

CITY OF IQALUIT
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

CITY OF IQALUIT
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DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

Mayor and Council
City of Iqaluit
Iqaluit, Nunavut

We have audited the accompanying consolidated financial statements of the City of Iqaluit, which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations, changes in net financial assets (net debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Administration's Responsibility for the Consolidated Financial Statements

Administration is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as Administration determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements 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' judgement, 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 auditor considers 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 evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Administration, as well as evaluation of 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 Iqaluit as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants 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.

Report on Other Legal and Regulatory Requirements

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 12 to the consolidated financial statements.

Iqaluit, Nunavut
April 12, 2011

A handwritten signature in black ink, reading "Mark Kay Landau". The signature is written in a cursive, flowing style.

CHARTERED ACCOUNTANTS

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 11,814,095	\$ 12,187,073
Accounts receivable		
Taxes and grants in lieu (Note 3)	1,474,826	670,879
Trade and other (Note 3)	4,059,887	3,248,051
Government of Nunavut - contributions	2,244,597	4,226,489
Land held for resale (Note 4)	761,849	706,646
Land leases receivable (Note 5)	<u>10,236,155</u>	<u>8,557,749</u>
Total Financial Assets	<u>30,591,409</u>	<u>29,596,887</u>
Liabilities		
Accounts payable and accrued liabilities	7,892,021	7,937,324
Due to Government of Nunavut (Note 6)	286,828	281,798
Deposits	111,418	90,708
Performance bond payable	56,865	56,489
Post-employment benefits payable (Note 1)	1,483,900	1,210,231
Closure/post-closure liabilities (Note 13)	1,041,698	1,059,884
Deferred revenue (Note 7)	4,910,464	5,617,513
Long term debt (Note 8)	13,366,587	10,714,316
Obligations under capital lease (Note 9)	<u>1,970,210</u>	<u>2,380,737</u>
Total Liabilities	<u>31,119,991</u>	<u>29,349,000</u>
Net Financial Assets (Net Debt)	<u>(528,582)</u>	<u>247,887</u>
Non-Financial Assets		
Prepaid expenses	145,420	128,795
Consumable inventories (Note 1)	788,591	973,903
Tangible capital assets (Note 1 and Schedule 17)	<u>88,363,664</u>	<u>83,886,002</u>
Total Non-Financial Assets	<u>89,297,675</u>	<u>84,988,700</u>
Accumulated Fund Balances (Schedule 1)	<u>\$ 88,769,093</u>	<u>\$ 85,236,587</u>

Contingent Liabilities (Note 13)

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 OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> <u>Budget</u>	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
Revenues			
Taxation and user charges			
Taxes and grants in lieu (Schedule 2)	\$ 11,420,900	\$ 11,389,598	\$ 10,917,868
Water and sewer (Schedule 3)	4,794,900	4,724,519	4,753,619
Sanitation (Schedule 4)	1,781,000	1,914,851	1,518,218
Land development and administration (Schedule 5)	9,249,000	6,065,776	2,663,777
Gravel (Schedule 6)	175,700	142,151	175,546
Other revenue from own sources (Schedule 8)	2,428,900	2,977,143	2,490,338
Government transfers			
Equalization contribution (Schedule 2)	1,995,760	1,578,980	1,746,793
Water and sewer subsidy (Schedule 3)	1,138,200	1,120,800	1,130,485
Land contributions (Schedule 5)	77,000	77,488	163,011
Other government transfers (Schedule 8)	285,000	183,832	178,496
Economic development contribution (Schedule 15)	190,000	190,000	256,500
Contract services (Schedule 16)	714,500	632,836	649,188
Other			
Third party contributions (Schedule 5)	20,000	26,083	0
	<u>34,270,860</u>	<u>31,024,057</u>	<u>26,643,839</u>
Expenses			
Water and sewer (Schedule 3)	5,003,600	5,859,082	6,088,767
Sanitation (Schedule 4)	1,366,100	1,675,583	1,561,416
Land development and administration (Schedule 5)	7,735,900	5,876,804	2,757,980
Gravel (Schedule 6)	84,800	59,102	81,206
General government (Schedule 9)	3,903,700	3,924,973	3,416,781
Emergency services (Schedule 10)	2,798,500	2,825,082	2,863,218
By-law enforcement (Schedule 11)	876,800	756,313	679,446
Public works and transportation (Schedule 12)	3,057,600	3,052,298	2,362,286
Recreational and cultural (Schedule 13)	3,274,900	3,405,941	3,574,143
Engineering services (Schedule 14)	647,900	558,405	433,561
Economic development (Schedule 15)	189,500	200,000	221,637
Contract services (Schedule 16)	714,500	653,162	649,188
Depreciation (Schedule 17)	3,760,300	3,886,900	3,432,595
	<u>33,414,100</u>	<u>32,733,645</u>	<u>28,122,224</u>
Excess Revenues (Expenses) before Other	<u>856,760</u>	<u>(1,709,588)</u>	<u>(1,478,385)</u>
Other			
Government transfers relating to capital (Schedule 18)	7,210,000	5,199,231	6,713,504
Other capital contributions (Schedule 18)	56,000	42,863	329,003
	<u>7,266,000</u>	<u>5,242,094</u>	<u>7,042,507</u>
Excess Revenues	<u>\$ 8,122,760</u>	<u>\$ 3,532,506</u>	<u>\$ 5,564,122</u>

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

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Excess Revenues	\$ 8,122,760	\$ 3,532,506	\$ 5,564,122
Tangible capital assets purchased	(7,224,000)	(8,364,562)	(8,471,594)
Depreciation	<u>3,760,300</u>	<u>3,886,900</u>	<u>3,432,595</u>
	4,659,060	(945,156)	525,123
Change in prepaid expenses	0	(16,625)	(14,370)
Change in consumable inventories	<u>0</u>	<u>185,312</u>	<u>(488,540)</u>
Increase (Decrease) in Net Financial Assets	4,659,060	(776,469)	22,213
Net Financial Assets, opening	<u>247,887</u>	<u>247,887</u>	<u>225,674</u>
Net Financial Assets (Net Debt), closing	<u><u>\$ 4,906,947</u></u>	<u><u>\$ (528,582)</u></u>	<u><u>\$ 247,887</u></u>

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Operating Activities		
Excess revenues	\$ 3,532,506	\$ 5,564,122
Item not requiring cash:		
Depreciation	<u>3,886,900</u>	<u>3,432,595</u>
	7,419,406	8,996,717
Cash provided by (used for) changes in non-cash working capital:		
Taxes and grants in lieu receivable	(803,947)	(259,410)
Trade and other receivables	(811,836)	(292,031)
Government of Nunavut - contributions receivable	1,981,892	(4,088,153)
Land held for resale	(55,203)	827,459
Land leases receivable	(1,678,406)	(94,250)
Accounts payable and accrued liabilities	(45,303)	3,844,372
Due to Government of Nunavut	5,030	6,195
Deposits	20,710	4,114
Performance bond payable	376	44
Post-employment benefits payable	273,669	51,364
Closure/post-closure liabilities	(18,186)	33,588
Deferred revenue	(707,049)	1,506,591
Prepaid expenses	(16,625)	(14,370)
Consumable inventory	<u>185,312</u>	<u>(488,540)</u>
Cash from (used for) operations	<u>5,749,840</u>	<u>10,033,690</u>
Capital Activities		
Tangible capital assets purchased	<u>(8,364,562)</u>	<u>(8,471,594)</u>
Cash from (used for) capital transactions	<u>(8,364,562)</u>	<u>(8,471,594)</u>
Financing Activities		
Long term debt repaid	(1,347,729)	(994,553)
Long term debt issued	4,000,000	0
Obligations under capital lease repaid	(584,743)	(538,014)
Obligations under capital lease issued	<u>174,216</u>	<u>516,100</u>
Cash from (used for) financing activities	<u>2,241,744</u>	<u>(1,016,467)</u>
Increase (decrease) in cash	(372,978)	545,629
Cash and cash equivalents, opening	<u>12,187,073</u>	<u>11,641,444</u>
Cash and cash equivalents, closing	<u>\$ 11,814,095</u>	<u>\$ 12,187,073</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, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Iqaluit (the "City") are the representations of Administration prepared 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 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, 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) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are recognized in the period the goods and services were acquired and a liability is incurred or transfers are due.

Government transfers 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.

Funds and contributions from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the specific purpose.

Interest earned on reserve fund cash is transferred to the specific reserve fund that generated the interest.

(c) Use of Estimates

The preparation of the consolidated financial statements of the City requires Administration to make estimates and approximations based on information available as of the date of the consolidated financial statements. Actual results could differ from those estimates and approximations.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Fund Accounting

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

(e) Budget

Budget figures are unaudited and are those approved by Council on March 9, 2010.

(f) Inventory

Inventory for Consumption

Inventories other than for resale are recorded at the lower of cost, determined on a weighted average basis, and net replacement cost.

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.

(g) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenditures as incurred.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Tangible Capital Assets

Tangible capital assets are recorded at cost. Depreciation is provided using methods and rates intended to depreciate the cost of assets over their estimated useful lives. Estimated useful life and depreciation methods are set forth below:

<u>Category</u>	<u>Threshold (\$)</u>	<u>Estimated Useful Life</u>	<u>Depreciation Method</u>
Buildings	10,000	40 years	Straight-line
Cemetery development	All	Indefinite	NA
Computer equipment - hardware	5,000	3 years	Straight-line
Computer software	5,000	3 years	Straight-line
Feasibility studies	5,000	1 year	Straight-line
Furniture and fixtures	5,000	5 years	Straight-line
Granular source	All	Indefinite	NA
Infrastructure - water and sewer	10,000	30 years	Straight-line
Infrastructure - sewage treatment	10,000	30 years	Straight-line
Infrastructure - waste	10,000	30 years	Straight-line
Land	All	Indefinite	NA
Machinery and equipment - office	10,000	5 years	Straight-line
Machinery and equipment - heavy equipment	10,000	18 years	Straight-line
Playgrounds - recreation	10,000	18 years	Straight-line
Roads	All	30 years	Straight-line
Vehicles	All	7 years	Straight-line

(i) 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.

(j) Pension Expenditures

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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 operations.

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.
- 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.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Reserves (continued)

- 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.
- 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 accumulate 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 future costs related to the Industrial subdivision.
- Pedestrian walkway reserve was established to accumulate funds for the construction of a future pedestrian walkway.
- Election equipment reserve was established to accumulate funds for the purchase of election equipment.
- Emergency generator reserve was established to accumulate funds for the purchase of an emergency generator.
- Marine infrastructure reserve was established to accumulated funds for development of the City's marine infrastructure.
- Street lighting reserve was established to accumulate funds for major repairs to existing street lighting or for the purchase of new street lighting.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

2. CASH AND CASH EQUIVALENTS

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:

	<u>2010</u>	<u>2009</u>
General operating fund	\$ (5,508,815)	\$ (2,320,606)
Capital projects funds	8,778,674	7,015,367
Land development funds	1,108,450	1,142,360
Reserve funds	<u>7,435,786</u>	<u>6,349,952</u>
	<u>\$ 11,814,095</u>	<u>\$ 12,187,073</u>

Cash and cash equivalents consist of current and savings accounts with the Royal Bank of Canada. Cash invested in savings accounts earns interest at variable rates.

Included in the land development fund cash and cash equivalents is \$56,875 (2009 - \$56,489) 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 \$4,743,354 (2009 - \$4,038,739) relating to Gas Tax Funding and \$4,035,320 (2009 - \$2,976,628) 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.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

3. ACCOUNTS RECEIVABLE

Taxes and grants in lieu

	<u>2010</u>	<u>2009</u>
Total municipal taxes receivable	\$ 1,942,745	\$ 1,644,332
Allowance for doubtful collection	<u>(1,587,692)</u>	<u>(1,411,590)</u>
	355,053	232,742
Grants in lieu receivable	<u>1,119,773</u>	<u>438,137</u>
	<u><u>\$ 1,474,826</u></u>	<u><u>\$ 670,879</u></u>

Trade and other

	<u>2010</u>	<u>2009</u>
Water and sewer service	\$ 1,929,929	\$ 1,413,064
General accounts receivable	2,028,366	1,194,072
GST refundable	457,899	434,416
Contracts	70,143	283,132
Capital projects accounts receivable	403,550	761,367
Allowance for doubtful accounts	<u>(830,000)</u>	<u>(838,000)</u>
	<u><u>\$ 4,059,887</u></u>	<u><u>\$ 3,248,051</u></u>

Included in Capital projects accounts receivable is \$279,217 (2009 - \$302,753) due from specified ratepayers relating to the lower base hook-up capital project.

4. LAND HELD FOR RESALE

Land held for resale represents the following balances.

	<u>Number of</u> <u>Lots for</u> <u>Resale</u>	<u>2010</u>	<u>Number of</u> <u>Lots for</u> <u>Resale</u>	<u>2009</u>
Lake subdivision	2	\$ 48,455	3	\$ 401,799
Plateau subdivision 1	1	304,847	1	304,847
Plateau subdivision 2	1	0	3	0
Plateau subdivision 3	<u>16</u>	<u>408,547</u>	<u>0</u>	<u>0</u>
	<u><u>20</u></u>	<u><u>\$ 761,849</u></u>	<u><u>7</u></u>	<u><u>\$ 706,646</u></u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

5. LAND LEASES RECEIVABLE

	<u>2010</u>	<u>2009</u>
Land leases receivable	\$ 9,598,102	\$ 8,050,156
Land leases receivable - in arrears	<u>1,415,053</u>	<u>1,284,593</u>
	11,013,155	9,334,749
Allowance for doubtful collection	<u>(777,000)</u>	<u>(777,000)</u>
	<u>\$ 10,236,155</u>	<u>\$ 8,557,749</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.

6. DUE TO GOVERNMENT OF NUNAVUT

	<u>2010</u>	<u>2009</u>
School tax payable	\$ 255,512	\$ 255,512
Gravel royalties payable	<u>31,316</u>	<u>26,286</u>
	<u>\$ 286,828</u>	<u>\$ 281,798</u>

7. DEFERRED REVENUE

	<u>2010</u>	<u>2009</u>
Gas tax program	\$ 4,086,380	\$ 4,720,146
Government of Nunavut	648,320	754,820
Other	41,025	41,715
Land lease	7,039	7,039
Contracts	<u>127,700</u>	<u>93,793</u>
	<u>\$ 4,910,464</u>	<u>\$ 5,617,513</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

8. LONG TERM DEBT

	<u>2010</u>	<u>2009</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.	\$ 36,449	\$ 489,288
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 PWB prime rate less 0.06%, maturing November 2015. The City may remit excess payments if funds received from the related land development exceed the required monthly payment.	2,245,933	2,702,733
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.	4,045,752	4,280,011
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 PWB prime rate less 0.06%, maturing November 2015. The City may remit excess payments if funds received from the related land development exceed the required monthly payment.	493,878	594,811
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.	952,482	992,261
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.	602,067	626,545

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

8. LONG TERM DEBT (continued)

	<u>2010</u>	<u>2009</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.	563,908	587,647
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.	426,118	441,020
Royal Bank of Canada, secured by a general debenture related to the Plateau subdivision phase 3, repayable in blended monthly installments of \$39,550 with variable interest at Royal Bank of Canada prime less 0.5% maturing December 2015.	<u>4,000,000</u>	<u>0</u>
	<u>\$ 13,366,587</u>	<u>\$ 10,714,316</u>

Long term debt is estimated to be repayable as follows:

2011	\$ 2,317,656
2012	5,160,674
2013	1,183,972
2014	1,183,972
2015	2,764,125
2016 and thereafter	<u>756,188</u>
	<u>\$ 13,366,587</u>

Administration expects that all long term debt with expiring terms in 2011 will be refinanced on maturity as follows:

2011	<u>\$ 602,067</u>
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CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

9. OBLIGATIONS UNDER CAPITAL LEASE

	<u>Expiry</u>	<u>Interest</u> <u>rate</u>	<u>2010</u>	<u>2009</u>
CAT motor grader	Oct/11	6.1%	\$ 117,734	\$ 137,386
CAT wheel loader	Oct/11	6.1%	107,187	132,945
CAT rubber tire excavator	Oct/11	6.1%	93,271	135,022
CAT wheel loader	Oct/11	6.1%	148,508	187,608
CAT wheel loader	Oct/11	6.1%	114,332	173,256
CAT wheel loader	Oct/11	6.1%	107,188	132,946
2005 Sterling sewer truck	Jan/10	9.1%	0	194
2006 Ford F-350 Crewcab 4x4	Jul/10	8.88%	0	4,659
2006 Ford F-350 Crewcab 4x4	Jun/10	8.88%	0	4,296
Sewer blaster	Sep/10	7.25%	0	8,715
Sterling water truck	Sep/11	7.45%	30,487	69,040
Sterling water truck	Sep/11	7.45%	30,487	69,040
Sterling sewage truck	Sep/11	7.45%	24,404	55,262
Sterling dump truck with plow	Sep/11	7.45%	26,975	61,085
Sterling sand truck with plow	Sep/11	7.45%	30,745	69,624
Photocopier 1 - reception	Feb/10	8.74%	0	3,027
Photocopier 2 - administration	Feb/10	8.74%	0	7,591
2007 Spartan Smeal fire truck	Dec/12	5.85%	361,634	403,184
Telephone system	Oct/10	12.67%	0	10,263
Building 1342	Mar/23	8.00%	209,783	219,587
C253 photocopier - recreation	Aug/12	8.15%	8,174	12,571
2009 CAT landfill compactor	Aug/14	4.56%	388,312	483,436
Metso Mineral sand screener	Dec/15	4.23%	170,989	0
			<u>\$ 1,970,210</u>	<u>\$ 2,380,737</u>

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

2011	\$ 1,139,109
2012	519,115
2013	180,648
2014	142,252
2015	65,457
Thereafter	<u>193,850</u>
	2,240,431
Less: imputed interest	<u>270,221</u>
Obligations under capital lease	<u>\$ 1,970,210</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

10. EXPENDITURES BY OBJECT

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

	<u>2010</u>	<u>2009</u>
Salaries and benefits	\$ 14,237,142	\$ 13,562,219
Legal fees	235,424	145,754
Professional fees	159,722	122,790
Contracted services	1,187,394	1,247,396
Rental	363,325	419,684
Telecommunications	192,407	178,573
Materials and supplies	831,957	711,060
Advertising	163,780	131,176
Interest and service charges	95,212	131,756
Interest on long term debt	617,419	671,898
Bad debts	168,103	327,104
Professional development and training	274,842	224,777
Electricity	1,065,248	1,660,935
Heating fuel	1,102,839	1,003,957
Repairs and maintenance	571,435	525,336
Vehicle fuel	395,267	456,853
Vehicle repairs and maintenance	756,481	768,622
Insurance	1,213,014	554,675
Other expenditures	<u>758,265</u>	<u>757,772</u>
	24,389,276	23,602,337
Cost of lot sales	4,457,468	1,087,291
Depreciation	<u>3,886,901</u>	<u>3,432,596</u>
	<u>\$ 32,733,645</u>	<u>\$ 28,122,224</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

11. 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>2010</u>	<u>2009</u>
Municipal taxes receivable	\$ 176,103	\$ 179,104
General accounts receivable	(8,000)	13,000
Land leases receivable	<u>0</u>	<u>135,000</u>
	<u>\$ 168,103</u>	<u>\$ 327,104</u>

12. 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, 2010

12. STATUTORY INFORMATION (continued)

Debenture 2000-01 (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 December 31, 2009 the City had deficits in the Water and Sewer, Sanitation Program and Gravel Funds. At December 31, 2010 the City has not eliminated the deficits as required on the Water and Sewer, Sanitation Program and Gravel Funds.

13. 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.

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.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

13. CONTINGENT LIABILITIES (continued)

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.

Closure / Post-closure Costs - Solid Waste Landfill, Sewage Lagoon and Trail Deposit

Included in the City's operations are a solid waste landfill site, sewage lagoon and trail deposit. Closure / post-closure costs are recognized at their estimated present value when information is available to estimate the liability. The City recorded estimated liabilities of \$547,213 (2009 - \$521,429) related to the solid waste landfill, \$423,485 (2009 - \$461,255) related to the sewage lagoon and \$71,000 (2009 - \$77,200) related to the trail deposit. The actual closure / post-closure costs may differ from these estimates. The amount of additional loss, if any, will be recorded in the period it becomes known.

14. COMMITMENTS

The City has entered into a lease to purchase arrangement for a building to house its animal control facilities. The purchase price was \$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.

2011	\$ 26,738
2012	26,738
2013	26,738
2014	26,738
2015	26,738
2016 and thereafter	<u>193,850</u>
	327,540
Less: imputed interest	<u>(117,757)</u>
	<u><u>\$ 209,783</u></u>

15. COMPARATIVE AMOUNTS

Certain of the 2009 comparative financial statement amounts have been reclassified to conform with the presentation adopted in the current year.

CITY OF IQALUIT
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Operating Fund	Water Sewer Fund	Sanitation Program Fund	Land Development Fund	Gravel Fund	Reserve Fund	Equity in Tangible Capital Assets	2010 Municipal Position Total	2009 Municipal Position Total
EXCESS REVENUES (EXPENSES)	\$ 3,152,665	\$ (89,632)	\$ 95,518	\$ 290,906	\$ 83,049	\$ 0	\$ 0	\$ 3,532,506	\$ 5,564,122
Net interfund transfers									
To (from) reserves	(833,992)	221,000	(104,500)	(176,500)	(50,000)	943,992	0	0	0
Tangible capital assets purchased	(6,190,864)	(1,891,761)	(48,184)	(233,753)	0	0	8,364,562	0	0
Capital leases issued	174,216	0	0	0	0	0	(174,216)	0	0
Capital leases repaid	(372,747)	(116,872)	(95,124)	0	0	0	584,743	0	0
Long term debt repaid	(29,954)	(72,946)	0	0	0	0	102,900	0	0
Depreciation	1,875,832	1,817,497	191,934	1,637	0	0	(3,886,900)	0	0
	<u>(5,377,509)</u>	<u>(43,082)</u>	<u>(55,874)</u>	<u>(408,616)</u>	<u>(50,000)</u>	<u>943,992</u>	<u>4,991,089</u>	<u>0</u>	<u>0</u>
CHANGE IN FUND BALANCES	(2,224,844)	(132,714)	39,644	(117,710)	33,049	943,992	4,991,089	3,532,506	5,564,122
BALANCES, OPENING	<u>2,573,462</u>	<u>(2,146,744)</u>	<u>(1,503,510)</u>	<u>1,206,485</u>	<u>(133,102)</u>	<u>6,382,203</u>	<u>78,857,793</u>	<u>85,236,587</u>	<u>79,672,465</u>
BALANCES, CLOSING	<u>\$ 348,618</u>	<u>\$ (2,279,458)</u>	<u>\$ (1,463,866)</u>	<u>\$ 1,088,775</u>	<u>\$ (100,053)</u>	<u>\$ 7,326,195</u>	<u>\$ 83,848,882</u>	<u>\$ 88,769,093</u>	<u>\$ 85,236,587</u>

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

CITY OF IQALUIT
GENERAL OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenues			
User charges			
Taxes	\$ 7,831,000	\$ 7,850,746	\$ 7,485,907
Grants in lieu (Schedule 8)	<u>3,589,900</u>	<u>3,538,852</u>	<u>3,431,961</u>
	11,420,900	11,389,598	10,917,868
Other revenue from own sources (Schedule 8)	<u>2,428,900</u>	<u>2,977,143</u>	<u>2,490,338</u>
	13,849,800	14,366,741	13,408,206
Government transfers			
Equalization contribution	1,995,760	1,578,980	1,746,793
Economic development (Schedule 15)	190,000	190,000	256,500
Government operating transfers (Schedule 8)	285,000	183,832	178,496
Contract services (Schedule 16)	<u>714,500</u>	<u>632,836</u>	<u>649,188</u>
	<u>17,035,060</u>	<u>16,952,389</u>	<u>16,239,183</u>
Expenses			
General government (Schedule 9)	3,903,700	3,924,973	3,416,781
Emergency services (Schedule 10)	2,798,500	2,825,082	2,863,218
By-law enforcement (Schedule 11)	876,800	756,313	679,446
Public works and transportation (Schedule 12)	3,057,600	3,052,298	2,362,286
Recreational and cultural (Schedule 13)	3,274,900	3,405,941	3,574,143
Engineering services (Schedule 14)	647,900	558,405	433,561
Economic development (Schedule 15)	189,500	200,000	221,637
Contract services (Schedule 16)	<u>714,500</u>	<u>653,162</u>	<u>649,188</u>
	15,463,400	15,376,174	14,200,260
Depreciation	<u>1,747,400</u>	<u>1,875,832</u>	<u>1,434,168</u>
	<u>17,210,800</u>	<u>17,252,006</u>	<u>15,634,428</u>
Excess Revenues (Expenses) before Other	(175,740)	(299,617)	604,755
Other			
Capital contributions	<u>0</u>	<u>3,452,282</u>	<u>6,291,656</u>
Excess Revenues	<u>\$ (175,740)</u>	<u>\$ 3,152,665</u>	<u>\$ 6,896,411</u>

CITY OF IQALUIT
WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenues			
User charges			
Residential	\$ 2,392,600	\$ 2,671,598	\$ 2,505,236
Residential subsidy	<u>(1,202,000)</u>	<u>(1,514,664)</u>	<u>(1,449,954)</u>
	1,190,600	1,156,934	1,055,282
Commercial	1,204,700	1,190,571	1,200,426
Government and industrial	2,296,500	2,259,348	2,370,779
Other fees	<u>103,100</u>	<u>117,666</u>	<u>127,132</u>
	4,794,900	4,724,519	4,753,619
Government transfers			
Government of Nunavut subsidies	<u>1,138,200</u>	<u>1,120,800</u>	<u>1,130,485</u>
	<u>5,933,100</u>	<u>5,845,319</u>	<u>5,884,104</u>
Expenses			
Salaries and wages	2,702,000	2,743,192	2,734,245
Transmission and distribution (utilidor)	1,267,800	1,933,319	2,052,654
Interest on capital leases	27,700	27,629	36,607
Staff training	0	20,193	0
Vehicle fuel	125,000	164,419	174,659
Vehicle operations and maintenance	95,000	138,252	141,156
Provision for closure/post-closure of sewage lagoon	<u>0</u>	<u>(37,770)</u>	<u>0</u>
	4,217,500	4,989,234	5,139,321
Administration and maintenance costs			
General government	321,100	322,740	313,809
Emergency services	48,100	48,100	43,964
Public works and transportation	<u>416,900</u>	<u>499,008</u>	<u>591,673</u>
	5,003,600	5,859,082	6,088,767
Depreciation	<u>1,819,400</u>	<u>1,817,497</u>	<u>1,805,889</u>
	<u>6,823,000</u>	<u>7,676,579</u>	<u>7,894,656</u>
Excess Revenues (Expenses) before Other	(889,900)	(1,831,260)	(2,010,552)
Other			
Capital contributions	<u>0</u>	<u>1,741,628</u>	<u>737,891</u>
Excess Revenues (Expenses)	<u>\$ (889,900)</u>	<u>\$ (89,632)</u>	<u>\$ (1,272,661)</u>

CITY OF IQALUIT
SANITATION PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenues			
User charges			
Sanitation services	\$ 1,273,500	\$ 1,383,454	\$ 1,179,469
Solid waste tipping fees	500,000	527,649	333,325
Other	<u>7,500</u>	<u>3,748</u>	<u>5,424</u>
	<u>1,781,000</u>	<u>1,914,851</u>	<u>1,518,218</u>
Expenses			
Salaries and benefits	871,200	847,927	752,489
Vehicle fuel	57,000	54,585	41,341
Vehicle operations and maintenance	80,000	76,320	78,513
Materials and supplies	18,300	114,285	79,330
Interest on capital leases	20,100	20,067	5,733
Contracted costs	34,000	23,152	16,344
Electricity	15,000	13,577	17,087
Heating fuel	15,000	14,612	15,112
Provision for closure/post closure of solid waste	<u>0</u>	<u>25,784</u>	<u>33,588</u>
	1,110,600	1,190,309	1,039,537
Administration and maintenance costs			
General government	144,500	140,678	129,750
Public works and transportation	<u>111,000</u>	<u>344,596</u>	<u>392,129</u>
	1,366,100	1,675,583	1,561,416
Depreciation	<u>191,900</u>	<u>191,934</u>	<u>191,244</u>
	<u>1,558,000</u>	<u>1,867,517</u>	<u>1,752,660</u>
Excess Revenues (Expenses) before Other	223,000	47,334	(234,442)
Other			
Capital contributions	<u>0</u>	<u>48,184</u>	<u>0</u>
Excess Revenues (Expenses)	<u>\$ 223,000</u>	<u>\$ 95,518</u>	<u>\$ (234,442)</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, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenues			
User charges			
Land sales	\$ 6,100,000	\$ 4,582,561	\$ 1,550,816
Interest on land leases	850,000	976,592	893,591
Lot leases revenue	2,200,000	85,302	116,676
Fees	99,000	421,321	102,694
	<u>9,249,000</u>	<u>6,065,776</u>	<u>2,663,777</u>
Government transfers			
Land administration contribution	77,000	77,488	76,491
Other contributions	0	0	86,520
	<u>77,000</u>	<u>77,488</u>	<u>163,011</u>
Other			
Third party contributions	20,000	26,083	0
	<u>9,346,000</u>	<u>6,169,347</u>	<u>2,826,788</u>
Expenses			
Cost of land sold	5,980,000	4,457,468	1,087,291
Interest on debentures	254,100	319,661	349,972
Salaries and benefits	463,600	397,119	391,422
Office and miscellaneous	131,200	60,494	18,146
Planning, reviews and studies	348,000	166,290	306,207
Geographic information system	15,000	7,543	26,632
Professional fees	20,000	18,164	3,039
Rent	66,900	90,328	60,920
Survey, appraisal and title search fees	101,000	18,805	29,153
Training	20,000	8,677	9,229
Electricity	0	14,535	18,940
Heating fuel	0	4,391	5,884
Bad debts - land leases	10,000	0	135,000
	<u>7,409,800</u>	<u>5,563,475</u>	<u>2,441,835</u>
Administration and maintenance costs			
General government	252,000	252,936	233,597
By-law	21,400	21,400	27,100
Public works and transportation	52,700	38,993	55,448
	<u>7,735,900</u>	<u>5,876,804</u>	<u>2,757,980</u>
Depreciation	1,600	1,637	1,294
	<u>7,737,500</u>	<u>5,878,441</u>	<u>2,759,274</u>
Excess Revenues before Other	1,608,500	290,906	67,514
Other			
Capital contributions	0	0	12,960
Excess Revenues	<u>\$ 1,608,500</u>	<u>\$ 290,906</u>	<u>\$ 80,474</u>

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

CITY OF IQALUIT
GRAVEL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenues			
User charges			
Gravel royalties	\$ 175,000	\$ 142,150	\$ 175,096
Permits	<u>700</u>	<u>1</u>	<u>450</u>
	<u>175,700</u>	<u>142,151</u>	<u>175,546</u>
Expenses			
Government of Nunavut royalty	0	5,030	6,196
Contract costs	10,000	0	2,200
Provision for closure/post-closure trail area deposit	0	(6,200)	0
Administration and maintenance costs			
General government	46,300	44,255	39,882
Public works and transportation	<u>28,500</u>	<u>16,017</u>	<u>32,928</u>
	<u>84,800</u>	<u>59,102</u>	<u>81,206</u>
Excess Revenues	<u>\$ 90,900</u>	<u>\$ 83,049</u>	<u>\$ 94,340</u>

CITY OF IQALUIT
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
The RESERVE FUND is allocated as follows:		
General Operating Fund		
Election expense reserve	\$ 31,107	\$ 981
Financial information system reserve	122,555	101,850
Administration building project reserve	560,066	546,458
Recreation building project reserve	6,245	6,245
Administration vehicle reserve	30,358	26,180
By-law vehicle reserve	70,154	49,274
Emergency services vehicle reserve	318,508	261,820
Engineering vehicle reserve	24,000	20,000
Public works vehicle reserve	128,256	246,975
Emergency services equipment replacement reserve	85,000	55,000
Dog pound reserve	55,370	50,182
Alarm monitoring system reserve	25,000	20,000
Recreation vehicle reserve	17,786	125,916
Ambulance vehicle reserve	124,650	84,650
Post employment benefits	173,128	125,728
Outdoor hard surface reserve	7,500	7,500
BMX bicycle park reserve	5,000	5,000
City hall/recreation building reserve	580,715	251,067
Annenburg Foundation future donations reserve	55,730	55,384
Ambulance personnel training reserve	30,245	20,086
Fire hall replacement reserve	110,940	90,000
Major infrastructure maintenance reserve	282,077	180,220
Future recreation building reserve	177,293	176,193
Sustainability and economic development reserve	178,870	61,959
Emergency management operations reserve	20,110	10,012
Animal control vehicle reserve	4,812	2,002
Ambulance building reserve	71,490	50,061
Translation equipment reserve	10,055	5,006
Emergency radio equipment reserve	30,165	15,018
Ambulance equipment reserve	20,127	10,029
Election equipment reserve	47,200	0
Marine infrastructure reserve	50,000	0
Emergency generator reserve	5,000	0
Street lighting reserve	25,000	0

CITY OF IQALUIT
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Actual</u>	2009 <u>Actual</u>
The RESERVE FUND is allocated as follows: (continued)		
Water and Sewer Fund		
Sewage project reserve	186,139	484,984
Water truck replacement reserve	327,832	300,866
Booster station equipment reserve	75,000	60,000
Sewer truck reserve	120,687	94,979
Post employment benefit reserve	56,500	42,500
Land Development Fund		
Reserve for estimated future interest expense on debenture no. 14	592,977	589,299
Review and by-law revisions reserve	187,500	137,500
Aerial photo reserve	150,000	125,000
Parking lot maintenance reserve	140,000	140,000
GIS update reserve	95,000	75,000
Pedestrian walkway reserve	31,500	31,500
Parking lot reserve	480,000	400,000
Improvement to Industrial subdivision reserve	166,417	165,385
Walking trails, phase 1 and 2 reserve	212,000	212,000
Post employment benefits	8,000	6,500
Sanitation Fund		
Sanitation vehicle replacement reserve	100,000	50,000
Landfill equipment and vehicle reserve	100,525	50,037
Post employment benefits reserve	16,500	12,000
Gravel Fund		
Quarry restoration reserve	223,077	171,828
Quarry development reserve	<u>572,029</u>	<u>572,029</u>
	<u>\$ 7,326,195</u>	<u>\$ 6,382,203</u>

CITY OF IQALUIT
GRANTS IN LIEU AND OTHER REVENUE FROM OWN SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Grants in Lieu			
Federal government	\$ 768,400	\$ 770,178	\$ 723,524
Government of Nunavut	2,696,900	2,646,134	2,589,140
Nunavut Power Corporation	90,000	88,982	86,173
Canadian Broadcasting Corporation	<u>34,600</u>	<u>33,558</u>	<u>33,124</u>
	<u>\$ 3,589,900</u>	<u>\$ 3,538,852</u>	<u>\$ 3,431,961</u>
 Government Operating Transfers			
Federal government	\$ 225,000	\$ 27,469	\$ 56,696
Government of Nunavut	<u>60,000</u>	<u>156,363</u>	<u>121,800</u>
	<u>\$ 285,000</u>	<u>\$ 183,832</u>	<u>\$ 178,496</u>
 Other Revenue from Own Sources			
Emergency services	\$ 1,398,600	\$ 1,210,099	\$ 1,250,802
Recreational and cultural	348,800	389,125	374,924
By-law enforcement	137,700	67,604	78,544
Interest earned	50,000	70,421	52,766
Penalties and interest	216,000	228,913	153,130
Tax certificates	15,000	14,550	15,450
Training subsidies	18,000	22,376	6,323
Business licences	100,000	101,680	96,820
Rent recovery	100,000	102,481	99,540
Sale of material	200	100	3,542
Administration fees on land development	0	304,375	134,507
Other licences and permits	5,500	72	525
Property rental	0	10,200	83,334
Insurance recoveries	25,000	399,807	96,173
Other income	<u>14,100</u>	<u>55,340</u>	<u>43,958</u>
	<u>\$ 2,428,900</u>	<u>\$ 2,977,143</u>	<u>\$ 2,490,338</u>

CITY OF IQALUIT
GENERAL GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Expenses			
Mayor's and councillors' salaries	\$ 204,000	\$ 152,016	\$ 166,972
Salaries	2,245,200	2,008,552	1,883,942
Employee benefits	576,000	789,767	505,835
Staff housing costs	7,000	3,576	8,123
Staff training	193,300	137,569	129,996
Utilities	56,300	55,749	57,714
Telecommunications	212,700	206,530	180,590
Stationery, supplies and postage	95,500	75,067	50,915
Council initiated programs	42,000	23,256	21,371
Advertising and promotion	165,500	214,299	139,766
Business travel and education	82,500	48,443	60,038
Miscellaneous	0	0	1,859
Maintenance and repairs	166,300	55,525	57,383
Election and plebiscites	0	66,836	90,713
Insurance	330,000	362,368	330,466
Membership and dues	6,600	5,582	5,164
Fiscal expenses	220,000	263,318	323,861
Professional fees	185,000	198,155	182,222
Contracted services	70,400	81,774	0
Labour relations	50,000	174,956	118,319
Contracted translation	15,000	9,762	13,426
Rent	9,200	9,460	6,401
Vehicle fuel	5,000	2,089	7,339
Vehicle operations and maintenance	3,000	12,771	7,219
Interest on capital lease	1,900	1,846	4,851
Computers and software	<u>39,000</u>	<u>36,682</u>	<u>51,704</u>
	4,981,400	4,995,948	4,406,189
Net allocations (to) from:			
Emergency services	(88,000)	(96,511)	(87,279)
By-law enforcement	14,800	14,800	14,201
Public works and transportation	(50,900)	(44,830)	(47,674)
Recreational and cultural	(55,300)	(49,230)	(51,924)
Engineering	(134,400)	(134,595)	(99,694)
Water and sewer fund	(321,100)	(322,740)	(313,809)
Sanitation fund	(144,500)	(140,678)	(129,750)
Land development fund	(252,000)	(252,936)	(233,597)
Gravel fund	<u>(46,300)</u>	<u>(44,255)</u>	<u>(39,882)</u>
	3,903,700	3,924,973	3,416,781
Depreciation	<u>147,700</u>	<u>180,582</u>	<u>104,993</u>
	<u>\$ 4,051,400</u>	<u>\$ 4,105,555</u>	<u>\$ 3,521,774</u>

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

CITY OF IQALUIT
EMERGENCY SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenues			
User charges			
Ambulance services	\$ 1,248,600	\$ 1,065,625	\$ 1,102,725
Alarm monitoring services	150,000	144,107	143,872
Other recoveries	<u>0</u>	<u>367</u>	<u>4,205</u>
	<u>1,398,600</u>	<u>1,210,099</u>	<u>1,250,802</u>
Expenses			
Salaries and benefits	2,427,400	2,424,963	2,456,875
Vehicle fuel	10,000	10,159	15,433
Vehicle operations and maintenance	20,000	51,461	45,545
Fire fighters' association	50,000	50,000	50,000
Office and miscellaneous	52,600	84,583	47,450
Dispatch expenses	3,500	14,504	3,052
Interest on capital leases	22,500	22,476	24,831
Staff housing	0	0	21,617
Supplies	56,000	41,689	46,073
Utilities	88,000	76,779	96,171
Building repairs and maintenance	20,000	16,137	20,545
Training	65,000	57,677	35,685
Minor capital	<u>32,500</u>	<u>15,143</u>	<u>37,820</u>
	2,847,500	2,865,571	2,901,097
Net allocations (to) from:			
General government	88,000	96,511	87,279
By-law	(73,100)	(73,100)	(66,764)
Public works and transportation	(15,800)	(15,800)	(14,430)
Water and sewer fund	<u>(48,100)</u>	<u>(48,100)</u>	<u>(43,964)</u>
	2,798,500	2,825,082	2,863,218
Depreciation	<u>121,400</u>	<u>149,534</u>	<u>116,200</u>
	<u>2,919,900</u>	<u>2,974,616</u>	<u>2,979,418</u>
Excess Expenses	<u>\$ (1,521,300)</u>	<u>\$ (1,764,517)</u>	<u>\$ (1,728,616)</u>

CITY OF IQALUIT
BY-LAW ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenues			
User charges			
Fines	\$ 62,200	\$ 30,074	\$ 28,781
Licences and permits	43,000	37,530	41,775
Other	<u>32,500</u>	<u>0</u>	<u>7,988</u>
	<u>137,700</u>	<u>67,604</u>	<u>78,544</u>
Expenses			
Salaries and benefits	708,300	561,405	500,286
Vehicle fuel	13,500	8,304	12,281
Vehicle repairs and maintenance	6,000	37,483	40,463
Office and miscellaneous	45,300	37,923	43,328
Rent	31,000	37,839	25,605
Repairs and maintenance	2,000	2,351	1,471
Dog pound expenses	<u>52,300</u>	<u>52,608</u>	<u>49,849</u>
	858,400	737,913	673,283
Administration and maintenance costs			
General government	(14,800)	(14,800)	(14,201)
Emergency services	73,100	73,100	66,764
Public works and transportation	(18,500)	(18,500)	(19,300)
Land development fund	<u>(21,400)</u>	<u>(21,400)</u>	<u>(27,100)</u>
	876,800	756,313	679,446
Depreciation	<u>29,300</u>	<u>28,377</u>	<u>21,150</u>
	<u>906,100</u>	<u>784,690</u>	<u>700,596</u>
Excess Expenses	<u>\$ (768,400)</u>	<u>\$ (717,086)</u>	<u>\$ (622,052)</u>

CITY OF IQALUIT
PUBLIC WORKS AND TRANSPORTATION
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Expenses			
Salaries and benefits	\$ 2,066,600	\$ 1,982,126	\$ 1,857,496
Vehicle fuel	102,000	138,209	163,056
Vehicle operations and maintenance	166,300	127,866	164,344
Building maintenance	359,100	371,936	395,689
Materials and supplies	291,100	492,447	295,828
Street lighting	255,000	203,250	217,675
Traffic services	25,000	956	21,277
Rent	28,500	37,839	26,136
Contracted costs	20,000	250,000	2,830
Interest on capital leases	68,600	67,757	86,104
Interest on loan financing	32,000	41,516	43,092
Road repairs and maintenance	<u>200,000</u>	<u>171,834</u>	<u>119,281</u>
	3,614,200	3,885,736	3,392,808
Net allocations (to) from:			
General government	50,900	44,830	47,674
By-law	18,500	18,500	19,300
Emergency services	15,800	15,800	14,430
Recreational and cultural	10,100	10,100	9,700
Engineering services	(42,800)	(24,054)	(49,448)
Water and sewer fund	(416,900)	(499,008)	(591,673)
Sanitation fund	(111,000)	(344,596)	(392,129)
Gravel fund	(28,500)	(16,017)	(32,928)
Land development fund	<u>(52,700)</u>	<u>(38,993)</u>	<u>(55,448)</u>
	3,057,600	3,052,298	2,362,286
Depreciation	<u>1,072,900</u>	<u>1,085,026</u>	<u>842,355</u>
	<u>\$ 4,130,500</u>	<u>\$ 4,137,324</u>	<u>\$ 3,204,641</u>

CITY OF IQALUIT
RECREATIONAL AND CULTURAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenues			
User charges			
Abe Okpik Community Centre	\$ 5,000	\$ 13,390	\$ 5,555
Arctic Winter Games Complex	27,000	35,995	9,066
Arnaituq Arena	94,400	85,663	69,751
Curling rink	7,000	7,165	6,646
Recreation fundraising	0	25,000	0
Iqaluit skateboard park	3,000	2,002	2,575
Parks, playgrounds and ballfields	1,400	0	1,400
Programs and special events	115,000	110,179	193,739
Swimming pool	71,000	83,509	56,963
Youth centre	<u>25,000</u>	<u>26,222</u>	<u>29,229</u>
	<u>348,800</u>	<u>389,125</u>	<u>374,924</u>
Expenses			
Administration			
Salaries and benefits	326,600	275,277	404,677
Other administration expenses	41,500	53,634	43,387
Vehicle fuel	8,500	7,398	9,635
Vehicle operations and maintenance	<u>4,000</u>	<u>28,043</u>	<u>26,220</u>
	380,600	364,352	483,919
Facilities			
Abe Okpik Community Centre	83,600	51,712	45,891
Arctic Winter Games Complex	334,000	421,998	216,855
Arnaituq Arena	498,000	652,675	660,725
Curling rink	258,000	246,039	269,074
Elders' facility	85,000	81,121	111,113
Iqaluit skateboard park	59,700	69,556	74,245
Parks, playgrounds and ballfields	88,100	64,161	96,345
Programs and special events	483,100	431,591	563,117
Swimming pool	626,900	610,486	701,337
Youth centre	<u>332,700</u>	<u>373,120</u>	<u>318,998</u>
	3,229,700	3,366,811	3,541,619
Net allocations (to) from:			
General government	55,300	49,230	51,924
Public works and transportation	(10,100)	(10,100)	(9,700)
Engineering services	<u>0</u>	<u>0</u>	<u>(9,700)</u>
	3,274,900	3,405,941	3,574,143
Depreciation	<u>376,100</u>	<u>432,313</u>	<u>349,470</u>
	<u>3,651,000</u>	<u>3,838,254</u>	<u>3,923,613</u>
Excess Expenses	<u>\$ (3,302,200)</u>	<u>\$ (3,449,129)</u>	<u>\$ (3,548,689)</u>

CITY OF IQALUIT
ENGINEERING SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Expenses			
Salaries and benefits	\$ 322,700	\$ 261,056	\$ 162,312
Vehicle fuel	1,000	743	860
Vehicle repairs and maintenance	1,000	14,841	1,775
Office and miscellaneous	11,000	5,347	28,050
Rent	20,500	20,073	13,538
Heating	1,200	1,077	978
Materials and supplies	<u>113,300</u>	<u>96,619</u>	<u>69,581</u>
	470,700	399,756	277,094
Administration and maintenance costs			
General government	134,400	134,595	99,694
Economic development	0	0	(2,375)
Public works and transportation	42,800	24,054	49,448
Recreational and cultural	<u>0</u>	<u>0</u>	<u>9,700</u>
	<u>\$ 647,900</u>	<u>\$ 558,405</u>	<u>\$ 433,561</u>

CITY OF IQALUIT
ECONOMIC DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenues			
Government transfers			
Economic development	\$ <u>190,000</u>	\$ <u>190,000</u>	\$ <u>256,500</u>
Expenses			
Salaries and benefits	98,700	109,136	107,617
Advertising and promotion	51,600	53,397	43,206
Staff training and travel	10,000	17,051	1,622
Materials and supplies	3,200	4,331	2,458
Contracted services	<u>26,000</u>	<u>16,085</u>	<u>64,359</u>
	189,500	200,000	219,262
Administration and maintenance costs			
Engineering services	<u>0</u>	<u>0</u>	<u>2,375</u>
	<u>189,500</u>	<u>200,000</u>	<u>221,637</u>
Excess Revenues (Expenses)	<u>\$ <u>500</u></u>	<u>\$ <u>(10,000)</u></u>	<u>\$ <u>34,863</u></u>

CITY OF IQALUIT
CONTRACT SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Brighter <u>Futures</u>	Community <u>Health</u>	<u>Other</u>	2010 <u>Total</u>	2009 <u>Total</u>
Revenues					
Government transfers					
Government of Nunavut	\$ 294,124	\$ 0	\$ 39,162	\$ 333,286	\$ 292,591
Government of Canada	<u>0</u>	<u>299,550</u>	<u>0</u>	<u>299,550</u>	<u>356,597</u>
	<u>294,124</u>	<u>299,550</u>	<u>39,162</u>	<u>632,836</u>	<u>649,188</u>
Expenses					
Contracted costs	245,615	226,853	39,039	511,507	523,152
Materials and supplies	0	51	0	51	121
Administration	18,510	14,000	0	32,510	27,933
Salaries and benefits	<u>30,000</u>	<u>79,094</u>	<u>0</u>	<u>109,094</u>	<u>97,982</u>
	<u>294,125</u>	<u>319,998</u>	<u>39,039</u>	<u>653,162</u>	<u>649,188</u>
Excess Revenues (Expenses)	<u>\$ (1)</u>	<u>\$ (20,448)</u>	<u>\$ 123</u>	<u>\$ (20,326)</u>	<u>\$ 0</u>

CITY OF IQALUIT
TANGIBLE CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2010

	Cost			Accumulated Depreciation			Net Book Value
	Balance Opening	Additions	Balance Closing	Balance Opening	Depreciation	Disposals	
Buildings	\$ 16,892,509	\$ 2,501,239	\$ 19,393,748	\$ 7,871,524	\$ 414,348	\$ 0	\$ 11,107,876
Cemetery development	80,426	0	80,426	0	0	0	80,426
Computer hardware	113,425	92,289	205,714	77,394	27,068	0	104,462
Computer software	522,716	37,021	559,737	459,706	35,851	0	101,252
Feasibility studies	0	232,478	232,478	0	116,239	0	64,180
Furniture and fixtures	91,150	2,897	94,044	84,501	2,086	(3)	116,239
Granular source	821,641	0	821,641	174,767	27,388	0	7,460
Infrastructure - water and sewer	43,184,437	0	43,184,437	19,255,688	1,153,175	0	619,486
Infrastructure - sewage treatment	15,122,641	0	15,122,641	3,063,065	504,088	0	22,775,574
Infrastructure - waste	4,096,277	0	4,096,277	553,230	136,425	0	11,555,488
Land	7,841,100	233,753	8,074,853	0	0	0	3,406,622
Machinery and equipment - office	318,786	68,711	387,497	233,872	41,826	0	8,074,853
Machinery and equipment - heavy	4,969,998	495,276	5,465,274	2,162,284	288,608	0	111,799
Machinery and equipment - residential	16,793	9,899	26,692	93	1,936	0	3,014,382
Playgrounds	183,194	39,491	222,685	92,010	10,429	0	24,663
Roads	23,130,026	2,358,140	25,488,166	2,589,184	790,123	0	120,246
Vehicles	5,758,103	287,980	5,846,082	4,149,222	337,310	(200,001)	22,108,859
Assets under construction	123,143,222	6,359,174	129,302,392	40,766,540	3,886,900	(200,004)	1,559,551
	1,509,322	2,711,832	3,514,708	0	0	0	84,848,956
Total	\$124,652,544	\$ 9,071,006	\$132,817,100	\$ 40,766,540	\$ 3,886,900	\$ (200,004)	\$ 88,363,664

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

CITY OF IQALUIT
TANGIBLE CAPITAL ASSET ADDITIONS BY FUNDING SOURCE
FOR THE YEAR ENDED DECEMBER 31, 2010

Government of Nunavut

Block Funding Agreement	
Paving	\$ 2,197,194
Infrastructure Stimulus Fund	
Share of AWG arena repairs	1,060,830
Gas Tax Contribution Agreement	
Share of Uivvaq loop utilidor expansion	61,689
Sewage lift station #2	1,643,825
Landfill water management upgrade	45,113
Road to Nowhere sewer line collapse	806
Solid waste management plan	3,071
Other Funding Agreements	
Share of jaws of life equipment	59,985
Share of AWG Ice covering system	76,718
Share of insulation refrigeration floor	30,000
Share of ice defogger equipment	20,000
Total Government of Nunavut capital funding	<u>5,199,231</u>

Other Capital Contributions

Nunavut Housing Corporation	
Share of Uivvaq loop utilidor expansion	40,997
Other	
Proceeds on disposal of assets	1,866
Total Other Capital Contributions	<u>42,863</u>

City of Iqaluit

Computer equipment	92,288
Computer software	37,022
Furniture	2,896
Share of AWG arena repairs	703,963
New cemetery - design phase 1	453,665
Feasibility studies	232,478
Machinery and equipment - office	68,711
Machinery and equipment - residential	9,899
Machinery and equipment - heavy	358,574
Road paving	160,947
Vehicles	286,115
Land purchase	233,753
Lake Geraldine Dam	62,212
Apex bridge	8,795
Trail deposit completion	329,021
Playground upgrade	4,032
Exchange and backup server	21,848
Playgrounds	39,490
Share of ice defogger equipment	16,759
Total City of Iqaluit capital funding	<u>3,122,468</u>
	<u>\$ 8,364,562</u>

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

CITY OF IQALUIT
TANGIBLE CAPITAL ASSETS
DISPOSALS
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Description</u>	<u>Identification</u>	<u>Proceeds of Disposal</u>
1993 GMC Suburban	1GK GK26K3PJ739062	\$ 576
1996 Ford water truck	1FDZW82E2VA00386	500
1999 Ford F-150	2FTZF1826XCA86967	<u>790</u>
		<u>\$ 1,866</u>