<u>\$ (849,363)</u>	<u>\$ 0</u>	<u>\$ 1,521,736</u>	<u>\$ (174,242)</u>	<u>\$ 5,186,287</u>	<u>\$ 6,513,478</u>	<u>\$ 5,040,102</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES		
Excess revenues (expenditures)	\$ 1,776,286	\$ (1,899,003)
Changes in non-cash items:		
Decrease (increase) in		
Taxes and grants in lieu receivable	78,592	50,623
Contributions receivable - Government of Nunavut	2,463,072	(864,600)
Accounts receivable	625,872	566,557
Land held for resale	614,020	(1,368,225)
Prepaid expenses	(15,531)	(20,923)
Land leases receivable	365,828	(288,047)
Increase (decrease) in		
Due to Government of Nunavut	5,134	3,822
Accounts payable and accrued liabilities	(629,013)	1,457,602
Post-employment benefits payable	115,112	61,049
Deposits	(10,697)	(14,209)
Deferred revenue	2,353,770	689,893
Performance bond payable	(117,781)	(84,634)
	<u>7,624,664</u>	<u>(1,710,095)</u>
FINANCING ACTIVITIES		
Obligations under capital lease issued	254,114	557,669
Obligations under capital lease repaid	(471,908)	(417,278)
Long term debt issued	0	5,199,658
Long term debt repaid	(1,364,616)	(634,093)
	<u>(1,582,410)</u>	<u>4,705,956</u>
INCREASE IN CASH	6,042,254	2,995,861
CASH AND CASH EQUIVALENTS, OPENING	<u>5,599,190</u>	<u>2,603,329</u>
CASH AND CASH EQUIVALENTS, CLOSING	<u><u>\$ 11,641,444</u></u>	<u><u>\$ 5,599,190</u></u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Iqaluit (the "City") have been prepared by Administration in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The precise determination of many assets and liabilities is dependent upon future events. As a result, the preparation of financial statements involves the use of estimates and approximations that have been made using careful judgement. Actual results could differ from those estimates and approximations. The consolidated financial statements have, in Administration's opinion, been properly prepared within reasonable limits of materiality within the framework of the significant accounting policies summarized below:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the General Operating Fund, Water and Sewer Fund, Sanitation Program Fund, Capital Fund, Land Development Fund, Gravel Fund, and Reserve Fund and include all the activities of all committees of Council. All inter-fund assets, liabilities, revenues, and expenditures are eliminated.

The City receives significant funding from the Government of Nunavut in the form of operating and capital contributions. Administration is of the opinion that discontinuance of funding would significantly disrupt operations.

(b) Fund Accounting

The City maintains the General Operating Fund, Water and Sewer Fund, Sanitation Program Fund, Capital Fund, Land Development Fund, Gravel Fund, and Reserve Fund. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(c) Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services.

(d) Inventory

Inventory of Supplies

Inventories other than for resale are recorded on the "purchase method" whereby the full cost is expended to operations at the time of purchase.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Inventory (continued)

Inventory of Land Held for Resale

The cost of lots sold is recorded at estimated cost which is assumed to equal the selling price until all costs of development of an area are known. Therefore the inventory of land held for resale represents the residual amount of costs to date on the project.

(e) Physical Assets

Building, equipment, property and improvements in excess of \$5,000 are recorded at historical cost and no provision for amortization has been made in these consolidated financial statements. Where historical cost records are not available, estimated historical costs have been used. Physical assets that have been transferred to the City at a nominal value have been recorded at the estimated fair value at the date of the transfer.

Additions are recorded as property, plant and equipment with a corresponding offset to Equity in Property, Plant and Equipment.

Physical assets financed by debt assumption are recorded directly in the Capital Fund as property, plant and equipment. Equity in these physical assets is recorded as the principal portion of the corresponding debt is repaid.

(f) School Tax Payable - Government of Nunavut

School taxes are recorded as payable in the year they are assessed and are to be remitted to the Government of Nunavut as they are collected. The Government of Nunavut, for the current and future years, has removed the requirement for the City to assess school taxes on its behalf.

(g) Post Employment Benefits

Under the terms and conditions of employment, City employees may earn benefits for retirement, vested sick leave, severance and removal costs upon termination of employment. The estimated liability for these benefits is recorded as the benefits are earned by the employees. Severance liabilities are also recorded when employees are identified for lay-off.

(h) Reserves

Reserves are established at the discretion of Council to set aside funds for future expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund and not as revenues or expenditures in the consolidated statement of financial activities.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Reserves (continued)

The reserves as established by Council and their purposes are as follows:

- Vehicle reserves were established to accumulate funds for purchasing new vehicles.
- Building project reserves were established to accumulate funds for purchasing or constructing new buildings and a warehouse.
- Sewage project reserve was established to accumulate funds for future construction and repair of the sewage system.
- Election expense reserve was established to accumulate funds for future election costs.
- Quarry restoration reserve was established to accumulate funds for future costs to restore the existing quarry.
- Quarry development reserve was established to accumulate funds for future quarry development.
- The reserve for estimated future interest expense on debenture no. 14 was established to accumulate funds to offset the anticipated interest expense pertaining to debenture no. 14.
- The ambulance personnel training reserve was established to accumulate funds for the training of ambulance personnel.
- Financial information system reserve was established to accumulate funds for the purchase and maintenance of the City's computer systems.
- Parking lot and Parking lot maintenance reserves were established to accumulate funds for the development and maintenance of new municipal parking lot facilities.
- The Annenburg Foundation future donations reserve was established to accumulate funds for future donations.
- Emergency services equipment replacement reserve was established to accumulate funds for purchasing new emergency equipment.
- Dog pound reserve was established to accumulate funds for the creation of a new dog pound.
- Alarm system reserve was established to accumulate funds for purchasing new equipment.
- Booster station equipment reserve was established to accumulate funds for purchasing and repairing booster station equipment.
- Review and by-law revisions reserve was established to accumulate funds for the future review and revision of the City's by-laws.
- Aerial photo reserve was established to accumulate funds to update aerial photographs of the City.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Reserves (continued)

- Outdoor hard surface reserve was established to accumulate funds for the future construction of an outdoor hard surface for recreational activities.
- Post employment benefit reserves were established to accumulated funds for the payout of retirement, vested sick leave, severance and removal costs earned by current employees upon termination of employment.
- BMX bicycle park reserve was established to accumulate funds for the future construction of a BMX style bicycle park.
- The major infrastructure maintenance reserve was established to accumulate funds for major repairs and maintenance to City owned staff housing units.
- Walkway trail phase 1 and 2 reserve was established to accumulate funds for the future construction of walking trails.
- GIS update reserve was established to accumulate funds for the purchase of new geographic information survey equipment.
- The improvements to the Industrial subdivision reserve was established to accumulate funds for futures costs related to the Industrial subdivision.
- Pedestrian walkway reserve was established to accumulate funds for the construction of a future pedestrian walkway.

(i) Government Contributions

Government contributions are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred, provided the transfers are authorized, any eligibility criteria are met by the City, and reasonable estimates of the amounts can be made.

(j) Budget

Budget figures are unaudited and are those approved by Council on February 12, 2008. The budget figures are not audited as they are estimates of future revenues and expenditures.

(k) Financial Instruments

The City's financial instruments consist of cash, temporary investments, taxes and grants-in-lieu receivable, contributions receivable, accounts receivable, land leases receivable, due to Government of Nunavut, accounts payable, deposits, performance bond payable, long term debt and obligations under capital lease. The fair values of these instruments approximate their carrying value. Land leases receivable have price risk due to changes in interest rates and collection risk due to long term maturity. Long term debt and obligations under capital lease have interest rate risk due to long term maturity.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. CASH AND CASH EQUIVALENTS

	<u>2008</u>	<u>2007</u>
General Operating Fund maintains the cash and cash equivalents for other funds not fully funded on their own. The actual cash and cash equivalents position is as follows:		
General operating fund	\$ (4,383,319)	\$ (5,206,467)
Capital fund	6,254,457	2,319,209
Land development fund	4,584,019	4,664,233
Gravel fund	0	0
Reserve fund	<u>5,186,287</u>	<u>3,822,215</u>
	<u>\$ 11,641,444</u>	<u>\$ 5,599,190</u>

Cash and cash equivalents consist of bank accounts and short term cashable guaranteed investment certificates.

Included in the land development fund cash and cash equivalents is \$56,445 (2007 - \$174,226) of performance bonds held in trust. The interest earned on these funds is added to the trust balance to the benefit of the developer.

Included in the capital fund cash and cash equivalents is \$3,506,886 (2007 - \$2,319,209) relating to Gas Tax Funding and \$2,747,571 (2007- \$Nil) related to funding for other capital projects. The interest earned on these funds is added to the funding for the capital projects for which the funds were originally received. The use of this cash and cash equivalent is restricted to approved projects under various capital project agreements.

If all inter-fund balances were settled, the cash position would be as follows:

	<u>2008</u>	<u>2007</u>
General operating fund	\$ 3,150,096	\$ 2,766,688
Water and sewer fund	(941,665)	(1,923,379)
Sanitation program fund	(885,833)	(758,956)
Capital fund	4,588,891	(935,773)
Land development fund	726,095	2,684,668
Gravel fund	(182,427)	(56,274)
Reserve fund	<u>5,186,287</u>	<u>3,822,215</u>
	<u>\$ 11,641,444</u>	<u>\$ 5,599,189</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

3. TAXES AND GRANTS IN LIEU RECEIVABLE

	<u>2008</u>	<u>2007</u>
Total municipal taxes receivable	\$ 1,385,669	\$ 1,320,816
Allowance for doubtful collection (Note 12)	<u>(1,232,485)</u>	<u>(1,113,825)</u>
	153,184	206,991
Grants in lieu receivable	<u>258,285</u>	<u>283,070</u>
	<u><u>\$ 411,469</u></u>	<u><u>\$ 490,061</u></u>

4. ACCOUNTS RECEIVABLE

	<u>2008</u>	<u>2007</u>
Water and sewer service	\$ 1,124,668	\$ 1,456,878
General accounts receivable	1,813,372	1,439,987
GST refundable	346,059	792,484
Gravel receivable	28,275	40,390
Capital projects accounts receivable	468,646	575,153
Allowance for doubtful accounts (Note 12)	<u>(825,000)</u>	<u>(723,000)</u>
	<u><u>\$ 2,956,020</u></u>	<u><u>\$ 3,581,892</u></u>

Included in Capital projects accounts receivable is \$338,560 (2007 - \$438,009) due from specified ratepayers relating to the lower base hook-up capital project.

5. LAND HELD FOR RESALE

Land held for resale represents the following balances.

	<u>Number of</u> <u>Lots for Resale</u>	<u>2008</u>	<u>Number of</u> <u>Lots for Resale</u>	<u>2007</u>
Industrial park	6	\$ 0	9	\$ 0
Lake subdivision	3	401,799	3	401,799
Plateau subdivision	2	353,647	2	353,647
Plateau subdivision 2	<u>11</u>	<u>778,659</u>	<u>24</u>	<u>1,392,679</u>
	<u>22</u>	<u><u>\$ 1,534,105</u></u>	<u>38</u>	<u><u>\$ 2,148,125</u></u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

6. LAND LEASES RECEIVABLE

	<u>2008</u>	<u>2007</u>
Land leases receivable	\$ 8,151,456	\$ 8,567,808
Land leases receivable - in arrears	<u>954,043</u>	<u>856,519</u>
	9,105,499	9,424,327
Allowance for doubtful collection (Note 12)	<u>(642,000)</u>	<u>(595,000)</u>
	<u><u>\$ 8,463,499</u></u>	<u><u>\$ 8,829,327</u></u>

Land leases receivable bear various interest rates from 9.5% to 11%, are due in various periods from 2 years to 15 years and are secured by a leasehold interest in land.

7. DUE TO GOVERNMENT OF NUNAVUT

	<u>2008</u>	<u>2007</u>
School tax payable	\$ 255,512	\$ 255,512
Gravel royalties payable	<u>20,091</u>	<u>14,957</u>
	<u><u>\$ 275,603</u></u>	<u><u>\$ 270,469</u></u>

8. DEFERRED REVENUE

	<u>2008</u>	<u>2007</u>
Gas tax program	\$ 2,892,060	\$ 1,704,383
Nunavut building connection	23,764	23,764
Land lease	7,039	14,539
Secondary plan	8,890	8,890
Youth centre furnishings	5,576	5,576
Government of Nunavut block capital funding	1,065,993	0
Community Health	4,100	0
Economic development	28,500	0
Annenburg Foundation grant proceeds	<u>75,000</u>	<u>0</u>
	<u><u>\$ 4,110,922</u></u>	<u><u>\$ 1,757,152</u></u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

9. LONG TERM DEBT

	<u>2008</u>	<u>2007</u>
Government of Nunavut, secured by debenture no. 2000-01, repayable from cash proceeds received from lease payments relative to the 1999 subdivision (Road to Nowhere subdivision) with interest at 8%, maturing March 2017.	\$ 606,921	\$ 1,111,474
Pacific & Western Bank of Canada, secured by a general debenture related to the Plateau subdivision, repayable in monthly installments of \$38,067 principal plus interest at CIBC prime rate less 0.50%, maturing November 2010. The City may remit excess payments if funds received from the related land development exceed the required monthly payment.	3,159,533	3,616,333
Royal Bank of Canada, secured by a general debenture related to the Plateau subdivision phase 2, repayable in blended monthly installments of \$38,090 with interest at 5.34%, maturing November 2012.	4,502,115	4,712,670
Pacific & Western Bank of Canada, secured by a general debenture related to the Lake subdivision, repayable in monthly installments of \$8,378 principal plus interest at CIBC prime rate less 0.50%, maturing November 2010. The City may remit excess payments if funds received from the related land development exceed the required monthly payment.	695,342	795,874
Pacific & Western Bank of Canada, secured by a general debenture on capital projects, repayable in blended monthly installments of \$7,942 with interest at 5.70%, maturing August 2025.	1,029,840	1,065,180
Royal Bank of Canada, secured by certain capital projects, repayable in blended bi-weekly payments of \$2,057 with interest at 4.73%, maturing December 2011.	649,897	672,256

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

9. LONG TERM DEBT (continued)

	<u>2008</u>	<u>2007</u>
Pacific & Western Bank of Canada, secured by a general debenture related to the lower base capital project, repayable in blended monthly installments of \$4,728 with interest at 5.72%, maturing September 2025.	610,070	631,152
Royal Bank of Canada, secured by certain capital projects, repayable in blended monthly payments of \$3.174 with interest at 5.34%, maturing November 2012.	<u>455,151</u>	<u>468,546</u>
	<u>\$ 11,708,869</u>	<u>\$ 13,073,485</u>

Long term debt is estimated to be repayable as follows:

2009	\$ 1,308,022
2010	4,048,234
2011	1,240,141
2012	3,673,803
2013	202,041
2014 and thereafter	<u>1,236,628</u>
	<u>\$ 11,708,869</u>

Administration expects that all long term debt with expiring terms will be refinanced in the year of maturity as follows:

2010	\$ 2,740,213
2011	489,450
2012	<u>2,976,593</u>
	<u>\$ 6,206,256</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

10. OBLIGATIONS UNDER CAPITAL LEASE

The future minimum lease payments under capital leases are as follows:

2009	\$ 672,212
2010	621,565
2011	985,198
2012	365,204
2013	26,738
Thereafter	<u>247,326</u>
	2,918,243
Less: imputed interest	<u>515,592</u>
Obligations under capital lease	<u><u>\$ 2,402,651</u></u>

The obligations under capital lease carry interest imputed at rates varying from 6.1% to 12.67%.

11. EXPENDITURES BY OBJECT

The following is a summary of the expenditures reported on the Consolidated Statement of Financial Activities by the object of expenditures:

	<u>2008</u>	<u>2007</u>
Salaries and benefits	\$ 12,121,648	\$ 11,725,727
Cost of lot sales	1,101,510	2,268,365
Professional fees	162,653	230,285
Contracted services	1,647,194	1,453,501
Materials and supplies	802,635	773,549
Interest and service charges	127,507	98,809
Interest on long term debt	841,056	689,563
Bad debts	267,660	388,529
Professional development and training	179,978	143,621
Electricity	1,606,585	1,178,340
Heating fuel	799,006	738,082
Repairs and maintenance	287,675	327,378
Vehicle fuel	399,914	385,398
Vehicle repairs and maintenance	558,572	636,631
Insurance	360,993	378,308
Capital expenditures	7,267,877	8,826,935
Other expenditures	<u>1,387,359</u>	<u>1,192,973</u>
	<u><u>\$ 29,919,822</u></u>	<u><u>\$ 31,435,994</u></u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

12. OTHER INFORMATION

Change in Allowance for Doubtful Accounts Receivable and related Bad Debts Expense

The following amounts owed to the City have been considered doubtful of collection during the year and have been recorded as a bad debts expense in their respective funds:

	<u>2008</u>	<u>2007</u>
Municipal taxes receivable	\$ 118,660	\$ 203,267
Accounts receivable - general	102,000	140,262
Land leases receivable	<u>47,000</u>	<u>45,000</u>
	<u>\$ 267,660</u>	<u>\$ 388,529</u>

13. STATUTORY INFORMATION

Debenture 2000-01

Debenture 2000-01 has several conditions attached to it. The conditions in the debenture document state that the City of Iqaluit will:

- 1) Ensure that their lot pricing reflects all the actual costs of the land development in this subdivision.
- 2) Undertake revocation of leases for arrears.
- 3) Undertake to amend, if legally able to do so, the Land Administration By-law to eliminate the potential refund of the 10% deposits initially paid by the lessee.
- 4) Undertake to provide on a quarterly basis, for all lots related to the lands assigned in the By-law 487, an aged collections progress report (by debenture category) showing by lot/lessee - the opening balance, payments received and if final balance is in the overdue category, provide reasons why and collections efforts undertaken.
- 5) Undertake to get CMHC approval and Council approval to permit incorporation of lease costs into CMHC approved mortgages. Once approved the Municipality will undertake to amend the Land Administration By-law to require full up front payment of the total lease price and significantly improve the revenue capture for early retirement of the debenture. A progress report from the Municipality on what has been done in this area and what steps the Municipality is taking (in the form of a timeline) should be sent to the Government of Nunavut four weeks after the debenture document has been approved and signed by all parties.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

13. STATUTORY INFORMATION (continued)

- 6) If the above conditions are not fulfilled, the Municipality will be considered to be in default of this debenture, and the debenture amounts will then become due and payable. The Government of Nunavut may, at its discretion pursue all available remedies for redress.

Conditions 2, 3, 4 and 5 appear not to be fulfilled. Therefore, the City may be in default and the debenture amounts could be due and payable. Administration believes that the Government of Nunavut will not pursue any remedies for redress.

Elimination of Deficit

Section 138 (2) of the *Cities, Towns and Villages Act* requires that every municipal corporation shall eliminate any deficit at the end of a fiscal year by the end of the next fiscal year. At January 1, 2008 the City had deficits in the General Operating, Water and Sewer, Sanitation and Gravel Funds. At December 31, 2008 the City has eliminated the deficit on the General Operating Fund but has not eliminated the deficits as required on the Water and Sewer, Sanitation and the Gravel Funds.

14. CONTINGENT LIABILITIES

Employee Termination

Former employees of the City are alleging that additional severance pay was due upon termination of employment. Management does not have sufficient information at this time to determine the likelihood of success of these claims or to estimate the loss, if any. The amount of the loss, if any, will be recorded in the period known.

Environmental

The City of Iqaluit has identified various environmentally hazardous sites within the municipal boundaries of the City. Environmental problems include contaminated soil and groundwater and a sewage treatment facility in need of upgrades. Responsible government authorities have been notified of these environmental risks for remedial action. As the outcome of these environmental hazards is not presently determinable, no provision for a loss has been accrued in these consolidated financial statements.

Solid Waste Landfill Reclamation

The City operates a solid waste landfill site. Site restoration costs are recognized in full when information is available to estimate the liability. To date the City does not have complete information required to estimate the existing closure costs. As such these costs have not been recorded in these consolidated financial statements.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

14. CONTINGENT LIABILITIES (continued)

Quarry Site Restoration

Upon termination of the Quarry Administration Agreement between the City and the Government of Nunavut, the City is required to deliver up possession of the quarry site restored to the satisfaction of the Government of Nunavut. To date the City does not have complete information required to estimate restoration costs. As such these costs have not been recorded in these consolidated financial statements.

Insurance

The City participates in the Nunavut Association of Municipalities insurance programs. Under these programs the City is insured for property, automotive and liability. Under the terms of membership, the City could become liable for its proportionate share of any claim losses in excess of the funds available. Any liability incurred would be accounted for in the year the losses are determined.

Water Charges

The City has received correspondence from customers in mixed use buildings arguing that the water consumed by the residential housing units should be billed at residential rates and not commercial rates. The City has referred this issue to legal counsel. The amount and outcome is not known. The amount of loss, if any, will be recorded in the period it becomes known.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

15. COMMITMENTS

The City rents premises for its curling rink under a lease that expires in 2010. Annual minimum lease payments under the terms of the lease are as follows:

2009	\$ 114,552
2010	<u>114,552</u>
	<u>\$ 229,104</u>

The City has entered into a lease to purchase arrangement for a building to house its animal control facilities. The purchase price will be \$250,000 with a \$15,000 down payment. The balance is to be amortized over 15 years at 8% interest. Monthly payments are \$2,637, including \$409 for property taxes and building insurance. This lease is included in the obligations under capital lease amount.

2009	\$ 26,738
2010	26,738
2011	26,738
2012	26,738
2013	26,738
2014 and thereafter	<u>247,325</u>
	381,015
Less: imputed interest	<u>(152,363)</u>
	<u>\$ 228,652</u>

The City has entered into a road paving agreement with a local contractor to pave 20 kilometres of road over a 2 year period. Payments to the contractor have been spread over 4 years at \$2,486,545 plus GST per year with no interest. The work completed in 2008 was \$3,691,758 of the total \$9,946,182 contract.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

16. FUTURE CHANGE IN ACCOUNTING POLICY

The Canadian Institute of Chartered Accountants Public Sector Accounting Board has introduced new accounting standards. The City will adopt PS 1200 Financial Statement Presentation and PS 3150 Tangible Capital Assets for its December 31, 2009 year end.

The financial statement presentation standard will require the City to present consumable inventory on its consolidated statement of financial position. Upon implementation of the financial statement standards, the municipal position will be increased by the value of the opening consumable inventory.

The tangible capital asset accounting standard will require the City to record tangible capital assets on the statement of financial position and then depreciate the tangible capital asset on an annual basis. The City has determined the following list of tangible capital assets at December 31, 2008.

<u>Category</u>	<u>Depreciation Rate</u>	<u>Original Cost</u>
Buildings	40 years SL	\$ 16,892,509
Cemetery development	Indefinite	80,426
Computer equipment - hardware	3 years SL	65,761
Computer software	3 years SL	450,438
Furniture and fixtures	5 years SL	81,247
Granular source	Indefinite	821,641
Infrastructure - water and sewer	30 years SL	43,095,774
Infrastructure - sewage treatment	30 years SL	15,087,228
Infrastructure - waste	30 years SL	4,096,276
Land (to be determined during 2009)	Indefinite	0
Machinery and equipment - office	5 years SL	286,998
Machinery and equipment - heavy equipment	18 years SL	4,404,872
Playgrounds - recreation	18 years SL	183,194
Roads	30 years SL	13,136,547
Vehicles	7 years SL	<u>5,538,766</u>
		104,221,677
Work in process		<u>4,142,122</u>
		<u><u>\$ 108,363,799</u></u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

16. FUTURE CHANGE IN ACCOUNTING POLICY (Continued)

Upon implementation of the tangible capital assets accounting standard, a one time reduction in tangible capital assets and invested in capital assets will be recognized to account for accumulated depreciation as if it had been recorded in prior years. Based on the expected useful life of the above noted tangible capital assets, the City estimates that the net book value and invested in capital assets will be reduced by \$36,433,769 in recognition of prior period depreciation. The net book value of tangible capital assets at January 1, 2009 is expected to be \$67,792,823.

The original cost of land will be determined during 2009 and added to the net book value at January 1, 2009.

17. COMPARATIVE AMOUNTS

Certain of the 2007 comparative financial statement amounts have been reclassified to conform with the presentation adopted in the current year.

CITY OF IQALUIT
GENERAL OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Taxes	\$ 7,225,119	\$ 7,170,429	\$ 6,558,350
Grants in lieu (Schedule 8)	3,255,381	3,255,381	2,607,809
Other revenue from own sources (Schedule 8)	2,265,960	3,281,940	2,292,801
Equalization contribution (Note 1(a))	1,344,100	1,749,080	1,500,173
Contracts (Schedule 19)	<u>897,000</u>	<u>1,149,312</u>	<u>869,286</u>
	<u>14,987,560</u>	<u>16,606,142</u>	<u>13,828,419</u>
EXPENDITURES			
General government (Schedule 9)	3,247,300	2,852,048	3,174,567
Emergency services (Schedule 10)	2,625,400	2,675,209	2,514,533
By-law enforcement (Schedule 11)	681,600	704,654	547,885
Public works and transportation (Schedule 12)	2,698,400	1,999,886	2,281,799
Recreational and cultural (Schedule 13)	2,966,800	3,160,297	2,868,873
Engineering services (Schedule 14)	392,200	262,029	93,199
Economic development (Schedule 15)	293,500	169,791	251,513
Contracts (Schedule 19)	<u>897,000</u>	<u>1,149,312</u>	<u>869,637</u>
	<u>13,802,200</u>	<u>12,973,226</u>	<u>12,602,006</u>
EXCESS REVENUES	<u>1,185,360</u>	<u>3,632,916</u>	<u>1,226,413</u>
Net transfer (to) from capital fund (Schedule 4)	(954,000)	(587,489)	(266,056)
Net transfer (to) from reserve fund (Schedule 7)	<u>(687,960)</u>	<u>(1,194,482)</u>	<u>(498,840)</u>
	<u>(1,641,960)</u>	<u>(1,781,971)</u>	<u>(764,896)</u>
CHANGE IN FUND BALANCE	(456,600)	1,850,945	461,517
FUND BALANCE, OPENING	<u>(138,668)</u>	<u>(138,668)</u>	<u>(600,185)</u>
FUND BALANCE, CLOSING	<u><u>\$ (595,268)</u></u>	<u><u>\$ 1,712,277</u></u>	<u><u>\$ (138,668)</u></u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Government of Nunavut subsidies	\$ 975,600	\$ 1,074,335	\$ 1,107,237
Government and industrial	2,434,900	2,615,082	2,582,517
Commercial	933,000	1,098,048	888,115
Residential	2,319,900	2,252,200	2,525,154
Residential subsidy	(1,200,000)	(1,325,694)	(1,504,928)
Miscellaneous	<u>144,200</u>	<u>94,016</u>	<u>96,658</u>
	<u>5,607,600</u>	<u>5,807,987</u>	<u>5,694,753</u>
EXPENDITURES			
Salaries and wages	2,525,600	2,394,746	2,512,428
Transmission and distribution (utilidor)	1,095,900	1,771,599	1,169,637
Interest on capital leases	45,700	45,547	58,274
Vehicle fuel	112,000	105,575	123,391
Vehicle operations and maintenance	<u>82,000</u>	<u>87,084</u>	<u>80,239</u>
	3,861,200	4,404,551	3,943,969
Administration and maintenance costs			
- General government	283,600	239,583	165,381
- Emergency services	45,500	45,500	44,800
- Public works and transportation	<u>396,200</u>	<u>488,201</u>	<u>484,664</u>
	<u>4,586,500</u>	<u>5,177,835</u>	<u>4,638,814</u>
EXCESS REVENUES	<u>1,021,100</u>	<u>630,152</u>	<u>1,055,939</u>
Net transfer (to) from capital fund (Schedule 4)	(163,600)	(413,465)	(1,374,075)
Net transfer (to) from reserve fund (Schedule 7)	<u>(79,000)</u>	<u>(79,000)</u>	<u>(259,500)</u>
	<u>(242,600)</u>	<u>(492,465)</u>	<u>(1,633,575)</u>
CHANGE IN FUND BALANCE	778,500	137,687	(577,636)
FUND BALANCE, OPENING	<u>(1,020,904)</u>	<u>(1,020,904)</u>	<u>(443,268)</u>
FUND BALANCE, CLOSING	<u>\$ (242,404)</u>	<u>\$ (883,217)</u>	<u>\$ (1,020,904)</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
SANITATION PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Sanitation services	\$ 1,130,000	\$ 1,155,070	\$ 1,079,954
Solid waste tipping fees	150,000	282,719	415,796
Other	<u>0</u>	<u>8,960</u>	<u>0</u>
	<u>1,280,000</u>	<u>1,446,749</u>	<u>1,495,750</u>
EXPENDITURES			
Salaries and benefits	784,800	854,840	822,047
Vehicle fuel	26,400	79,070	83,114
Vehicle operations and maintenance	20,000	54,178	53,303
Materials and supplies	15,800	16,307	24,674
Contracted costs	47,000	2,629	3,389
Electricity	13,800	16,041	15,986
Heating fuel	<u>8,800</u>	<u>13,097</u>	<u>9,645</u>
	916,600	1,036,162	1,012,158
Administration and maintenance costs			
- General government	158,500	129,979	118,745
- Public works and transportation	<u>104,200</u>	<u>288,934</u>	<u>294,928</u>
	<u>1,179,300</u>	<u>1,455,075</u>	<u>1,425,831</u>
EXCESS REVENUES (EXPENDITURES)	<u>100,700</u>	<u>(8,326)</u>	<u>69,919</u>
Net transfer (to) from capital fund (Schedule 4)	0	(30,862)	(22,707)
Net transfer (to) from reserve fund (Schedule 7)	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>
	<u>(54,000)</u>	<u>(84,862)</u>	<u>(76,707)</u>
CHANGE IN FUND BALANCE	46,700	(93,188)	(6,788)
FUND BALANCE, OPENING	<u>(756,175)</u>	<u>(756,175)</u>	<u>(749,387)</u>
FUND BALANCE, CLOSING	<u><u>\$ (709,475)</u></u>	<u><u>\$ (849,363)</u></u>	<u><u>\$ (756,175)</u></u>

The accompanying notes are an integral part of these consolidated financial statements

**CITY OF IQUALUIT
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>2008 Budget</u>	<u>2008 Actual</u>	<u>2007 Actual</u>
REVENUES			
Capital contributions			
Government of Nunavut (Note 1(a))	\$ 3,700,000	\$ 4,643,799	\$ 4,611,281
Federal Government	4,100,000	0	234,474
Capital contributions - other	<u>150,000</u>	<u>27,962</u>	<u>112,220</u>
	7,950,000	4,671,761	4,957,975
EXPENDITURES			
Capital purchases (Schedule 17)	<u>9,108,600</u>	<u>7,267,877</u>	<u>8,826,935</u>
EXCESS EXPENDITURES	<u>(1,158,600)</u>	<u>(2,596,116)</u>	<u>(3,868,960)</u>
Net transfer (to) from general operating fund (Schedule 1)	954,000	587,489	266,056
Net transfer (to) from water and sewer fund (Schedule 2)	163,600	413,465	1,374,075
Net transfer (to) from sanitation program fund (Schedule 3)	0	30,862	22,707
Net transfer (to) from gravel fund (Schedule 6)	0	231,325	93,593
Net transfer (to) from land development fund (Schedule 5)	0	1,425,474	1,457,611
Net transfer (to) from reserve fund (Schedule 7)	222,500	210,411	120,000
Long term debt issued	700,000	0	469,658
Long term debt repaid	(90,700)	(92,175)	(75,586)
Obligations under capital lease issued	0	254,114	557,669
Obligations under capital lease repaid	<u>(524,800)</u>	<u>(464,849)</u>	<u>(416,823)</u>
	<u>1,424,600</u>	<u>2,596,116</u>	<u>3,868,960</u>
CHANGE IN FUND BALANCE	266,000	0	0
FUND BALANCE, OPENING	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, CLOSING	<u><u>\$ 266,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
LAND DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Land sales	\$ 50,000	\$ 1,661,695	\$ 2,200,068
Interest on land leases	0	832,061	845,597
Lot leases	2,300,000	131,585	120,913
Fees	64,100	102,385	169,336
Land administration contribution	75,000	75,000	75,000
Other contributions	<u>120,000</u>	<u>214,873</u>	<u>40,921</u>
	<u>2,609,100</u>	<u>3,017,599</u>	<u>3,451,835</u>
EXPENDITURES			
Cost of land sold	700,000	1,101,510	2,268,365
Interest on debentures	577,000	494,658	372,532
Salaries and benefits	448,100	478,373	378,666
Office and miscellaneous	64,200	27,815	28,582
Planning, reviews and studies	309,000	428,323	467,307
Geographic information system	35,000	11,306	11,336
Electricity	0	14,678	14,967
Heating fuel	0	3,666	3,332
Professional fees	20,000	3,116	26,036
Survey, appraisal and title search fees	137,000	88,521	11,177
Training	20,000	19,049	8,139
Bad debts - land leases (Note 12)	<u>10,000</u>	<u>47,000</u>	<u>45,000</u>
	<u>2,320,300</u>	<u>2,718,015</u>	<u>3,635,439</u>
Administration and maintenance costs			
- General government	246,200	204,637	191,200
- By-law	27,000	27,000	25,800
- Public works and transportation	<u>48,700</u>	<u>38,210</u>	<u>34,881</u>
	<u>2,642,200</u>	<u>2,987,862</u>	<u>3,887,320</u>
EXCESS REVENUES (EXPENDITURES)	<u>(33,100)</u>	<u>29,737</u>	<u>(435,485)</u>
Net transfer (to) from capital fund (Schedule 4)	0	(1,425,474)	(1,457,611)
Net transfer (to) from reserve fund (Schedule 7)	<u>(247,000)</u>	<u>(247,000)</u>	<u>(154,128)</u>
	<u>(247,000)</u>	<u>(1,672,474)</u>	<u>(1,611,739)</u>
CHANGE IN FUND BALANCE	(280,100)	(1,642,737)	(2,047,224)
FUND BALANCE, OPENING	<u>3,164,473</u>	<u>3,164,473</u>	<u>5,211,697</u>
FUND BALANCE, CLOSING	<u>\$ 2,884,373</u>	<u>\$ 1,521,736</u>	<u>\$ 3,164,473</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
GRAVEL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Gravel royalties	\$ 100,000	\$ 145,105	\$ 107,659
Permits	<u>2,600</u>	<u>765</u>	<u>600</u>
	<u>102,600</u>	<u>145,870</u>	<u>108,259</u>
EXPENDITURES			
Government of Nunavut royalty	15,000	5,134	3,821
Administration and maintenance costs			
- General government	34,900	31,098	32,138
- Public works and transportation	<u>28,700</u>	<u>21,715</u>	<u>19,129</u>
	<u>78,600</u>	<u>57,947</u>	<u>55,088</u>
EXCESS REVENUES	24,000	87,923	53,171
Net transfer (to) from capital fund (Schedule 4)	<u>0</u>	<u>(231,325)</u>	<u>(93,593)</u>
CHANGE IN FUND BALANCE	24,000	(143,402)	(40,422)
FUND BALANCE, OPENING	<u>(30,840)</u>	<u>(30,840)</u>	<u>9,582</u>
FUND BALANCE, CLOSING	<u><u>\$ (6,840)</u></u>	<u><u>\$ (174,242)</u></u>	<u><u>\$ (30,840)</u></u>

The accompanying notes are an integral part of these consolidated financial statements

**CITY OF IQALUIT
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 <u>Actual</u>	2007 <u>Actual</u>
OPERATING		
Net transfer from general operating fund (Schedule 1)	\$ 1,194,482	\$ 498,840
Net transfer from water and sewer fund (Schedule 2)	79,000	259,500
Net transfer from sanitation program fund (Schedule 3)	54,000	54,000
Net transfer from land development fund (Schedule 5)	<u>247,000</u>	<u>154,128</u>
	1,574,482	966,468
CAPITAL		
Net transfer to capital fund (Schedule 4)	<u>(210,411)</u>	<u>(120,000)</u>
CHANGE IN FUND BALANCE	1,364,071	846,468
FUND BALANCE, OPENING	<u>3,822,216</u>	<u>2,975,748</u>
FUND BALANCE, CLOSING	<u><u>\$ 5,186,287</u></u>	<u><u>\$ 3,822,216</u></u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Actual</u>	2007 <u>Actual</u>
The RESERVE FUND is allocated as follows:		
General Operating Fund		
Election expense reserve	\$ 60,528	\$ 30,000
Financial information system reserve	81,289	60,000
Administration building project reserve	459,971	351,956
Recreation building project reserve	6,245	6,245
Administration vehicle reserve	22,030	18,000
By-law vehicle reserve	60,044	82,000
Emergency services vehicle reserve	161,032	120,000
Engineering vehicle reserve	16,000	12,000
Public works vehicle reserve	245,291	222,362
Emergency services equipment replacement reserve	25,000	10,000
Dog pound reserve	45,000	10,000
Alarm system reserve	15,000	10,000
Recreation vehicle reserve	105,416	112,370
Ambulance vehicle reserve	44,650	0
Post employment benefits	83,356	41,000
Outdoor hard surface	7,500	7,500
BMX bicycle park	5,000	5,000
City Hall/Recreation building reserve	250,000	0
Annenburg Foundation future donations reserve	55,050	0
Ambulance personnel training reserve	10,020	0
Fire Hall replacement reserve	40,000	0
Major infrastructure maintenance reserve	76,987	0
Future recreation building reserve	175,040	0
Land Development Fund		
Reserve for estimated future interest expense on debenture no. 14	585,443	571,550
Review and by-law revisions reserve	92,500	52,500
Aerial photo reserve	125,000	100,000
Parking lot maintenance reserve	120,000	60,000
GIS update reserve	55,000	35,000
Pedestrian walkway reserve	31,500	31,500
Parking lot reserve	320,000	300,000
Improvements to Industrial subdivision reserve	164,388	0
Walkway trails phase 1 and 2	132,000	52,000
Post employment benefits	4,500	2,500

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
RESERVE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

The RESERVE FUND is allocated as follows: (continued)

	2008 <u>Actual</u>	2007 <u>Actual</u>
Water and Sewer Fund		
Sewage project reserve	183,774	180,000
Water truck replacement reserve	275,000	250,000
Booster station equipment reserve	45,000	30,000
Sewer truck replacement reserve	275,000	250,000
Post employment benefits	28,500	14,500
Sanitation Fund		
Sanitation vehicle reserve	0	100,000
Post employment benefits	8,000	4,000
Gravel Fund		
Quarry restoration reserve	118,204	118,204
Quarry development reserve	<u>572,029</u>	<u>572,029</u>
	<u>\$ 5,186,287</u>	<u>\$ 3,822,216</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
GRANTS IN LIEU AND
OTHER REVENUE FROM OWN SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
GRANTS IN LIEU			
Federal government	\$ 615,657	\$ 615,657	\$ 604,633
Government of Nunavut	2,517,483	2,517,483	1,887,447
Nunavut Power Corporation	89,550	89,550	84,616
Canadian Broadcasting Corporation	<u>32,691</u>	<u>32,691</u>	<u>31,113</u>
	<u>\$ 3,255,381</u>	<u>\$ 3,255,381</u>	<u>\$ 2,607,809</u>
OTHER REVENUE FROM OWN SOURCES			
Emergency services	\$ 929,800	\$ 1,293,145	\$ 753,903
By-law enforcement	122,700	136,388	64,025
Recreational and cultural	311,000	337,398	355,565
Economic development	190,000	167,500	219,110
Interest earned	110,860	145,283	105,406
Penalties and interest	210,000	236,498	225,877
Tax certificates	15,000	13,950	16,250
Community development fund	10,000	10,000	0
Training subsidies	37,000	5,512	(1,726)
Rent recovery	45,600	81,000	19,131
Sale of material	0	645	160
Administration fees on land development	0	120,518	164,388
Property rental	100,000	100,001	100,000
Other income	69,500	533,507	164,179
Other licences and permits	10,500	300	250
Business licences	<u>104,000</u>	<u>100,295</u>	<u>106,283</u>
	<u>\$ 2,265,960</u>	<u>\$ 3,281,940</u>	<u>\$ 2,292,801</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
GENERAL GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>
EXPENDITURES			
Mayor's and councillors' salaries	\$ 230,700	\$ 135,178	\$ 149,169
Salaries	1,834,800	1,514,817	1,416,169
Employee benefits	583,900	387,919	454,573
Staff housing costs	5,000	6,951	53,400
Staff training	153,200	93,257	49,391
Utilities	67,200	47,183	66,363
Telecommunications	156,900	186,708	161,785
Stationery, supplies and postage	101,600	60,267	68,627
Council initiated programs	41,000	22,021	21,604
Advertising and promotion	144,000	110,614	89,783
Business travel and education	60,000	52,742	26,488
Interest on capital lease	6,400	6,437	978
Contracted services	0	6,105	10,653
Maintenance and repairs	114,000	54,839	53,436
Insurance	310,000	344,069	298,352
Membership and dues	5,100	2,060	3,460
Professional fees	175,000	218,055	261,369
Fiscal expenses	160,300	348,167	442,338
Labour relations	10,000	0	474
Contracted translation	3,000	2,524	2,100
Vehicle fuel	3,900	4,390	2,095
Vehicle operations and maintenance	2,000	5,558	5,842
Computers and software	<u>44,500</u>	<u>58,573</u>	<u>67,409</u>
	4,212,500	3,668,434	3,705,858
Net allocations (to) from:			
Emergency services	(81,100)	(72,594)	(62,551)
By-law	14,000	14,000	13,800
Public works and transportation	(52,200)	(51,692)	(1,784)
Recreational and cultural	(51,300)	(50,792)	(1,792)
Engineering services	(71,400)	(50,011)	28,500
Water and sewer fund	(283,600)	(239,583)	(165,381)
Sanitation fund	(158,500)	(129,979)	(118,745)
Land development fund	(246,200)	(204,637)	(191,200)
Gravel fund	<u>(34,900)</u>	<u>(31,098)</u>	<u>(32,138)</u>
	<u>\$ 3,247,300</u>	<u>\$ 2,852,048</u>	<u>\$ 3,174,567</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
EMERGENCY SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Ambulance services	\$ 800,000	\$ 1,127,700	\$ 612,761
Alarm monitoring services	125,000	144,167	124,121
Other	<u>4,800</u>	<u>21,278</u>	<u>17,021</u>
	<u>929,800</u>	<u>1,293,145</u>	<u>753,903</u>
EXPENDITURES			
Salaries and benefits	2,257,900	2,302,149	2,143,343
Vehicle fuel	9,000	9,258	9,189
Vehicle operations and maintenance	17,000	24,577	49,846
Fire fighters' association	50,000	50,000	50,000
Office and miscellaneous	58,600	39,809	41,818
Dispatch expenses	4,000	3,100	5,739
Interest on capital leases	14,200	27,057	0
Staff housing	29,000	29,169	26,685
Supplies	66,000	50,227	63,845
Training	50,000	65,155	41,719
Utilities	72,100	91,093	81,712
Minor capital	42,500	30,374	66,512
Building repairs and maintenance	<u>10,000</u>	<u>16,647</u>	<u>20,974</u>
	2,680,300	2,738,615	2,601,382
Net allocations (to) from:			
General government	81,100	72,594	62,551
By-law	(75,500)	(75,500)	(89,700)
Public works and transportation	(15,000)	(15,000)	(14,900)
Water and sewer fund	<u>(45,500)</u>	<u>(45,500)</u>	<u>(44,800)</u>
	<u>2,625,400</u>	<u>2,675,209</u>	<u>2,514,533</u>
EXCESS EXPENDITURES	<u>\$ (1,695,600)</u>	<u>\$ (1,382,064)</u>	<u>\$ (1,760,630)</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
BY-LAW ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Fines	\$ 26,500	\$ 49,835	\$ 24,620
Licences and permits	32,200	39,490	32,790
Other	<u>64,000</u>	<u>47,063</u>	<u>6,615</u>
	<u>122,700</u>	<u>136,388</u>	<u>64,025</u>
EXPENDITURES			
Salaries and benefits	506,900	518,641	417,231
Vehicle fuel	9,000	11,182	8,961
Vehicle repairs and maintenance	10,000	35,322	35,558
Office and miscellaneous	82,900	66,702	28,788
Dog pound expenses	<u>54,400</u>	<u>54,407</u>	<u>23,047</u>
	663,200	686,254	513,585
Net allocations (to) from:			
General government	(14,000)	(14,000)	(13,800)
Emergency services	75,500	75,500	89,700
Public works and transportation	(16,100)	(16,100)	(15,800)
Land development fund	<u>(27,000)</u>	<u>(27,000)</u>	<u>(25,800)</u>
	<u>681,600</u>	<u>704,654</u>	<u>547,885</u>
EXCESS EXPENDITURES	<u>\$ (558,900)</u>	<u>\$ (568,266)</u>	<u>\$ (483,860)</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
PUBLIC WORKS AND TRANSPORTATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
EXPENDITURES			
Salaries and benefits	\$ 1,811,800	\$ 1,499,757	\$ 1,529,922
Vehicle fuel	82,200	77,412	90,344
Vehicle operations and maintenance	163,000	208,427	163,166
Building maintenance	285,200	323,554	330,274
Materials and supplies	262,700	196,997	271,556
Street lighting	209,600	219,211	203,834
Traffic services	30,000	28,431	36,287
Contracted costs	30,000	0	28,948
Cemetery operations and maintenance	5,000	0	0
Interest on capital leases	87,000	103,328	124,668
Interest on loan financing	50,000	57,230	35,992
Road repairs and maintenance	<u>210,000</u>	<u>62,917</u>	<u>245,309</u>
	3,226,500	2,777,264	3,060,300
Net allocations (to) from:			
General government	52,200	51,692	1,784
By-law	16,100	16,100	15,800
Emergency services	15,000	15,000	14,900
Recreational and cultural	9,500	9,500	9,200
Engineering services	(43,100)	(32,610)	13,417
Water and sewer fund	(396,200)	(488,201)	(484,664)
Sanitation fund	(104,200)	(288,934)	(294,928)
Gravel fund	(28,700)	(21,715)	(19,129)
Land development fund	<u>(48,700)</u>	<u>(38,210)</u>	<u>(34,881)</u>
	<u>\$ 2,698,400</u>	<u>\$ 1,999,886</u>	<u>\$ 2,281,799</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
RECREATIONAL AND CULTURAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Abe Okpik Community Centre	\$ 1,000	\$ 1,672	\$ 1,353
Arctic Winter Games Complex	2,500	8,915	5,000
Arnaituq Arena	82,000	79,424	94,040
Curling rink	7,000	5,000	3,518
Iqaluit skateboard park	47,500	32,375	40,296
Parks, playgrounds and ballfields	1,500	1,400	1,500
Programs and special events	76,000	123,909	97,483
Swimming pool	53,500	68,200	59,670
Youth centre	40,000	16,503	52,705
	<u>311,000</u>	<u>337,398</u>	<u>355,565</u>
EXPENDITURES			
Administration			
Salaries and benefits	333,900	375,569	354,422
Other administration expenses	43,800	53,617	48,532
Vehicle fuel	5,000	7,305	9,098
Vehicle operations and maintenance	5,000	16,109	22,393
	<u>387,700</u>	<u>452,600</u>	<u>434,445</u>
Facilities			
Abe Okpik Community Centre	75,600	48,347	58,502
Arctic Winter Games Complex	298,000	294,282	285,970
Arnaituq Arena	384,600	586,116	523,465
Curling rink	253,200	273,232	267,061
Elders' facility	73,200	80,669	68,939
Iqaluit skateboard park	47,500	114,976	80,034
Parks, playgrounds and ballfields	67,200	51,364	66,088
Programs and special events	457,800	300,593	329,754
Swimming pool	580,500	600,740	441,839
Youth centre	309,200	316,086	320,184
	<u>2,934,500</u>	<u>3,119,005</u>	<u>2,876,281</u>
Net allocations (to) from:			
General government	51,300	50,792	1,792
Public works and transportation	(9,500)	(9,500)	(9,200)
Engineering services	(9,500)	0	0
	<u>2,966,800</u>	<u>3,160,297</u>	<u>2,868,873</u>
EXCESS EXPENDITURES	<u>\$ (2,655,800)</u>	<u>\$ (2,822,899)</u>	<u>\$ (2,513,308)</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
ENGINEERING SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
EXPENDITURES			
Salaries and benefits	\$ 357,000	\$ 93,045	\$ 273,311
Vehicle fuel	900	430	674
Vehicle repairs and maintenance	1,500	1,750	2,044
Office and miscellaneous	89,600	82,721	81,444
Materials and supplies	<u>128,700</u>	<u>54,777</u>	<u>65,613</u>
	577,700	232,723	423,086
Net allocations to (from):			
General government	71,400	50,011	(28,500)
Public works and transportation	43,100	32,610	(13,417)
Recreational and cultural	9,500	0	0
Economic development	(9,500)	(9,500)	(11,500)
Capital fund	<u>(300,000)</u>	<u>(43,815)</u>	<u>(276,470)</u>
	<u>\$ 392,200</u>	<u>\$ 262,029</u>	<u>\$ 93,199</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
ECONOMIC DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Budget</u>	2008 <u>Actual</u>	2007 <u>Actual</u>
REVENUES			
Wage subsidies	\$ 100,000	\$ 0	\$ 67,500
Trade show	0	0	9,000
Programs and studies	<u>90,000</u>	<u>167,500</u>	<u>142,610</u>
	<u>190,000</u>	<u>167,500</u>	<u>219,110</u>
EXPENDITURES			
Salaries and benefits	116,000	102,474	106,390
Advertising and promotion	47,000	45,687	67,995
Staff training and travel	12,500	10,903	5,584
Materials and supplies	2,500	1,227	3,099
Contracted services	<u>106,000</u>	<u>0</u>	<u>56,945</u>
	284,000	160,291	240,013
Net allocations to (from):			
Engineering services	<u>9,500</u>	<u>9,500</u>	<u>11,500</u>
	<u>293,500</u>	<u>169,791</u>	<u>251,513</u>
EXCESS EXPENDITURES	<u><u>\$ (103,500)</u></u>	<u><u>\$ (2,291)</u></u>	<u><u>\$ (32,403)</u></u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
PHYSICAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
PHYSICAL ASSETS (Note 1(e))		
Office, fire hall and arena	\$ 7,054,299	\$ 7,006,364
Arctic Winter Games legacy arena	4,876,358	4,876,358
Air base garage	577,294	577,294
West 40 maintenance shop	142,000	142,000
Apex garage	344,756	344,756
New garage	872,149	872,149
Abe Okpik hall	394,418	394,418
NPC warehouse (dog pound)	227,002	227,002
Employee accommodations	1,295,952	1,295,952
CAO residence	306,887	306,887
Elders centre	542,445	542,445
Playgrounds	526,184	491,192
Equipment	2,088,507	2,050,039
Mobile equipment	8,310,811	9,177,607
Water and sewage system	44,805,822	39,083,113
Solid waste site	2,645,179	2,645,179
Sewage treatment facility	15,087,227	15,087,227
Granular source	821,641	599,853
Roads, trails and signage	13,136,547	10,818,462
Cemetery development	80,426	78,426
Furniture and fixtures	85,773	0
Work in progress (see below)	<u>4,142,122</u>	<u>5,648,152</u>
	<u><u>\$108,363,799</u></u>	<u><u>\$102,264,875</u></u>
WORK IN PROGRESS		
Paving	\$ 3,934,007	\$ 0
Apex Trail Construction	133,470	0
Water and waste water	35,413	3,091,217
Arctic Winter Games arena floor	30,670	0
Truck monitoring system	8,562	0
Water and sewer extension	0	1,556,805
Roads, trails and signage	0	998,130
Cemetery development	<u>0</u>	<u>2,000</u>
	<u><u>\$ 4,142,122</u></u>	<u><u>\$ 5,648,152</u></u>

The accompanying notes are an integral part of these consolidated financial statements

**CITY OF IQALUIT
CAPITAL PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Actual</u>
Projects Cost Shared with the Government of Nunavut	
New Treated Water Storage	\$ 59,579
Upgrade Water and Sewer Main	14,510
Upgrading Sewage Lift Stations	35,413
W/M Fed Road to Fed Bldg Area	253,371
Granular Source Construction	27,951
Replacement HDPE Pipe From Dam to WTP	485,486
Engineering Overhead (Schedule 14)	<u>43,815</u>
	920,125
Projects Block Funded by the Government of Nunavut	
Paving 2008/2009	3,934,007
Projects Funded by the City of Iqaluit	
By Law Vehicle	42,967
Garbage Truck	180,862
Walking Trail Groomer	107,060
Capital Repairs AWG Arena	30,670
Arnaituq Arena - Ice System Repairs	48,036
Recreation Truck	45,405
Dog Pound lease Building 1342	250,000
Road to Granular Source	221,688
Pedestrian Walkway Phase 2 Design & Construct	93,767
Pedestrian Walkway Phase 1, Part 3	74,248
Pedestrian Walkway Phase 3 - Hospital	139,038
Snow Fencing Construction- Road to Nowhere	382,719
Walking Trails	154,475
Apex Trail Construction (Walking Trail)	133,470
Nunavut Square Construction	447,759
Upgrade Playgrounds	34,993
Recreation Photocopier	18,027
Truck Monitoring System	<u>8,561</u>
	<u><u>\$ 7,267,877</u></u>

The accompanying notes are an integral part of these consolidated financial statements

**CITY OF IQALUIT
CAPITAL FUND
DISPOSALS
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Description</u>	<u>Identification</u>	<u>Proceeds of Disposal</u>
2003 Ford F-350 Super Duty truck	1FTSW31L03ED81762	\$ 22,560
1997 Ambulance		4,429
1992 GMC Suburban		<u>752</u>
		<u>\$ 27,741</u>

The accompanying notes are an integral part of these consolidated financial statements

CITY OF IQALUIT
CONTRACTS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Brighter <u>Futures</u>	Community <u>Health</u>	2008 <u>Total</u>	2007 <u>Total</u>
REVENUES				
Contributions	\$ <u>376,418</u>	\$ <u>772,894</u>	\$ <u>1,149,312</u>	\$ <u>869,286</u>
EXPENDITURES				
Contracted costs	320,103	403,765	723,868	767,825
Equipment purchases	0	300,000	300,000	440
Materials and supplies	0	271	271	313
Administration	18,815	0	18,815	29,169
Salaries and benefits	<u>37,500</u>	<u>68,858</u>	<u>106,358</u>	<u>71,890</u>
	<u>376,418</u>	<u>772,894</u>	<u>1,149,312</u>	<u>869,637</u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (351)</u>

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