

City of Charlottetown

**Consolidated Financial Statements
December 31, 2012**



A Member Firm of The AC Group of Independent Accounting Firms Limited

May 13, 2013

Independent Auditor's Report

To His Worship the Mayor and the Members of the Council of the City of Charlottetown

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **City of Charlottetown**, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of accumulated surplus, operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those statements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Arsenault Best Cameron Ellis

Chartered Accountants

City of Charlottetown

Consolidated Statement of Financial Position

As at December 31, 2012

	2012	2011
	\$	\$
Financial assets		
Cash	17,646,499	8,807,100
Accounts receivable	4,393,417	5,652,355
Restricted cash	3,899,095	3,863,656
Superannuation Plan net assets available for benefits (note 4)	59,218,088	53,229,406
Other assets	121,721	140,264
Total financial assets	<u>85,278,820</u>	<u>71,692,781</u>
Liabilities		
Bank loans and advances (note 6)	9,634,988	3,202,834
Accounts payable and accrued liabilities	10,169,173	8,385,821
Unearned revenue	510,092	421,343
Sick leave and post retirement benefits	3,999,517	3,951,393
Superannuation Plan accrued pension obligations (note 4)	64,351,300	60,124,400
Long-term debt (note 6)	72,573,677	69,575,457
Total liabilities	<u>161,238,747</u>	<u>145,661,248</u>
Net debt	(75,959,927)	(73,968,467)
Non-financial assets		
Tangible capital assets (notes 3, 6 and Schedule 2)	136,612,689	133,127,193
Prepaid expenses	190,905	486,009
Accumulated surplus	<u>60,843,667</u>	<u>59,644,735</u>

Approved by City Council

Mayor

Chief Administrative Officer

Chair of Finance, Audit and Tendering Committee

City of Charlottetown

Consolidated Statement of Accumulated Surplus For the year ended December 31, 2012

	2012 \$	2011 \$
Accumulated surplus - Beginning of year	59,644,735	58,540,319
Annual surplus	<u>1,198,932</u>	<u>1,104,416</u>
Accumulated surplus - End of year	<u>60,843,667</u>	<u>59,644,735</u>

City of Charlottetown
Consolidated Statement of Operations
For the year ended December 31, 2012

	2012	2012	2011
	Budget (Unaudited)		
	\$	\$	\$
Revenues			
Operating			
Grants from the Province of Prince Edward Island	10,910,147	10,910,147	11,307,160
Property tax	26,768,270	26,336,956	25,823,519
Sale of goods and services			
Water and sewer	8,913,338	8,854,544	8,453,231
Parking	1,030,000	1,054,623	1,026,235
Police court	896,000	1,026,088	885,774
Licenses	480,500	545,305	572,177
Other income			
Recreation	541,986	507,261	515,289
Rentals	740,000	564,305	780,769
Interest and other	322,500	135,340	222,173
Government transfers			
Province of Prince Edward Island	140,000	140,000	140,000
New deal for cities and communities	2,132,000	1,945,162	4,095,273
Total revenues	52,874,741	52,019,731	53,821,600
Expenses (Schedule 1)			
Operating			
General government	5,785,271	5,786,451	5,473,934
Protective services	11,462,330	12,473,195	8,813,251
Street maintenance and environment	6,945,590	8,067,382	7,157,255
Recreation	4,803,208	4,670,528	4,435,938
Debt interest charges	2,664,577	2,368,102	2,435,238
Development, heritage and other	7,274,224	7,168,183	7,080,137
New deal for cities and communities	2,132,000	1,945,162	4,095,273
Water and sewer	7,819,417	7,311,837	6,896,308
	48,886,617	49,790,840	46,387,334
	3,988,124	2,228,891	7,434,266
Other revenues (expenses)			
Infrastructuring funding - Federal and Provincial governments	-	2,218,615	250,896
Proceeds and rebates on tangible capital assets	-	161,951	31,092
Actuarial pension adjustments (note 4)	-	1,761,782	(1,300,718)
Amortization	(783,500)	(5,172,307)	(5,311,120)
	(783,500)	(1,029,959)	(6,329,850)
Annual surplus (note 7)	3,204,624	1,198,932	1,104,416

City of Charlottetown

Consolidated Statement of Changes in Net Debt For the year ended December 31, 2012

	Budget (Unaudited)	2012	2011
	\$	\$	\$
Annual surplus	3,204,624	1,198,932	1,104,416
Acquisition of tangible capital assets - general	(5,493,000)	(3,848,172)	(3,509,506)
Acquisition of tangible capital assets - water and sewer	(4,520,555)	(4,809,631)	(1,680,663)
Amortization of tangible capital assets - general	-	3,261,313	3,491,107
Amortization of tangible capital assets - water and sewer	783,500	1,910,994	1,820,013
Change prepaid expenses - general	-	252,504	911,066
Change in prepaid expenses - water and sewer	-	42,600	(170,400)
	<u>(9,230,055)</u>	<u>(3,190,392)</u>	<u>861,617</u>
Decrease (increase) in net debt	(6,025,431)	(1,991,460)	1,966,033
Net debt - Beginning of year	<u>(73,968,467)</u>	<u>(73,968,467)</u>	<u>(75,934,500)</u>
Net debt - End of year	<u>(79,993,898)</u>	<u>(75,959,927)</u>	<u>(73,968,467)</u>

City of Charlottetown

Consolidated Statement of Cash Flows

For the year ended December 31, 2012

	2012	2011
	\$	\$
Cash provided by (used in)		
Operating activities		
Annual surplus	1,198,932	1,104,416
Amortization	5,172,307	5,311,120
Net change in non-cash working capital items		
Decrease in accounts receivable	1,258,938	3,941,932
Decrease in other assets	18,543	18,017
Increase in restricted cash	(35,439)	(266,102)
Increase (decrease) in accounts payable and accrued liabilities	1,783,352	(2,007,781)
Increase (decrease) in unearned revenue	88,749	(862,893)
Increase in sick leave and post retirement benefits	48,124	87,735
Increase in Superannuation Plan net assets available for benefits	(5,988,682)	(2,445,282)
Increase in Superannuation Plan accrued pension obligations	4,226,900	3,746,000
Decrease in prepaid expenses	295,104	740,666
	<u>8,066,828</u>	<u>9,367,828</u>
Capital activities		
Acquisition of tangible capital assets - general - net	(3,848,172)	(3,509,506)
Acquisition of tangible capital assets - water and sewer - net	(4,809,631)	(1,680,663)
	<u>(8,657,803)</u>	<u>(5,190,169)</u>
Financing activities		
Issuance of long-term debt	7,512,300	9,418,469
Debt repayment	(4,514,080)	(3,853,811)
	<u>2,998,220</u>	<u>5,564,658</u>
Change in net cash	2,407,245	9,742,317
Net cash - Beginning of year	<u>5,604,266</u>	<u>(4,138,051)</u>
Net cash - End of year	<u>8,011,511</u>	<u>5,604,266</u>
Net cash consists of		
Cash	17,646,499	8,807,100
Bank loans and advances	(9,634,988)	(3,202,834)
	<u>8,011,511</u>	<u>5,604,266</u>

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2012

1 Summary of significant accounting policies

The consolidated financial statements of the City of Charlottetown are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in net debt and changes in financial position of the reporting entity. The reporting entity is comprised of all organizations and committees that are accountable to the City for administration of their financial affairs and resources, and which are owned or controlled by the City. This includes the Charlottetown Water and Sewer Corporation, City of Charlottetown Superannuation Plan and Charlottetown Water and Sewer Corporation Superannuation Plan. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of accounting

The accrual basis of accounting is used for all funds. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

c) Restricted cash

Cash is held in a separate account to fund sick leave and post-retirement benefits.

d) Tangible capital assets

Capital assets are recorded at cost. Capital assets are amortized using the straight-line method at the following annual rates:

City of Charlottetown	
Buildings	2.5%
Swimming pools	5%
Rinks/arenas/parks/fields	5%
Parking garages	2.5%
Parking meters	14.29%
Heavy equipment	20%
Motor vehicles	20%
Streets and sidewalks	4%
Storm sewers	2%
Street lights	4%
Charlottetown Water and Sewer Corporation	
Water system	2%
Sewer system	2%
Treatment plant	2%

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2012

e) Sick leave and post retirement benefits

The City provides sick leave benefit plans allowing employees' unused sick leave to accumulate to a maximum of 75 days.

The City provides post retirement benefits to employees based on length of service and final earnings. The post retirement benefits are three months' salary upon completion of ten years of full time continuous service and an additional one month for each extra five years of service (to a maximum of six months).

The City has recorded sick leave and post retirement benefits as a liability based upon actuarially calculated benefit obligations.

f) Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles for local governments requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Significant estimates, which include employee benefit liabilities and the estimated useful life of tangible capital assets, are based on management's best information and judgment. Actual results could differ from those reported.

g) Financial instruments

Financial instruments consist of cash, accounts receivable, restricted cash, Superannuation Plan net assets available for benefits, bank loans and advances, accounts payable and accrued liabilities, sick leave and post retirement benefits, Superannuation Plan accrued pension obligations and long-term debt.

h) Fair value of financial instruments

The City has evaluated the fair value of its financial instruments based on the current interest rate environment, market values, and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 Related entities

a) Charlottetown Civic Centre Management Inc.

Charlottetown Civic Centre Management Inc. was incorporated in 1999 to manage and operate the Civic Centre complex. Of the seven member Board of Directors of Charlottetown Civic Centre Management Inc., the City appoints four directors, three of whom are appointed in consultation with the Province of Prince Edward Island.

The City records its interest in Charlottetown Civic Centre Management Inc. as expenditures when they are made. The arena portion of the Civic Centre complex is recorded in the City's physical assets as it was constructed and is owned by the City.

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2012

In 2012, the City provided operating funding of \$762,000 (2011 - \$742,000) to Charlottetown Civic Centre Management Inc.

Condensed financial information for Charlottetown Civic Centre Management Inc. for the year ended December 31, 2012 is as follows:

	2012	2011
	\$	\$
Statement of Financial Position		
Assets		
Current assets	475,968	360,470
Capital and other assets	174,650	222,566
	<u>650,618</u>	<u>583,036</u>
Liabilities		
Current liabilities and deferred capital contributions	579,555	479,192
Net Assets	<u>71,063</u>	<u>103,844</u>
	<u>650,618</u>	<u>583,036</u>
Statement of Operations and Statement of Changes in Net Assets		
	2012	2011
	\$	\$
Revenue		
Operating grants - City of Charlottetown	762,000	742,000
- Province of Prince Edward Island	186,000	199,455
Operating revenue	<u>455,405</u>	<u>645,905</u>
	1,403,405	1,587,360
Expenses	<u>1,436,186</u>	<u>1,483,516</u>
Excess revenue (expenses) for the year	(32,781)	103,844
Net assets - Beginning of year	<u>103,844</u>	<u>-</u>
Net assets - End of year	<u>71,063</u>	<u>103,844</u>

b) Capital Area Recreation Inc.

Capital Area Recreation Inc. was incorporated July 10, 2001 to develop, own and operate a joint recreation facility for the Capital area of Prince Edward Island. The City of Charlottetown appoints four members of the seven-member Board of Directors of Capital Area Recreation Inc. Capital Area Recreation Inc. is a registered charity under the provisions of the Income Tax Act.

The City records its interest in Capital Area Recreation Inc. as expenditures when they are made.

City of Charlottetown

Notes to Consolidated Financial Statements

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The City holds a first charge leasehold mortgage on the Capital Area Recreation Inc. facility. The City has provided to Capital Area Recreation Inc. a total of \$16,653,433 in capital funding since its incorporation in 2001.

In 2012, the City provided operating funding of \$588,150 (2011 - \$584,416) to Capital Area Recreation Inc. In addition, the City provided a property tax reduction of \$130,130 (2011 - \$133,130) to Capital Area Recreation Inc.

Condensed financial information for Capital Area Recreation Inc. for the year ended December 31, 2012 is as follows:

Statement of Financial Position	2012	2011
	\$	\$
Assets		
Current assets	334,777	284,266
Facility and equipment	16,095,382	16,564,391
	<u>16,430,159</u>	<u>16,848,657</u>
Liabilities		
Current liabilities and short-term debt	524,033	938,192
Deferred capital funding	16,598,503	16,612,077
	<u>17,122,536</u>	<u>17,550,269</u>
Net Liabilities		
Invested in capital assets	(582,322)	(520,446)
Unrestricted	(110,055)	(181,166)
	<u>(692,377)</u>	<u>(701,612)</u>
	<u>16,430,159</u>	<u>16,848,657</u>

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2012

Statement of Operations and Statement of Changes in Net Liabilities	2012	2011
	\$	\$
Revenue		
Operating funding - City of Charlottetown	558,150	584,416
- University of Prince Edward Island and Town of Stratford	98,402	102,327
Operating revenue	<u>2,804,736</u>	<u>2,738,554</u>
	3,461,288	3,425,297
Expenses	<u>3,452,053</u>	<u>3,406,719</u>
Excess revenue for the year	9,235	18,578
Net liabilities - Beginning of year	<u>(701,612)</u>	<u>(720,190)</u>
Net liabilities - End of year	<u>(692,377)</u>	<u>(701,612)</u>

Note 15 to the financial statements of Capital Area Recreation Inc. is a going concern note that states "... the company's ability to continue as a going concern is dependant upon the continued support of the company's funding partners to provide operating funding."

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2012

3 Tangible capital assets

			2012	2011
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
City of Charlottetown				
Land	10,614,487	-	10,614,487	10,452,650
Buildings	20,858,905	7,431,939	13,426,966	13,764,001
Swimming pools	182,683	54,873	127,810	135,328
Rinks/arenas/parks/fields	18,980,050	15,266,783	3,713,267	3,796,841
Parking garages	15,343,179	6,158,803	9,184,376	9,567,955
Parking meters	584,906	584,881	25	72,281
Heavy equipment	5,274,172	4,154,464	1,119,708	1,251,946
Motor vehicles	2,032,490	1,665,203	367,287	494,211
Streets and sidewalks	23,912,853	13,762,093	10,150,760	10,240,739
Storm sewers	21,906,803	3,793,025	18,113,778	16,429,908
Street lights	2,756,213	1,598,617	1,157,596	1,183,341
	122,446,741	54,470,681	67,976,060	67,389,201
Charlottetown Water and Sewer Corporation				
Water system	41,498,355	15,143,571	26,354,784	26,497,254
Sewer system	25,389,825	7,466,952	17,922,873	14,463,860
Treatment plant	29,549,418	5,190,446	24,358,972	24,776,878
	96,437,598	27,800,969	68,636,629	65,737,992
	218,884,339	82,271,650	136,612,689	133,127,193

4 Pension Plans

The City maintains a defined benefit pension plan for its employees. The Water and Sewer Corporation maintains a defined benefit pension plan for permanent employees of that Corporation who entered the plan prior to its closing in 2000. The plans specify pension and death benefits to employees based on length of service and earnings.

Actuarial valuations for the Superannuation Plans are completed every three years. The most recent actuarial valuations of the City of Charlottetown Superannuation Plan and the Charlottetown Water and Sewer Corporation Superannuation Plan were completed as at December 31, 2010. Based upon the extrapolated information provided by the actuaries, the actuarial present value of the pension assets and accrued pension obligations as at December 31, 2012 for the City of Charlottetown Superannuation Plan is \$50,951,700 and \$55,842,500 respectively. The actuarial present value of the pension assets and accrued pension obligations as at December 31, 2012 for the Charlottetown Water and Sewer Corporation Superannuation Plan is \$7,577,200 and \$8,508,800, respectively. An actuarial deficit of \$4,890,800 for the City of Charlottetown Superannuation Plan and an actuarial deficit of \$931,600 for the Charlottetown Water and Sewer Corporation Superannuation Plan existed at that date.

City of Charlottetown

Notes to Consolidated Financial Statements

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The net change in the City of Charlottetown Superannuation Plan and the Charlottetown Water and Sewer Corporation Superannuation Plan net assets available for benefits less accrued pension obligations is recorded on the Statement of Operations as "Actuarial pension adjustments".

The pension obligations are combined on the consolidated Statement of Financial Position and shown under Liabilities. The offsetting investments held by the two Superannuation Plans against these liabilities are shown under Assets.

Both Superannuation Plans are registered pension plans which allow employee contributions to be tax deductible by the employee and investment earnings in the investment funds to be tax sheltered. In order to maintain their registered status, the pension administrators must administer the plans in accordance with rules set out by Canada Revenue Agency.

Separate audited financial statements of the Plans' assets, liabilities and operations have been prepared for December 31, 2012.

5 Commitments and contingencies

a) Property tax relief

For development and cultural reasons, the City has agreed to reduce its portion of property taxes for the Confederation Centre of the Arts, the Charlottetown Airport Authority, Capital Area Recreation Inc. and various organizations under the Development Tax Incentive Program and the Heritage Grant Program. For the year ended December 31, 2012, this amounted to total property tax reductions of \$943,135 (2011 - \$831,405).

b) Legal matters

The City is involved in certain legal disputes concerning grievance and other labour disputes. No amounts have been accrued in the records of the City as the outcomes of the disputes are uncertain.

c) Capital Area Recreation Inc.

The City has guaranteed a 4% term loan of up to \$800,000 for Capital Area Recreation Inc. for the sole purpose of implementing the recommendations within their energy audit. As of December 31, 2012, the balance of this loan is \$578,720 (2011 - nil).

The City has guaranteed a demand operating loan of up to \$400,000 for Capital Area Recreation Inc. for general operations. As of December 31, 2012, the balance of this loan is \$118,100 (2011 - \$115,343).

The City has guaranteed a 4.6% loan of up to \$103,000 for Capital Area Recreation Inc. for the purchase of a new zamboni. As of December 31, 2012, the balance of this loan is \$54,489 (2011 - \$67,210).

d) Charlottetown Civic Centre Management Inc.

As per a draft revised agreement on January 1, 2011, the City of Charlottetown has agreed to pay an annual grant of \$762,000 (2011 - \$742,000) to Charlottetown Civic Centre Management Inc. This funding will be adjusted annually by the negotiated salary increases for that portion of funding that relates to City salaries.

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2012

e) Operating leases

The following is a schedule of the future minimum lease payments on 8 operating leases expiring between June 2013 and December 2017:

	\$
Year ended December 31, 2013	45,338
2014	37,054
2015	37,054
2016	37,054
2017	29,142

f) Transit service

A resolution of City Council on December 12, 2011 approved entering into an agreement with Trius Tours for the purpose of providing transit service for the City of Charlottetown. The agreement is for the period beginning January 30, 2012 and ending on September 30, 2015 with two options of renewal for periods of 10 years each. The annual subsidy provided by the City to Trius Tours is estimated to be \$822,528 for 2013. This amount will increase every year by the Consumer Price Index until the agreement expires.

g) Spring Park Combined Storm and Sanitary Sewer System

The City has committed to separate the remaining portion of its Spring Park Combined Storm and Sanitary Sewer System. The total cost of this project is estimated to be \$18,800,000, in which 2/3 will be funded by the City and 1/3 by the Provincial government.

At December 31, 2012, \$3,414,591 for this project has been incurred.

Phase 2 construction is projected to begin in May 2013. A resolution of City Council on April 8, 2013 approved funding of \$3,381,546 for consulting engineering services for the above project.

City of Charlottetown

Notes to Consolidated Financial Statements

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6 Long-term debt

	2012 \$	2011 \$
City of Charlottetown		
Loans and mortgages with interest rates from 2.26% to 4.77% (weighted average rate of 3.68%; 2011 4.35%), maturing at various dates between 2014 and 2031	36,168,693	29,071,100
Obligations under capital leases, with interest rates at 2.79% and 3.66%, maturing at various dates in 2013 and 2021	1,171,960	1,492,920
Loans and mortgages issued in 2004, with an interest rate of 5.79%, maturing in June 2024	9,898,870	10,490,771
Instalment debentures with interest 10.25%, repaid during the year	-	442,000
Obligation under capital lease Fitzroy Parkade, with interest at 6.23%, repaid during the year	-	5,211,313
	47,239,523	46,708,104
Charlottetown Water and Sewer Corporation		
Debentures issued in 1994, with an interest rate of 8.75%, maturing at various dates between 2013 and 2014	420,000	630,000
Loans and mortgages with interest rates from 2.815% to 4.77% (weighted average rate of 4.08%; 2011 - 4.35%), maturing at various dates between 2014 and 2031	20,543,135	17,539,799
Debentures issued in 2004, with an interest rate of 5.79%, maturing in July 2024	4,371,019	4,617,554
Debentures issued in 1992, repaid during the year	-	80,000
	25,334,154	22,867,353
	72,573,677	69,575,457

The other obligations under capital lease are secured by certain vehicles.

The bank advances, loans, mortgages and debentures are unsecured.

Principal and interest amounts due in each of the next five years are as follows:

	Principal \$	Interest \$	Total \$
Year ended December 31, 2013	3,160,366	4,385,097	7,545,463
2014	3,165,127	4,316,719	7,481,846
2015	3,018,515	4,164,019	7,182,534
2016	2,864,395	4,028,323	6,892,718
2017	2,787,219	3,914,435	6,701,654

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2012

7 Reconciliation of City budget to financial statements

	Original 2012 Budget \$	2012 \$	2011 \$
Surplus from City budget document	2,332	568,709	1,529,771
Add: Debt repayment (principal) - general	3,296,698	3,018,596	2,552,376
Debt repayment - (principal) - water and sewer	1,430,479	1,495,483	1,301,435
Retroactive pay accrual	-	-	2,004,561
Infrastructure funding - Federal and Provincial government	-	2,218,615	250,896
Disposals and rebates on tangible capital assets	-	161,951	31,092
Difference in recording of capital assets	-	-	346,440
Allocation of debt repayment to be made	-	179,365	238,500
Change in reserve balance	4,886	25,650	11,150
Actuarial pension adjustment	-	1,761,782	-
Other	-	-	142,378
	<u>4,734,395</u>	<u>9,430,151</u>	<u>8,408,599</u>
Less: Surplus from prior year, per budget	(1,529,771)	(1,529,771)	(1,428,345)
Amortization - general	-	(3,261,313)	(3,491,107)
Increase in amortization - water and sewer	-	(1,127,494)	(1,084,013)
Actuarial pension adjustments	-	-	(1,300,718)
Retroactive pay accrual reversal	-	(2,004,561)	-
Difference recording of capital assets	-	(282,108)	-
Other	-	(25,972)	-
	<u>(1,529,771)</u>	<u>(8,231,219)</u>	<u>(7,304,183)</u>
Annual surplus for the year, per financial statements	<u>3,204,624</u>	<u>1,198,932</u>	<u>1,104,416</u>

City of Charlottetown

Consolidated Schedule of Expenses by Type
For the year ended December 31, 2012

Schedule 1

	2012			
	Salaries and Benefits	Operating Goods and Services	Debt	Total
	\$	\$	\$	\$
Operating expenditures				
General government	2,257,942	3,528,509	-	5,786,451
Protective services	10,371,511	2,101,684	-	12,473,195
Street maintenance and environment	2,096,576	5,970,806	-	8,067,382
Recreation	2,022,182	2,648,346	-	4,670,528
Debt interest charges	-	-	2,368,102	2,368,102
Development, heritage and other	1,819,866	5,348,317	-	7,168,183
New deal for cities and communities	-	1,945,162	-	1,945,162
Water and sewer	3,094,053	3,043,382	1,174,402	7,311,837
	21,662,130	24,586,206	3,542,504	49,790,840
	2011			
	Salaries and Benefits	Operating Goods and Services	Debt	Total
	\$	\$	\$	\$
Operating expenditures				
General government	2,241,018	3,232,916	-	5,473,934
Protective services	6,566,061	2,247,190	-	8,813,251
Street maintenance and environment	1,651,821	5,505,434	-	7,157,255
Recreation	1,828,425	2,607,513	-	4,435,938
Debt interest charges	-	-	2,435,238	2,435,238
Development, heritage and other	1,607,798	5,472,339	-	7,080,137
New deal for cities and communities	-	4,095,273	-	4,095,273
Water and sewer	2,979,277	2,747,881	1,169,150	6,896,308
	16,874,400	25,908,546	3,604,388	46,387,334

City of Charlottetown

Schedule of Tangible Capital Assets

For the year ended December 31, 2012

Schedule 2

	Cost 2012				Accumulated amortization 2012			2012
	Beginning \$	Additions \$	Disposals/ Transfers \$	Ending \$	Beginning \$	Amortization \$	Ending \$	
City of Charlottetown								
Land	10,452,650	161,837	-	10,614,487	-	-	-	10,614,487
Buildings	20,674,468	184,437	-	20,858,905	6,910,467	521,472	7,431,939	13,426,966
Swimming pools	182,683	-	-	182,683	47,355	7,518	54,873	127,810
Rinks/arenas/parks/fields	18,744,730	235,320	-	18,980,050	14,947,889	318,894	15,266,783	3,713,267
Parking garages	15,343,179	-	-	15,343,179	5,775,224	383,579	6,158,803	9,184,376
Parking meters	584,906	-	-	584,906	512,625	72,256	584,881	25
Heavy equipment	5,002,793	271,379	-	5,274,172	3,750,846	403,618	4,154,464	1,119,708
Motor vehicles	1,974,817	57,673	-	2,032,490	1,480,606	184,597	1,665,203	367,287
Streets and sidewalks	23,166,318	746,535	-	23,912,853	12,925,579	836,514	13,762,093	10,150,760
Storm sewers	19,784,797	2,122,006	-	21,906,803	3,354,889	438,136	3,793,025	18,113,778
Street lights	2,687,229	68,984	-	2,756,213	1,503,888	94,729	1,598,617	1,157,596
	118,598,570	3,848,171	-	122,446,741	51,209,368	3,261,313	54,470,681	67,976,060
Charlottetown Water and Sewer Corporation								
Water system	40,818,852	679,503	-	41,498,355	14,321,598	821,973	15,143,571	26,354,784
Sewer system	21,432,779	3,957,046	-	25,389,825	6,968,919	498,033	7,466,952	17,922,873
Treatment plant	29,376,336	181,947	(8,865)	29,549,418	4,599,458	590,988	5,190,446	24,358,972
	91,627,967	4,818,496	(8,865)	96,437,598	25,889,975	1,910,994	27,800,969	68,636,629
	210,226,537	8,666,667	(8,865)	218,884,339	77,099,343	5,172,307	82,271,650	136,612,689

City of Charlottetown

Schedule of Tangible Capital Assets

For the year ended December 31, 2011

Schedule 2

	Beginning \$	Additions \$	Disposals/ Transfers \$	Cost 2011 Ending \$	Beginning \$	Accumulated amortization 2011 Amortization \$	Ending \$	2011 Net book value \$
City of Charlottetown								
Land	10,420,650	32,000	-	10,452,650	-	-	-	10,452,650
Buildings	20,560,320	114,148	-	20,674,468	6,393,604	516,863	6,910,467	13,764,001
Swimming pools	182,683	-	-	182,683	39,837	7,518	47,355	135,328
Rinks/arenas/parks/fields	18,298,288	446,442	-	18,744,730	14,457,848	490,041	14,947,889	3,796,841
Parking garages	15,343,179	-	-	15,343,179	5,391,644	383,580	5,775,224	9,567,955
Parking meters	584,906	-	-	584,906	436,310	76,315	512,625	72,281
Heavy equipment	3,983,193	1,019,599	-	5,002,792	3,376,682	374,164	3,750,846	1,251,946
Motor vehicles	1,464,883	509,934	-	1,974,817	1,152,540	328,066	1,480,606	494,211
Streets and sidewalks	22,839,696	326,622	-	23,166,318	12,100,926	824,653	12,925,579	10,240,739
Storm sewers	18,769,574	1,015,223	-	19,784,797	2,959,192	395,697	3,354,889	16,429,908
Street lights	2,641,691	45,538	-	2,687,229	1,409,678	94,210	1,503,888	1,183,341
	115,089,063	3,509,506	-	118,598,569	47,718,261	3,491,107	51,209,368	67,389,201
Charlottetown Water and Sewer Corporation								
Water system	39,847,551	971,301	-	40,818,852	13,513,080	808,518	14,321,598	26,497,254
Sewer system	21,446,520	-	(13,741)	21,432,779	6,544,950	423,969	6,968,919	14,463,860
Treatment plant	28,653,233	723,103	-	29,376,336	4,011,932	587,526	4,599,458	24,776,878
	89,947,304	1,694,404	(13,741)	91,627,967	24,069,962	1,820,013	25,889,975	65,737,992
	205,036,367	5,203,910	(13,741)	210,226,536	71,788,223	5,311,120	77,099,343	133,127,193