

CITY OF IQALUIT
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

CITY OF IQALUIT
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DECEMBER 31, 2014

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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, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by Section 144 of the *Cities, Towns and Villages Act* of Nunavut we report that, in our opinion, the principles have been applied 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 12 to the consolidated financial statements.

Iqaluit, Nunavut
March 5, 2015



CHARTERED ACCOUNTANTS

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014


	<u>2014</u>	<u>2013</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 20,716,350	\$ 27,496,991
Accounts receivable		
Taxes and grants in lieu (Note 3)	2,438,835	1,769,832
Trade and other (Note 3)	4,422,620	3,975,059
Land held for resale (Note 4)	15,766	15,766
Land leases receivable (Note 5)	<u>5,422,952</u>	<u>6,917,585</u>
Total Financial Assets	<u>33,016,523</u>	<u>40,175,233</u>
Liabilities		
Accounts payable and accrued liabilities	5,487,264	8,930,365
Due to Government of Nunavut (Note 6)	38,689	38,689
Deposits	130,142	116,843
Performance bond payable	59,321	58,692
Post-employment benefits payable (Note 1)	1,633,473	1,786,232
Closure/post-closure liabilities (Note 13)	4,431,674	2,649,945
Deferred revenue (Note 7)	16,485,272	11,599,453
Long term debt (Note 8)	12,978,589	14,606,058
Obligations under capital lease (Note 9)	<u>34,461</u>	<u>146,415</u>
Total Liabilities	<u>41,278,885</u>	<u>39,932,692</u>
Net Financial Assets (Debt)	<u>(8,262,362)</u>	<u>242,541</u>
Non-Financial Assets		
Prepaid expenses	237,904	156,833
Consumable inventories (Note 1)	1,457,501	1,268,383
Tangible capital assets (Note 1 and Schedule 17)	<u>103,100,245</u>	<u>100,813,612</u>
Total Non-Financial Assets	<u>104,795,650</u>	<u>102,238,828</u>
Accumulated Fund Balances (Schedule 1)	<u>\$ 96,533,288</u>	<u>\$ 102,481,369</u>

Contingent Liabilities (Note 13)

Approved on behalf of the City of Iqaluit:



Mayor



Chief Administrative Officer

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Revenues			
Taxation and user charges			
Taxes and grants in lieu (Schedule 2)	\$ 14,420,700	\$ 14,420,121	\$ 13,679,968
Water and sewer (Schedule 3)	5,471,000	5,285,337	5,032,065
Sanitation (Schedule 4)	2,714,500	2,442,114	2,529,947
Land development and administration (Schedule 5)	2,048,500	1,021,822	2,620,061
Gravel (Schedule 6)	110,000	46,410	130,041
Other revenue from own sources (Schedule 8)	2,803,100	3,001,661	3,977,922
Government transfers			
Equalization contribution (Schedule 2)	1,915,426	1,915,426	1,915,426
Water and sewer subsidy (Schedule 3)	1,234,597	1,234,597	1,234,597
Sanitation projects (Schedule 4)	0	2,925	93,638
Land contributions (Schedule 5)	77,000	82,593	79,741
Other government transfers (Schedule 8)	225,500	206,109	468,920
Economic development contribution (Schedule 15)	260,000	247,133	310,615
Contract services (Schedule 16)	702,300	1,197,726	974,595
	<u>31,982,623</u>	<u>31,103,974</u>	<u>33,047,536</u>
Expenses			
Water and sewer (Schedule 3)	6,974,800	7,099,604	6,878,371
Sanitation (Schedule 4)	2,323,600	5,903,930	2,014,698
Land development and administration (Schedule 5)	2,571,200	1,433,063	3,106,590
Gravel (Schedule 6)	81,000	609,602	69,967
General government (Schedule 9)	5,650,600	4,304,937	4,305,958
Emergency services (Schedule 10)	3,881,800	4,034,681	3,445,510
By-law enforcement (Schedule 11)	1,127,400	1,075,021	972,029
Public works and transportation (Schedule 12)	3,539,100	3,238,095	3,208,314
Recreational and cultural (Schedule 13)	3,843,400	3,378,531	3,516,664
Engineering services (Schedule 14)	1,043,100	924,483	798,353
Economic development (Schedule 15)	382,200	247,133	336,797
Contract services (Schedule 16)	701,800	1,216,224	979,512
Depreciation (Schedule 17)	3,911,600	4,805,445	4,589,702
	<u>36,031,600</u>	<u>38,270,749</u>	<u>34,222,465</u>
Excess Revenues (Expenses) before Other	<u>(4,048,977)</u>	<u>(7,166,775)</u>	<u>(1,174,929)</u>
Other			
Government transfers relating to capital (Schedule 18)	<u>5,478,000</u>	<u>1,218,694</u>	<u>3,841,432</u>
Excess Revenues (Expenses)	<u>\$ 1,429,023</u>	<u>\$ (5,948,081)</u>	<u>\$ 2,666,503</u>

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

CITY OF IQALUIT
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Excess Revenues (Expenses)	\$ 1,429,023	\$ (5,948,081)	\$ 2,666,503
Tangible capital assets purchased	(10,280,500)	(7,095,744)	(9,041,220)
Depreciation	3,911,600	4,805,445	4,589,702
Loss on disposal of tangible capital assets	<u>0</u>	<u>3,668</u>	<u>23,639</u>
	(4,939,877)	(8,234,712)	(1,761,376)
Change in prepaid expenses	0	(81,073)	(6,755)
Change in consumable inventories	<u>0</u>	<u>(189,118)</u>	<u>(150,966)</u>
Decrease in Net Financial Assets (Debt)	(4,939,877)	(8,504,903)	(1,919,097)
Net Financial Assets, opening	<u>242,541</u>	<u>242,541</u>	<u>2,161,638</u>
Net Financial Assets (Debt), closing	<u>\$ (4,697,336)</u>	<u>\$ (8,262,362)</u>	<u>\$ 242,541</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, 2014

	<u>2014</u>	<u>2013</u>
Operating Activities		
Excess revenues (expenses)	\$ (5,948,081)	\$ 2,666,503
Items not requiring cash:		
Depreciation	4,805,445	4,589,702
Loss on disposal and adjustment	<u>3,668</u>	<u>23,639</u>
	(1,138,968)	7,279,844
 Cash provided by (used for) changes in non-cash working capital:		
Taxes and grants in lieu receivable	(669,003)	(393,732)
Trade and other receivables	(447,561)	(493,673)
Land held for resale	0	337,536
Land leases receivable	1,494,633	2,229,721
Accounts payable and accrued liabilities	(3,443,103)	4,293,528
Due to Government of Nunavut	0	(255,512)
Deposits	13,299	7,176
Performance bond payable	629	602
Post-employment benefits payable	(152,759)	104,145
Closure/post-closure liabilities	1,781,729	209,171
Deferred revenue	4,885,819	1,789,149
Prepaid expenses	(81,071)	(6,755)
Consumable inventory	<u>(189,118)</u>	<u>(150,966)</u>
Cash from (used for) operations	<u>2,054,526</u>	<u>14,950,234</u>
 Capital Activities		
Tangible capital assets purchased	<u>(7,095,744)</u>	<u>(9,041,220)</u>
 Financing Activities		
Long term debt repaid	(1,627,469)	(1,597,361)
Obligations under capital lease repaid	<u>(111,954)</u>	<u>(143,983)</u>
Cash from (used for) financing activities	<u>(1,739,423)</u>	<u>(1,741,344)</u>
 Increase (Decrease) in Cash	(6,780,641)	4,167,670
 Cash and Cash Equivalents, opening	<u>27,496,991</u>	<u>23,329,321</u>
 Cash and Cash Equivalents, closing	<u>\$ 20,716,350</u>	<u>\$ 27,496,991</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, 2014

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 Public Sector Accounting Standards. 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 consolidated 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 when:

- 1) a transfer without eligibility criteria or stipulations is authorized.
- 2) a transfer with eligibility criteria but without stipulations is authorized and all eligibility criteria have been met.
- 3) a transfer with or without eligibility criteria but with stipulations is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

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.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 11, 2014.

(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.

(h) Contributed Tangible Capital Assets

Tangible capital assets acquired as contributions are recorded at their fair value on the date received. Equivalent amounts are recorded as other capital contributions on the Consolidated Statement of Operations.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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

(j) 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.

(k) 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, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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.
- 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.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Reserves (continued)

- 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.
- Road paving and maintenance reserves were established to accumulate funds for future road paving or maintenance.
- Landfill reserve was established to accumulate funds for closure and post-closure costs related to the solid waste facility
- Vacation travel allowance reserve was established to accumulate funds for future vacation travel allowance costs.
- New youth centre reserve was established to accumulate funds for the future construction of a youth centre.
- New aquatic centre reserve was established to accumulate funds for the construction of the aquatic centre.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Reserves (continued)

- Lagoon reserve was established to accumulate funds for closure and post-closure costs related to the sewage lagoon.
- Emergency services risk assessment reserve was established to accumulate funds for risk assessment of emergency services.
- Recreation equipment reserves were established to accumulate funds for the replacement of recreation equipment.
- Garage equipment reserve was established to accumulate funds for replacement of garage equipment.
- Gas boy reserve was established to accumulate funds for the replacement of the fuel dispensing system.
- R.E.A.C.H. reserve was established to accumulate sponsorship and donated funds for future R.E.A.C.H. program expenditures.

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>2014</u>	<u>2013</u>
General operating fund	\$ (7,778,874)	\$ (6,943,349)
Capital projects funds	17,909,085	18,488,222
Land development funds	1,744,728	3,551,857
Reserve funds	<u>8,841,411</u>	<u>12,400,261</u>
	<u>\$ 20,716,350</u>	<u>\$ 27,496,991</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 \$59,321 (2013 - \$58,692) 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 projects fund is \$9,824,691 (2013 - \$10,951,073) relating to Gas Tax Funding and \$8,084,394 (2013 - \$7,537,149) 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, 2014

3. ACCOUNTS RECEIVABLE

Taxes and grants in lieu

	<u>2014</u>	<u>2013</u>
Total municipal taxes receivable	\$ 3,082,625	\$ 2,688,273
Allowance for doubtful collection	<u>(1,408,145)</u>	<u>(1,555,385)</u>
	1,674,480	1,132,888
Grants in lieu receivable	<u>764,355</u>	<u>636,944</u>
	<u>\$ 2,438,835</u>	<u>\$ 1,769,832</u>

Trade and other

	<u>2014</u>	<u>2013</u>
Water and sewer service	\$ 1,993,805	\$ 1,697,869
General accounts receivable	2,316,529	2,144,393
GST refundable	361,978	547,137
Contracts	443,512	46,983
Capital projects accounts receivable	254,796	293,677
Allowance for doubtful accounts	<u>(948,000)</u>	<u>(755,000)</u>
	<u>\$ 4,422,620</u>	<u>\$ 3,975,059</u>

Included in Capital projects accounts receivable is \$171,460 (2013 - \$210,342) 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>2014</u>	<u>Number of</u> <u>Lots for</u> <u>Resale</u>	<u>2013</u>
Apex infill	1	\$ 11,450	1	\$ 11,450
Lake subdivision	2	4,316	2	4,316
Plateau subdivision 2	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>
	<u>4</u>	<u>\$ 15,766</u>	<u>4</u>	<u>\$ 15,766</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

5. LAND LEASES RECEIVABLE

	<u>2014</u>	<u>2013</u>
Land leases receivable	\$ 4,821,945	\$ 6,434,678
Land leases receivable - in arrears	<u>1,378,007</u>	<u>1,259,907</u>
	6,199,952	7,694,585
Allowance for doubtful collection	<u>(777,000)</u>	<u>(777,000)</u>
	<u>\$ 5,422,952</u>	<u>\$ 6,917,585</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>2014</u>	<u>2013</u>
Gravel royalties payable	<u>\$ 38,689</u>	<u>\$ 38,689</u>

7. DEFERRED REVENUE

	<u>2014</u>	<u>2013</u>
Gas tax program	\$ 11,414,409	\$ 9,452,834
GN operating contribution	793,655	793,655
GN capital contribution	4,179,641	1,269,514
Other	38,229	38,229
Contracts	<u>59,338</u>	<u>45,221</u>
	<u>\$ 16,485,272</u>	<u>\$ 11,599,453</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

8. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
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.	\$ 418,733	\$ 875,533
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 2.70%, maturing November 2017.	2,789,689	3,165,948
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.	91,852	192,384
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.	768,854	818,784
Royal Bank of Canada, secured by certain capital projects, repayable in blended bi-weekly payments of \$2,057 with interest at 3.75%, maturing December 2016.	485,319	516,864
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.	454,266	484,086

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

8. LONG TERM DEBT (continued)

	<u>2014</u>	<u>2013</u>
Royal Bank of Canada, secured by certain capital projects, repayable in blended monthly payments of \$3,174 with interest at 2.70%, maturing November 2017.	336,749	365,327
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.	4,544,970	4,901,109
Royal Bank of Canada, secured by a general debenture related to the Plateau subdivision phase 4, repayable in blended monthly installments of \$23,838 with interest at 2.76%, maturing October 2017.	<u>3,088,157</u>	<u>3,286,023</u>
	<u>\$ 12,978,589</u>	<u>\$ 14,606,058</u>

Long term debt is estimated to be repayable as follows:

2015	\$ 6,041,059
2016	1,366,334
2017	4,804,197
2018	152,041
2019	152,041
2020 and thereafter	<u>462,917</u>
	<u>\$ 12,978,589</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

9. OBLIGATIONS UNDER CAPITAL LEASE

	<u>Expiry</u>	<u>Interest rate</u>	<u>2014</u>	<u>2013</u>
2009 CAT landfill compactor	Aug/14	4.56%	\$ 0	\$ 75,511
Metso Mineral sand screener	Dec/15	4.23%	<u>34,461</u>	<u>70,904</u>
			<u>\$ 34,461</u>	<u>\$ 146,415</u>

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

2015	\$ 35,493
Less: imputed interest	<u>1,032</u>
Obligations under capital lease	<u>\$ 34,461</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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>2014</u>	<u>2013</u>
Salaries and benefits	\$ 17,219,076	\$ 16,621,644
Legal fees	247,236	410,993
Professional fees	166,072	136,298
Contracted services	2,299,292	1,931,416
Rental	165,648	227,673
Telecommunications	229,050	205,915
Materials and supplies	1,449,555	1,282,568
Advertising	92,486	94,564
Interest and service charges	100,372	117,931
Interest on long term debt	415,442	468,301
Bad debts (recovery)	45,759	85,076
Professional development and training	233,006	221,380
Electricity	1,704,291	1,630,364
Heating fuel	1,590,592	1,461,880
Repairs and maintenance	665,901	751,185
Vehicle fuel	515,459	409,719
Vehicle repairs and maintenance	591,602	589,866
Travel and accommodation	79,731	59,461
Promotion	37,216	103,430
Sponsorships, memberships and fees	89,728	94,079
Insurance	516,501	515,968
Recruitment	114,316	65,498
Other expenditures	<u>236,349</u>	<u>350,209</u>
	28,804,680	27,835,418
Cost of lot sales	20,042	1,588,174
Dump fire	3,346,678	0
Environmental expenses	1,293,904	209,171
Depreciation	<u>4,805,445</u>	<u>4,589,702</u>
	<u>\$ 38,270,749</u>	<u>\$ 34,222,465</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

11. OTHER INFORMATION

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

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 (recovery) in their respective funds:

	<u>2014</u>	<u>2013</u>
Municipal taxes receivable	\$ (147,241)	\$ 87,076
General accounts receivable	135,000	4,000
Municipal services receivable	<u>58,000</u>	<u>(6,000)</u>
	<u>\$ 45,759</u>	<u>\$ 85,076</u>

12. STATUTORY INFORMATION

Elimination of Deficit

Section 97 (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, 2013 the City had deficits in the General Operating, Water and Sewer, Sanitation Program and Gravel Funds. At December 31, 2014 the City has not eliminated the deficits as required on the General Operating, Water and Sewer, Sanitation Program and Gravel Funds.

13. CONTINGENT LIABILITIES

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.

Vendor Payable

A vendor of the City has requested additional payment for amounts which they state were incorrectly billed to the City over the past several years. Management has accrued a provision to the vendor, consistent with management expectations of the settlement amount. The amount of an additional expense, if any, will be recorded in the period known.

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

13. CONTINGENT LIABILITIES (continued)

Statement of Claim

The City was served with a fire-related statement of claim filed against several defendants, seeking damages for general negligence, punitive damages and aggravated damages. The total amount being sought is \$14,500,000, the likelihood of the outcome is unknown. The amount of any contingent loss has not been recorded in these 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.

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 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.

	<u>Opening Balance</u>	<u>Change</u>	<u>Closing Balance</u>
Solid waste landfill	\$ 2,099,419	\$ 740,781	\$ 2,840,200
Sewage lagoon	455,336	11,214	466,550
Trail deposit	95,190	541,909	637,099
Water treatment (dump fire)	<u>0</u>	<u>487,825</u>	<u>487,825</u>
	<u>\$ 2,649,945</u>	<u>\$ 1,781,729</u>	<u>\$ 4,431,674</u>

CITY OF IQALUIT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

14. COMMITMENTS

The City rents premises for two buildings under lease agreements that expire in 2016 and 2017. Annual minimum lease payments under the terms of the leases are as follows:

2015	\$ 190,200
2016	190,200
2017	<u>148,200</u>
	<u>\$ 528,600</u>

15. COMPARATIVE AMOUNTS

Certain of the 2013 comparative financial statement amounts have been reclassified to conform with the presentation adopted in the current year.

16. SUBSEQUENT EVENTS

Subsequent to year end, the City signed a financing agreement with the Bank of Montreal for financing of the new aquatic centre. The financing agreement contains the following provisions:

Facility 1 – Construction financing facility to a maximum of \$29,000,000 bearing interest at Prime plus 0.75%.

Facility 2 - Financing to repay facility 1 upon completion of construction of the aquatic centre to a maximum of \$26,500,000 bearing interest at Prime plus 0.50%.

Facility 3 – Available hedging facility to mitigate against interest rate fluctuations to a maximum of \$1,000,000.

CITY OF IQALUIT
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Operating Fund	Water Sewer Fund	Sanitation Program Fund	Land Development Fund	Gravel Fund	Reserve Fund	Equity in Tangible Capital Assets	2014 Municipal Position Total	2013 Municipal Position Total
EXCESS REVENUES (EXPENSES)	<u>\$ 1,158,711</u>	<u>\$(2,508,796)</u>	<u>\$(3,705,855)</u>	<u>\$(328,949)</u>	<u>\$(563,192)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(5,948,081)</u>	<u>\$ 2,666,503</u>
Net interfund transfers									
To (from) reserves	(476,874)	(51,500)	2,529,000	652,750	(25,000)	(2,628,376)	0	0	0
Tangible capital assets purchased	(4,532,825)	(599,580)	(202,285)	(1,761,054)	0	0	7,095,744	0	0
Capital leases repaid	(36,447)	0	(75,507)	0	0	0	111,954	0	0
Loss on disposal and adjustment	3,668	0	0	0	0	0	(3,668)	0	0
Long term debt repaid	(42,062)	(97,811)	0	0	0	0	139,873	0	0
Depreciation	2,315,385	2,242,706	247,053	301	0	0	(4,805,445)	0	0
	<u>(2,769,155)</u>	<u>1,493,815</u>	<u>2,498,261</u>	<u>(1,108,003)</u>	<u>(25,000)</u>	<u>(2,628,376)</u>	<u>2,538,458</u>	<u>0</u>	<u>0</u>
CHANGE IN FUND BALANCES	(1,610,444)	(1,014,981)	(1,207,594)	(1,436,952)	(588,192)	(2,628,376)	2,538,458	(5,948,081)	2,666,503
BALANCES, OPENING	<u>(1,488,703)</u>	<u>(4,511,112)</u>	<u>(1,640,993)</u>	<u>170,492</u>	<u>(191,048)</u>	<u>11,660,594</u>	<u>98,482,139</u>	<u>102,481,369</u>	<u>99,814,866</u>
BALANCES, CLOSING	<u>\$(3,099,147)</u>	<u>\$(5,526,093)</u>	<u>\$(2,848,587)</u>	<u>\$(1,266,460)</u>	<u>\$(779,240)</u>	<u>\$ 9,032,218</u>	<u>\$101,020,597</u>	<u>\$ 96,533,288</u>	<u>\$102,481,369</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, 2014

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
Revenues			
User charges			
Taxes	\$ 10,111,800	\$ 10,210,542	\$ 9,592,713
Grants in lieu (Schedule 8)	<u>4,308,900</u>	<u>4,209,579</u>	<u>4,087,255</u>
	14,420,700	14,420,121	13,679,968
Other revenue from own sources (Schedule 8)	<u>2,803,100</u>	<u>3,001,661</u>	<u>3,977,922</u>
	17,223,800	17,421,782	17,657,890
Government transfers			
Equalization contribution	1,915,426	1,915,426	1,915,426
Economic development (Schedule 15)	260,000	247,133	310,615
Government operating transfers (Schedule 8)	225,500	206,109	468,920
Contract services (Schedule 16)	<u>702,300</u>	<u>1,197,726</u>	<u>974,595</u>
	<u>20,327,026</u>	<u>20,988,176</u>	<u>21,327,446</u>
Expenses			
General government (Schedule 9)	5,650,600	4,304,937	4,305,958
Emergency services (Schedule 10)	3,881,800	4,034,681	3,445,510
By-law enforcement (Schedule 11)	1,127,400	1,075,021	972,029
Public works and transportation (Schedule 12)	3,539,100	3,238,095	3,208,314
Recreational and cultural (Schedule 13)	3,843,400	3,378,531	3,516,664
Engineering services (Schedule 14)	1,043,100	924,483	798,353
Economic development (Schedule 15)	382,200	247,133	336,797
Contract services (Schedule 16)	<u>701,800</u>	<u>1,216,224</u>	<u>979,512</u>
	20,169,400	18,419,105	17,563,137
Depreciation	<u>1,647,600</u>	<u>2,315,385</u>	<u>2,265,679</u>
	<u>21,817,000</u>	<u>20,734,490</u>	<u>19,828,816</u>
Excess Revenues (Expenses) before Other	(1,489,974)	253,686	1,498,630
Other			
Capital contributions	<u>0</u>	<u>905,025</u>	<u>1,523,459</u>
Excess Revenues (Expenses)	<u>\$ (1,489,974)</u>	<u>\$ 1,158,711</u>	<u>\$ 3,022,089</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, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Revenues			
User charges			
Residential	\$ 2,818,900	\$ 2,739,009	\$ 2,708,802
Residential subsidy	<u>(1,313,900)</u>	<u>(1,406,713)</u>	<u>(1,423,860)</u>
	1,505,000	1,332,296	1,284,942
Commercial	1,338,200	1,130,324	1,100,990
Government and industrial	2,470,400	2,700,698	2,406,247
Other fees	<u>157,400</u>	<u>122,019</u>	<u>239,886</u>
	5,471,000	5,285,337	5,032,065
Government transfers			
Government of Nunavut subsidies	<u>1,234,597</u>	<u>1,234,597</u>	<u>1,234,597</u>
	<u>6,705,597</u>	<u>6,519,934</u>	<u>6,266,662</u>
Expenses			
Salaries and wages	3,472,900	3,175,752	3,206,647
Transmission and distribution (utilidor)	2,188,600	2,640,229	2,385,012
Vehicle fuel	152,300	190,672	147,199
Vehicle operations and maintenance	150,000	170,007	241,189
Provision for closure/post-closure sewage lagoon (Note 13)	<u>0</u>	<u>11,214</u>	<u>11,004</u>
	5,963,800	6,187,874	5,991,051
Administration and maintenance costs			
General government	423,400	375,024	380,344
Emergency services	55,900	55,900	61,400
By-law	33,700	33,700	32,900
Public works and transportation	<u>498,000</u>	<u>447,106</u>	<u>412,676</u>
	6,974,800	7,099,604	6,878,371
Depreciation	<u>2,032,100</u>	<u>2,242,706</u>	<u>2,093,667</u>
	<u>9,006,900</u>	<u>9,342,310</u>	<u>8,972,038</u>
Excess Revenues (Expenses) before Other	(2,301,303)	(2,822,376)	(2,705,376)
Other			
Capital contributions	<u>0</u>	<u>313,580</u>	<u>2,317,973</u>
Excess Expenses	<u>\$ (2,301,303)</u>	<u>\$ (2,508,796)</u>	<u>\$ (387,403)</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, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Revenues			
User charges			
Sanitation services	\$ 2,057,000	\$ 2,041,453	\$ 1,896,950
Solid waste tipping fees	650,000	395,515	629,430
Other	<u>7,500</u>	<u>5,146</u>	<u>3,567</u>
	2,714,500	2,442,114	2,529,947
Government transfers			
Other	<u>0</u>	<u>2,925</u>	<u>93,638</u>
	<u>2,714,500</u>	<u>2,445,039</u>	<u>2,623,585</u>
Expenses			
Salaries and benefits	1,455,900	1,040,598	985,310
Vehicle fuel	72,000	93,512	69,318
Vehicle operations and maintenance	75,400	111,687	86,114
Materials and supplies	40,800	66,250	19,248
Interest on capital leases	6,200	1,283	6,144
Contracted costs	117,000	39,390	239,969
Electricity	19,200	22,986	26,113
Heating fuel	16,300	15,705	14,535
Provision for closure/post-closure solid waste landfill (Note 13)	0	740,781	177,472
Dump fire	<u>0</u>	<u>3,346,678</u>	<u>0</u>
	1,802,800	5,478,870	1,624,223
Administration and maintenance costs			
General government	175,800	150,070	149,823
Public works and transportation	<u>345,000</u>	<u>274,990</u>	<u>240,652</u>
	2,323,600	5,903,930	2,014,698
Depreciation	<u>230,900</u>	<u>247,053</u>	<u>229,625</u>
	<u>2,554,500</u>	<u>6,150,983</u>	<u>2,244,323</u>
Excess Revenues (Expenses) before Other	160,000	(3,705,944)	379,262
Other			
Capital contributions	<u>0</u>	<u>89</u>	<u>0</u>
Excess Revenues (Expenses)	<u>\$ 160,000</u>	<u>\$ (3,705,855)</u>	<u>\$ 379,262</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, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Revenues			
User charges			
Land sales	\$ 750,000	\$ 92,997	\$ 1,607,107
Interest on land leases	1,000,000	712,131	895,658
Lot leases revenue	200,000	10,862	25,244
Fees	<u>98,500</u>	<u>205,832</u>	<u>92,052</u>
	2,048,500	1,021,822	2,620,061
Government transfers			
Land administration contribution	<u>77,000</u>	<u>82,593</u>	<u>79,741</u>
	<u>2,125,500</u>	<u>1,104,415</u>	<u>2,699,802</u>
Expenses			
Cost of land sold	0	0	1,588,174
Interest on debentures	356,500	311,317	351,475
Salaries and benefits	620,500	475,108	404,472
Office and miscellaneous	73,200	12,321	18,237
Planning, reviews and studies	998,000	218,558	304,976
Professional fees	50,000	43,409	35,181
Rent	54,800	59,344	55,686
Survey, appraisal and title search fees	66,000	2,981	34,998
Training	12,000	6,301	10,712
Electricity	4,700	5,787	4,632
Heating fuel	4,600	5,447	5,435
Vehicle operations, maintenance and rental	0	100	0
Bad debts - land leases	<u>10,000</u>	<u>0</u>	<u>0</u>
	2,250,300	1,140,673	2,813,978
Administration and maintenance costs			
General government	287,400	259,854	260,907
Engineering services	9,200	9,200	9,200
By-law	3,200	3,200	3,200
Public works and transportation	<u>21,100</u>	<u>20,136</u>	<u>19,305</u>
	2,571,200	1,433,063	3,106,590
Depreciation	<u>1,000</u>	<u>301</u>	<u>731</u>
	<u>2,572,200</u>	<u>1,433,364</u>	<u>3,107,321</u>
Excess Expenses	<u>\$ (446,700)</u>	<u>\$ (328,949)</u>	<u>\$ (407,519)</u>

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

CITY OF IQALUIT
GRAVEL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
Revenues			
User charges			
Gravel royalties	\$ <u>110,000</u>	\$ <u>46,410</u>	\$ <u>130,041</u>
Expenses			
Provision for closure/post-closure trail area deposit (Note 13)	0	541,909	20,695
Administration and maintenance costs			
General government	36,200	32,491	32,348
Public works and transportation	<u>44,800</u>	<u>35,202</u>	<u>16,924</u>
	<u>81,000</u>	<u>609,602</u>	<u>69,967</u>
Excess Revenues (Expenses)	<u>\$ 29,000</u>	<u>\$ (563,192)</u>	<u>\$ 60,074</u>

CITY OF IQALUIT
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014		2013
	<u>Actual</u>		<u>Actual</u>
The reserve fund is allocated as follows:			
General Operating Fund			
Election expense reserve	\$ 31,210	\$	66,588
Financial information system reserve	71,755		187,570
Administration building project reserve	681,959		674,536
Recreation building project reserve	416,382		354,880
Administration vehicle reserve	2,823		5,589
By-law vehicle reserve	14,009		27,447
Emergency services vehicle reserve	128,190		285,273
Public works vehicle reserve	6,966		31,274
Emergency services equipment replacement reserve	70,799		175,000
Dog pound reserve	27,853		71,329
Alarm monitoring system reserve	15,869		40,000
Recreation vehicle reserve	12,426		28,085
Ambulance vehicle reserve	27,222		54,478
Post employment benefits	361,246		330,313
Outdoor hard surface reserve	7,500		7,500
BMX bicycle park reserve	5,000		5,000
City hall/recreation building reserve	177,137		791,879
Annenburg Foundation future donations reserve	58,175		57,539
Ambulance personnel training reserve	62,393		61,711
Fire hall replacement reserve	86,696		208,326
Major infrastructure maintenance reserve	748,562		663,249
Future recreation building reserve	185,208		183,183
Sustainability and economic development reserve	266,398		429,414
Emergency management operations reserve	56,825		51,237
Animal control vehicle reserve	4,573		11,060
Ambulance building reserve	74,722		172,913
Translation equipment reserve	10,656		25,617
Emergency radio equipment reserve	31,956		76,824
Ambulance equipment reserve	21,318		51,253
Election equipment reserve	17,728		47,200
Marine infrastructure reserve	100,118		200,000
Emergency generator reserve	22,250		20,000
Street lighting reserve	31,737		72,000
Paving maintenance reserve	33,864		76,111
Emergency services risk assessment reserve	5,418		12,178
Building inspector vehicle reserve	9,774		10,220

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

**CITY OF IQALUIT
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
The reserve fund is allocated as follows: (continued)		
General Operating Fund		
Playground equipment reserve	12,597	30,443
Administration photocopier reserve	6,679	15,222
Finance office furniture reserve	4,007	9,133
Garage equipment reserve	5,343	12,177
Gas pump equipment reserve	6,678	15,222
Soccer equipment reserve	24,243	60,887
New road paving reserve	116,465	304,444
Roads heavy equipment reserve	96,458	177,523
Purchasing warehouse reserve	14,132	30,233
Purchasing vehicle reserve	4,709	10,073
Safety and training vehicle reserve	3,780	8,088
Vacation travel allowance reserve	28,692	50,180
Youth council reserve	44,170	30,254
Engineering vehicle reserve	2,178	4,000
Cemetery development reserve	24,060	50,484
Aquatic centre reserve	304,887	0
R.E.A.C.H. sponsorships reserve	23,333	0
R.E.A.C.H. donations reserve	22,050	0
Water and Sewer Fund		
Sewage project reserve	194,452	192,325
Water truck replacement reserve	51,235	121,798
Booster station equipment reserve	47,606	120,000
Sewer truck reserve	81,117	200,859
Future closure of sewage lagoon	107,408	91,333
Post employment benefit reserve	107,250	100,000
Land Development Fund		
Reserve for estimated future interest expense on debenture no. 14	619,594	612,819
Review and by-law revisions reserve	202,500	202,500
Aerial photo reserve	126,000	126,000
Parking lot maintenance reserve	139,980	139,980
GIS update reserve	50,000	50,000
Pedestrian walkway reserve	31,500	31,500
Parking lot reserve	40,000	720,000
Improvement to Industrial subdivision reserve	173,843	171,942
Walking trails, phase 1 and 2 reserve	212,000	212,000
Snow fence reserve	75,825	50,170
Post employment benefits	15,000	15,000
Lands and planning vehicle reserve	12,438	10,080

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

CITY OF IQALUIT
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
The reserve fund is allocated as follows: (continued)		
Sanitation Fund		
Sanitation vehicle replacement reserve	46,010	100,000
Landfill equipment and vehicle reserve	115,693	277,582
Landfill equipment reserve	763,232	605,774
Future closure landfill	143,210	121,778
Post employment benefits reserve	35,500	32,000
Gravel Fund		
Quarry restoration reserve	437,618	407,986
Quarry development reserve	<u>572,029</u>	<u>572,029</u>
	<u>\$ 9,032,218</u>	<u>\$ 11,660,594</u>

CITY OF IQALUIT
GRANTS IN LIEU AND OTHER REVENUE FROM OWN SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Grants in Lieu			
Federal government	\$ 935,700	\$ 877,412	\$ 887,545
Government of Nunavut	3,193,200	3,143,512	3,028,989
Nunavut Power Corporation	140,800	150,546	133,479
Canadian Broadcasting Corporation	<u>39,200</u>	<u>38,109</u>	<u>37,242</u>
	<u>\$ 4,308,900</u>	<u>\$ 4,209,579</u>	<u>\$ 4,087,255</u>
Government Operating Transfers			
Federal government	\$ 108,000	\$ 91,798	\$ 96,911
Government of Nunavut	<u>117,500</u>	<u>114,311</u>	<u>372,009</u>
	<u>\$ 225,500</u>	<u>\$ 206,109</u>	<u>\$ 468,920</u>
Other Revenue from Own Sources			
Emergency services	\$ 1,270,500	\$ 1,482,112	\$ 1,299,704
Recreational and cultural	530,100	536,193	580,924
By-law enforcement	95,700	96,385	102,003
Interest earned	204,400	143,812	163,210
Penalties and interest	357,000	401,349	347,216
Tax certificates	16,500	15,150	19,800
Training subsidies	4,200	11,013	3,916
Business licences	105,000	102,150	95,800
Rent recovery	81,000	77,822	77,209
Sale of material	200	0	0
Administration fees on land development	0	0	1,050,682
Other licences and permits	27,500	250	50
Property rental	0	27,354	25,249
Insurance recoveries	25,000	3,275	29,224
Other income	<u>86,000</u>	<u>104,796</u>	<u>182,935</u>
	<u>\$ 2,803,100</u>	<u>\$ 3,001,661</u>	<u>\$ 3,977,922</u>

CITY OF IQALUIT
GENERAL GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
Expenses			
Mayor's and councillors' salaries	\$ 290,200	\$ 274,040	\$ 249,504
Salaries	2,795,000	2,449,189	2,303,068
Employee benefits	717,400	443,611	663,285
Staff housing costs	5,000	7,218	3,188
Staff training	480,300	238,666	205,692
Utilities	102,600	111,289	103,074
Telecommunications	270,000	290,775	246,519
Stationery, supplies and postage	159,900	97,281	70,343
Council initiated programs	49,000	30,492	37,884
Advertising and promotion	165,900	86,348	93,042
Business travel and education	80,000	59,860	56,944
Minor capital	4,000	360	0
Maintenance and repairs	85,400	91,656	71,320
Election and plebiscites	0	3,709	70,688
Insurance	425,000	472,410	439,258
Membership and dues	8,400	7,886	5,910
Fiscal expenses	420,200	88,132	209,005
Professional fees	384,500	451,958	354,700
Contracted services	180,000	25,680	25,719
Labour relations	40,000	9,364	121,344
Contracted translation	148,200	91,705	38,734
Rent	15,900	16,970	16,672
Vehicle fuel	2,400	2,403	2,070
Vehicle operations and maintenance	4,000	4,944	4,483
Computers and software	102,600	93,536	72,982
	<u>6,935,900</u>	<u>5,449,482</u>	<u>5,465,428</u>
Net allocations (to) from:			
Emergency services	(127,300)	(103,149)	(107,914)
By-law enforcement	7,200	6,993	1,734
Public works and transportation	(51,200)	(53,444)	(51,198)
Recreational and cultural	(56,300)	(59,987)	(57,950)
Engineering	(134,900)	(117,519)	(120,720)
Water and sewer fund	(423,400)	(375,024)	(380,344)
Sanitation fund	(175,800)	(150,070)	(149,823)
Land development fund	(287,400)	(259,854)	(260,907)
Gravel fund	(36,200)	(32,491)	(32,348)
	<u>5,650,600</u>	<u>4,304,937</u>	<u>4,305,958</u>
Depreciation	<u>221,700</u>	<u>209,567</u>	<u>228,665</u>
	<u>\$ 5,872,300</u>	<u>\$ 4,514,504</u>	<u>\$ 4,534,623</u>

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

CITY OF IQALUIT
EMERGENCY SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
Revenues			
User charges			
Ambulance services	\$ 1,100,000	\$ 1,229,600	\$ 1,104,000
Alarm monitoring services	170,000	193,649	181,834
Other recoveries	<u>500</u>	<u>58,863</u>	<u>13,870</u>
	<u>1,270,500</u>	<u>1,482,112</u>	<u>1,299,704</u>
Expenses			
Salaries and benefits	3,526,200	3,651,638	3,123,416
Vehicle fuel	11,600	23,187	13,975
Vehicle operations and maintenance	53,000	94,536	41,960
Fire fighters' association	50,000	50,000	49,750
Office and miscellaneous	38,600	47,151	50,131
Dispatch expenses	3,500	2,919	3,474
Professional fees	0	1,867	7,795
Supplies	54,800	55,341	45,927
Rent	5,300	5,657	5,558
Utilities	93,200	99,898	97,482
Building repairs and maintenance	20,000	12,069	12,527
Training	0	0	106
Minor capital	<u>35,400</u>	<u>24,369</u>	<u>55,745</u>
	3,891,600	4,068,632	3,507,846
Net allocations (to) from:			
General government	127,300	103,149	107,914
Engineering services	9,200	9,200	4,550
By-law	(99,000)	(99,000)	(93,200)
Public works and transportation	8,600	8,600	(20,200)
Water and sewer fund	<u>(55,900)</u>	<u>(55,900)</u>	<u>(61,400)</u>
	3,881,800	4,034,681	3,445,510
Depreciation	<u>160,900</u>	<u>162,295</u>	<u>193,087</u>
	<u>4,042,700</u>	<u>4,196,976</u>	<u>3,638,597</u>
Excess Expenses	<u>\$ (2,772,200)</u>	<u>\$ (2,714,864)</u>	<u>\$ (2,338,893)</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, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Revenues			
User charges			
Fines	\$ 62,300	\$ 61,522	\$ 54,636
Licences and permits	33,400	34,863	40,549
Other	<u>0</u>	<u>0</u>	<u>6,818</u>
	<u>95,700</u>	<u>96,385</u>	<u>102,003</u>
Expenses			
Salaries and benefits	868,300	771,036	681,171
Vehicle fuel	14,700	19,036	13,880
Vehicle repairs and maintenance	16,500	34,402	36,273
Office and miscellaneous	60,400	79,066	70,631
Professional fees	0	1,590	2,580
Rent	70,300	75,424	74,100
Repairs and maintenance	4,600	5,383	3,180
Dog pound expenses	<u>32,000</u>	<u>28,277</u>	<u>28,848</u>
	1,066,800	1,014,214	910,663
Administration and maintenance costs			
General government	(7,200)	(6,993)	(1,734)
Emergency services	99,000	99,000	93,200
Engineering services	32,300	32,300	31,900
Public works and transportation	(26,600)	(26,600)	(25,900)
Water and sewer fund	(33,700)	(33,700)	(32,900)
Land development fund	<u>(3,200)</u>	<u>(3,200)</u>	<u>(3,200)</u>
	1,127,400	1,075,021	972,029
Depreciation	<u>39,100</u>	<u>41,871</u>	<u>36,586</u>
	<u>1,166,500</u>	<u>1,116,892</u>	<u>1,008,615</u>
Excess Expenses	<u>\$ (1,070,800)</u>	<u>\$ (1,020,507)</u>	<u>\$ (906,612)</u>

CITY OF IQALUIT
PUBLIC WORKS AND TRANSPORTATION
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
Expenses			
Salaries and benefits	\$ 2,829,400	\$ 2,339,016	\$ 2,216,165
Vehicle fuel	128,600	152,957	135,578
Vehicle operations and maintenance	110,500	245,320	204,333
Building maintenance	452,100	475,064	342,113
Materials and supplies	198,800	200,806	229,269
Street lighting	254,700	260,684	277,908
Traffic services	25,000	49,493	88,875
Contracted costs	40,000	13,076	47,488
Interest on capital leases	3,800	2,276	3,783
Interest on loan financing	35,000	28,596	30,418
Cemetery operations and maintenance	10,000	0	0
Road repairs and maintenance	<u>347,000</u>	<u>218,501</u>	<u>239,109</u>
	4,434,900	3,985,789	3,815,039
Net allocations (to) from:			
General government	51,200	53,444	51,198
By-law	26,600	26,600	25,900
Emergency services	(8,600)	(8,600)	20,200
Recreational and cultural	11,100	11,100	10,900
Engineering services	(67,200)	(52,804)	(25,366)
Water and sewer fund	(498,000)	(447,106)	(412,676)
Sanitation fund	(345,000)	(274,990)	(240,652)
Gravel fund	(44,800)	(35,202)	(16,924)
Land development fund	<u>(21,100)</u>	<u>(20,136)</u>	<u>(19,305)</u>
	3,539,100	3,238,095	3,208,314
Depreciation	<u>739,000</u>	<u>1,393,074</u>	<u>1,301,676</u>
	<u>\$ 4,278,100</u>	<u>\$ 4,631,169</u>	<u>\$ 4,509,990</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, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Revenues			
User charges			
Abe Okpik Community Centre	\$ 8,400	\$ 4,791	\$ 9,574
Arctic Winter Games Complex	109,600	58,057	112,736
Arnaituq Arena	73,900	74,203	70,206
Curling rink	7,700	7,000	6,920
Recreation fundraising	125,800	149,842	95,368
Iqaluit skateboard park	4,800	3,090	7,178
Parks, playgrounds and ballfields	1,400	0	1,400
Programs and special events	128,000	159,544	199,354
Soccer	33,800	40,319	30,917
Swimming pool	0	0	323
Youth centre	<u>36,700</u>	<u>39,347</u>	<u>46,948</u>
	<u>530,100</u>	<u>536,193</u>	<u>580,924</u>
Expenses			
Administration			
Salaries and benefits	411,200	348,117	313,714
Other administration expenses	30,900	32,507	35,827
Professional fees	0	0	22,417
Vehicle fuel	8,400	13,302	11,610
Vehicle operations and maintenance	<u>6,000</u>	<u>21,970</u>	<u>23,806</u>
	456,500	415,896	407,374
Fundraising expenses	48,000	50,815	42,173
Facilities			
Abe Okpik Community Centre	147,200	120,989	134,555
Aquatic Centre	274,000	0	632
Arctic Winter Games Complex	790,600	731,931	769,081
Arnaituq Arena	418,600	370,012	393,429
Curling rink	218,700	239,728	209,665
Elders' facility	120,500	136,149	109,124
Iqaluit skateboard park	96,700	92,996	86,552
Parks, playgrounds and ballfields	129,700	106,953	141,377
Programs and special events	496,500	474,396	485,734
Soccer program	166,400	181,997	152,852
Swimming pool	0	0	115,527
Youth centre	<u>434,800</u>	<u>407,782</u>	<u>421,539</u>
	3,798,200	3,329,644	3,469,614
Net allocations (to) from:			
General government	56,300	59,987	57,950
Public works and transportation	<u>(11,100)</u>	<u>(11,100)</u>	<u>(10,900)</u>
	3,843,400	3,378,531	3,516,664
Depreciation	<u>479,400</u>	<u>500,156</u>	<u>497,243</u>
	<u>4,322,800</u>	<u>3,878,687</u>	<u>4,013,907</u>
Excess Expenses	<u>\$ (3,792,700)</u>	<u>\$ (3,342,494)</u>	<u>\$ (3,432,983)</u>

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

CITY OF IQALUIT
ENGINEERING SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Expenses			
Salaries and benefits	\$ 537,800	\$ 410,937	\$ 489,376
Vehicle fuel	1,100	1,377	950
Vehicle repairs and maintenance	2,000	2,146	11,817
Office and miscellaneous	10,300	16,611	8,181
Professional fees	0	0	10,504
Rent	44,300	43,008	43,494
Heating	3,200	3,891	3,882
Materials and supplies	302,200	204,376	138,813
Contracted services	<u>0</u>	<u>131,714</u>	<u>0</u>
	900,900	814,060	707,017
Administration and maintenance costs			
General government	134,900	117,519	120,720
Economic development	(9,200)	(9,200)	(9,100)
Emergency services	(9,200)	(9,200)	(4,550)
By-law enforcement	(32,300)	(32,300)	(31,900)
Public works and transportation	67,200	52,804	25,366
Land development fund	<u>(9,200)</u>	<u>(9,200)</u>	<u>(9,200)</u>
	1,043,100	924,483	798,353
Depreciation	<u>7,500</u>	<u>8,422</u>	<u>8,422</u>
	<u>\$ 1,050,600</u>	<u>\$ 932,905</u>	<u>\$ 806,775</u>

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

CITY OF IQALUIT
ECONOMIC DEVELOPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Revenues			
Government transfers			
Economic development	\$ 210,000	\$ 247,133	\$ 235,000
Projects	<u>50,000</u>	<u>0</u>	<u>75,615</u>
	<u>260,000</u>	<u>247,133</u>	<u>310,615</u>
Expenses			
Salaries and benefits	204,900	156,805	149,376
Advertising and promotion	65,200	27,792	36,825
Staff training and travel	30,000	8,219	151
Materials and supplies	27,900	2,382	3,069
Contracted services	<u>45,000</u>	<u>42,735</u>	<u>138,276</u>
	373,000	237,933	327,697
Administration and maintenance costs			
Engineering services	<u>9,200</u>	<u>9,200</u>	<u>9,100</u>
	<u>382,200</u>	<u>247,133</u>	<u>336,797</u>
Excess Expenses	<u>\$ (122,200)</u>	<u>\$ 0</u>	<u>\$ (26,182)</u>

CITY OF IQALUIT
CONTRACT SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Community <u>Wellness</u>	Community <u>Health</u>	<u>Other</u>	2014 <u>Total</u>	2013 <u>Total</u>
Revenues					
Government transfers					
Government of Nunavut	\$ 735,568	\$ 0	\$ 11,525	\$ 747,093	\$ 476,162
Government of Canada	<u>0</u>	<u>402,976</u>	<u>47,657</u>	<u>450,633</u>	<u>498,433</u>
	<u>735,568</u>	<u>402,976</u>	<u>59,182</u>	<u>1,197,726</u>	<u>974,595</u>
Expenses					
Contracted costs	652,385	333,663	47,657	1,033,705	785,311
Materials and supplies	0	13,279	0	13,279	6,299
Administration	52,740	11,250	0	63,990	61,315
Salaries and benefits	<u>30,000</u>	<u>75,250</u>	<u>0</u>	<u>105,250</u>	<u>126,587</u>
	<u>735,125</u>	<u>433,442</u>	<u>47,657</u>	<u>1,216,224</u>	<u>979,512</u>
Excess Revenues (Expenses)	<u>\$ 443</u>	<u>\$ (30,466)</u>	<u>\$ 11,525</u>	<u>\$ (18,498)</u>	<u>\$ (4,917)</u>

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

CITY OF IQALUIT
TANGIBLE CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Cost			Accumulated Depreciation				Net Book Value	
	Balance Opening	Additions	Disposals	Balance Closing	Balance Opening	Depreciation	Disposals		Balance Closing
Buildings	\$ 19,810,975	\$ 0	\$ 0	\$ 19,810,975	\$ 9,728,854	\$ 492,459	\$ 0	\$ 10,221,313	\$ 9,589,662
Cemetery development	80,426	0	0	80,426	0	0	0	0	80,426
Computer hardware	520,571	100,009	0	620,580	355,467	106,942	0	462,409	158,171
Computer software	579,001	86,040	0	665,041	569,332	19,987	0	589,319	75,722
Feasibility studies	603,931	0	0	603,931	603,931	0	0	603,931	0
Furniture and fixtures	117,480	31,099	0	148,579	95,090	11,614	0	106,704	41,875
Granular source	821,641	0	0	821,641	284,319	27,388	0	311,707	509,934
Infrastructure - water and sewer	55,154,822	351,144	0	55,505,966	24,225,456	1,561,328	0	25,786,784	29,719,182
Infrastructure - sewage treatment	16,781,466	0	0	16,781,466	5,230,601	559,133	0	5,789,734	10,991,732
Infrastructure - waste	4,096,277	634,769	0	4,731,046	1,098,928	147,188	0	1,246,116	3,484,930
Land	8,323,918	1,761,054	0	10,084,972	0	0	0	0	10,084,972
Machinery and equipment - office	443,391	48,311	(40,012)	451,690	380,329	32,788	(37,746)	375,371	76,319
Machinery and equipment - heavy	6,358,653	1,194,524	0	7,553,177	3,529,706	409,371	0	3,939,077	3,614,100
Machinery and equipment - residential	26,692	0	0	26,692	11,327	3,099	0	14,426	12,266
Playgrounds	248,578	26,050	0	274,628	139,045	13,773	0	152,818	121,810
Roads	31,450,753	200,284	0	31,651,037	6,073,498	1,058,216	0	7,131,714	24,519,323
Vehicles	7,293,228	43,674	0	7,336,902	5,429,150	362,159	0	5,791,309	1,545,593
	152,711,803	4,476,958	(40,012)	157,148,749	57,755,033	4,805,445	(37,746)	62,522,732	94,626,017
Assets under construction	5,856,842	2,618,786	(1,400)	8,474,228	0	0	0	0	8,474,228
Total	\$158,568,645	\$ 7,095,744	\$ (41,412)	\$165,622,977	\$ 57,755,033	\$ 4,805,445	\$ (37,746)	\$ 62,522,732	\$103,100,245

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, 2014

Government of Nunavut	
Gas Tax Contribution Agreement	
Water booster station	\$ 283,505
Water and sewer upgrade	<u>88</u>
	<u>283,593</u>
Capital Contribution Agreement	
New cemetery design and construction	365,952
Northwest aggregate deposit	126,510
Waste water treatment upgrade	<u>30,075</u>
	<u>522,537</u>
Other Capital Contribution	
Flashover simulator	<u>62,564</u>
Total Government of Nunavut capital funding	<u>868,694</u>
Government of Canada	
Micro Auto Gasification System	<u>350,000</u>
Total Government of Canada capital funding	<u>350,000</u>
Total Government transfers relating to capital	<u>1,218,694</u>
City of Iqaluit	
Computer software	46,694
Furniture and fixtures	48,311
Aquatic centre	2,308,929
Machinery and equipment - heavy	1,031,836
Vehicles	43,674
Land purchase - aquatic centre parking area	1,761,054
Guard rails	5,784
Playground upgrades	26,050
Upgrade water and sewer main	286,000
Hazard house	4,700
Infrastructure sewage treatment	10,523
Micro Auto Gasification System	167,510
Fence	6,284
Website redevelopment	70,935
Decommissioning West 40 landfill	47,854
Dispatch system and workstation	<u>10,912</u>
Total City of Iqaluit capital funding	<u>5,877,050</u>
	<u>\$ 7,095,744</u>

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

**CITY OF IQALUIT
TANGIBLE CAPITAL ASSET DISPOSALS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Description</u>	<u>Identification</u>	<u>Proceeds of Disposal</u>
Photocopiers		\$ <u> 0</u>