

# **City of Charlottetown**

**Consolidated Financial Statements  
December 31, 2013**



May 12, 2014

## **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, 2013, 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, 2013, 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, 2013

	2013	2012
	\$	\$
<b>Financial assets</b>		
Cash	10,569,967	17,646,499
Accounts receivable	6,476,292	4,393,417
Restricted cash	3,999,516	3,899,095
Superannuation Plan net assets available for benefits (note 4)	69,913,371	59,218,088
Other assets	112,157	121,721
<b>Total financial assets</b>	<u>91,071,303</u>	<u>85,278,820</u>
<b>Liabilities</b>		
Bank loans and advances (note 6)	1,320,115	9,634,988
Accounts payable and accrued liabilities	9,092,127	10,169,173
Unearned revenue	119,841	510,092
Sick leave and post retirement benefits	4,073,486	3,999,517
Superannuation Plan accrued pension obligations (note 4)	73,297,800	64,351,300
Long-term debt (note 6)	79,610,411	72,573,677
<b>Total liabilities</b>	<u>167,513,780</u>	<u>161,238,747</u>
<b>Net debt</b>	(76,442,477)	(75,959,927)
<b>Non-financial assets</b>		
Tangible capital assets (notes 3, 6 and Schedule 2)	144,870,890	136,612,689
Prepaid expenses	234,822	190,905
<b>Accumulated surplus</b>	<u>68,663,235</u>	<u>60,843,667</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, 2013

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	2013 \$	2012 \$
<b>Accumulated surplus - Beginning of year</b>	60,843,667	59,644,735
Annual surplus	7,819,568	1,198,932
<b>Accumulated surplus - End of year</b>	<u>68,663,235</u>	<u>60,843,667</u>

**City of Charlottetown**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2013**

	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>Budget (Unaudited)</b>		
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues</b>			
Operating			
Grants from the Province of Prince Edward Island	10,768,457	10,768,457	10,910,147
Property tax	28,058,375	28,238,510	26,336,956
Sale of goods and services			
Water and sewer	8,745,000	8,962,083	8,854,544
Parking	1,150,400	1,048,516	1,054,623
Police court	1,027,000	1,073,875	1,026,088
Licenses	498,000	477,822	545,305
Other income			
Recreation	570,450	523,529	507,261
Rentals	660,200	392,981	564,305
Interest and other	142,500	90,807	135,340
Government transfers			
Province of Prince Edward Island	140,000	140,000	140,000
<b>Total revenues</b>	<b>51,760,382</b>	<b>51,716,580</b>	<b>50,074,569</b>
<b>Expenses (Schedule 1)</b>			
Operating			
General government	6,031,890	5,582,756	5,786,451
Protective services	11,773,245	11,461,839	12,473,195
Street maintenance and environment	7,572,342	8,494,390	8,067,382
Recreation	4,883,600	4,812,666	4,670,528
Debt interest charges	1,917,420	1,966,203	2,368,102
Development, heritage and other	8,458,634	7,339,582	7,168,183
New deal for cities and communities	-	-	1,945,162
Water and sewer	7,752,763	7,340,246	7,311,837
	<b>48,389,894</b>	<b>46,997,682</b>	<b>49,790,840</b>
	<b>3,370,488</b>	<b>4,718,898</b>	<b>283,729</b>
<b>Other revenues (expenses)</b>			
Infrastructuring funding - Federal and Provincial governments	1,010,000	7,231,801	4,163,777
Disposals and rebates on tangible capital assets	-	(3,914)	161,951
Actuarial pension adjustments (note 4)	-	1,669,612	1,761,782
Amortization	(378,000)	(5,796,829)	(5,172,307)
	<b>632,000</b>	<b>3,100,670</b>	<b>915,203</b>
<b>Annual surplus (note 7)</b>	<b>4,002,488</b>	<b>7,819,568</b>	<b>1,198,932</b>

# City of Charlottetown

## Consolidated Statement of Changes in Net Debt

For the year ended December 31, 2013

	<b>Budget (Unaudited)</b>	<b>2013</b>	<b>2012</b>
	\$	\$	\$
<b>Annual surplus</b>	4,002,488	7,819,568	1,198,932
Acquisition of tangible capital assets - general	(10,350,000)	(9,389,948)	(3,848,172)
Acquisition of tangible capital assets - water and sewer	(7,566,890)	(4,665,082)	(4,809,631)
Amortization of tangible capital assets - general	-	3,792,810	3,261,313
Amortization of tangible capital assets - water and sewer	378,000	2,004,019	1,910,994
Change in prepaid expenses - general	-	(86,517)	252,504
Change in prepaid expenses - water and sewer	-	42,600	42,600
	<u>(17,538,890)</u>	<u>(8,302,118)</u>	<u>(3,190,392)</u>
<b>Increase in net debt</b>	(13,536,402)	(482,550)	(1,991,460)
<b>Net debt - Beginning of year</b>	<u>(75,959,927)</u>	<u>(75,959,927)</u>	<u>(73,968,467)</u>
<b>Net debt - End of year</b>	<u>(89,496,329)</u>	<u>(76,442,477)</u>	<u>(75,959,927)</u>

# City of Charlottetown

## Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	2013	2012
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	7,819,568	1,198,932
Amortization	5,796,829	5,172,307
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(2,082,875)	1,258,938
Decrease in other assets	9,564	18,543
Increase in restricted cash	(100,421)	(35,439)
Increase (decrease) in accounts payable and accrued liabilities	(1,077,046)	1,783,352
Increase (decrease) in unearned revenue	(390,251)	88,749
Increase in sick leave and post retirement benefits	73,969	48,124
Increase in Superannuation Plan net assets available for benefits	(10,695,283)	(5,988,682)
Increase in Superannuation Plan accrued pension obligations	8,946,500	4,226,900
Decrease (increase) in prepaid expenses	(43,917)	295,104
	<u>8,256,637</u>	<u>8,066,828</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets - general - net	(9,389,948)	(3,848,172)
Acquisition of tangible capital assets - water and sewer - net	(4,665,082)	(4,809,631)
	<u>(14,055,030)</u>	<u>(8,657,803)</u>
<b>Financing activities</b>		
Issuance of long-term debt	11,780,597	7,512,300
Debt repayment	(4,743,863)	(4,514,080)
	<u>7,036,734</u>	<u>2,998,220</u>
<b>Change in net cash</b>	1,238,341	2,407,245
<b>Net cash - Beginning of year</b>	<u>8,011,511</u>	<u>5,604,266</u>
<b>Net cash - End of year</b>	<u>9,249,852</u>	<u>8,011,511</u>
<b>Net cash consists of</b>		
Cash	10,569,967	17,646,499
Bank loans and advances	(1,320,115)	(9,634,988)
	<u>9,249,852</u>	<u>8,011,511</u>

# City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2013

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## 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 standards for local governments, as recommended by the Public Sector Accounting Board of CPA Canada. 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, 2013

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## 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 standards 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, 2013

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In 2013, the City provided operating funding of \$777,240 (2012 - \$762,000) to Charlottetown Civic Centre Management Inc.

Condensed financial information for Charlottetown Civic Centre Management Inc. for the year ended December 31, 2013 is as follows:

	2013	2012
	\$	\$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	324,029	475,967
Capital and other assets	330,040	174,651
	<u>654,069</u>	<u>650,618</u>
<b>Liabilities</b>		
Current liabilities and deferred capital contributions	560,910	579,555
<b>Net Assets</b>	<u>93,159</u>	<u>71,063</u>
	<u>654,069</u>	<u>650,618</u>
<b>Statement of Operations and Statement of Changes in Net Assets</b>		
	2013	2012
	\$	\$
<b>Revenue</b>		
Operating grants - City of Charlottetown	777,240	762,000
- Province of Prince Edward Island	186,000	186,000
Operating revenue	<u>592,938</u>	<u>455,405</u>
	1,556,178	1,403,405
<b>Expenses</b>	<u>1,534,082</u>	<u>1,436,186</u>
<b>Excess revenue (expenses) for the year</b>	22,096	(32,781)
<b>Net assets - Beginning of year</b>	<u>71,063</u>	<u>103,844</u>
<b>Net assets - End of year</b>	<u>93,159</u>	<u>71,063</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

December 31, 2013

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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 2013, the City provided operating funding of \$524,469 (2012 - \$588,150) to Capital Area Recreation Inc. In addition, the City provided a property tax reduction of \$133,130 (2012 - \$130,130) to Capital Area Recreation Inc.

Condensed financial information for Capital Area Recreation Inc. for the year ended December 31, 2013 is as follows:

<b>Statement of Financial Position</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Current assets	221,400	334,777
Facility and equipment	15,362,063	16,095,382
	<u>15,583,463</u>	<u>16,430,159</u>
<b>Liabilities</b>		
Current liabilities and short-term debt	477,396	524,033
Deferred capital funding	15,765,429	16,598,503
	<u>16,242,825</u>	<u>17,122,536</u>
<b>Net Liabilities</b>		
Invested in capital assets	(513,052)	(582,322)
Unrestricted	(146,310)	(110,055)
	<u>(659,362)</u>	<u>(692,377)</u>
	<u>15,583,463</u>	<u>16,430,159</u>

# City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2013

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<b>Statement of Operations and Statement of Changes in Net Liabilities</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Operating funding - City of Charlottetown	524,469	558,150
- University of Prince Edward Island and Town of Stratford	93,369	98,402
Operating revenue	<u>2,837,246</u>	<u>2,804,736</u>
	3,455,084	3,461,288
<b>Expenses</b>	<u>3,422,069</u>	<u>3,452,053</u>
<b>Excess revenue for the year</b>	33,015	9,235
<b>Net liabilities - Beginning of year</b>	<u>(692,377)</u>	<u>(701,612)</u>
<b>Net liabilities - End of year</b>	<u>(659,362)</u>	<u>(692,377)</u>

Note 14 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, 2013

## 3 Tangible capital assets

			2013	2012
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
<b>City of Charlottetown</b>				
Land	10,743,468	-	10,743,468	10,614,487
Buildings	20,903,382	7,951,041	12,952,341	13,426,966
Swimming pools	182,683	62,391	120,292	127,810
Rinks/arenas/parks/fields	19,856,834	15,629,517	4,227,317	3,713,267
Parking garages	15,343,179	6,542,382	8,800,797	9,184,376
Parking meters	584,906	584,906	-	25
Heavy equipment	6,768,837	4,857,015	1,911,822	1,119,708
Motor vehicles	2,410,449	1,922,173	488,276	367,287
Streets and sidewalks	27,814,816	14,736,686	13,078,130	10,150,760
Storm sewers	24,281,371	4,278,652	20,002,719	18,113,778
Street lights	2,946,764	1,698,728	1,248,036	1,157,596
	131,836,689	58,263,491	73,573,198	67,976,060
<b>Charlottetown Water and Sewer Corporation</b>				
Water system	41,744,325	15,970,463	25,773,862	26,354,784
Sewer system	29,730,165	8,051,515	21,678,650	17,922,873
Treatment plant	29,628,190	5,783,010	23,845,180	24,358,972
	101,102,680	29,804,988	71,297,692	68,636,629
	232,939,369	88,068,479	144,870,890	136,612,689

## 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, 2013 for the City of Charlottetown Superannuation Plan is \$57,130,100 and \$63,745,500 respectively. The actuarial present value of the pension assets and accrued pension obligations as at December 31, 2013 for the Charlottetown Water and Sewer Corporation Superannuation Plan is \$8,013,300 and \$9,552,300, respectively. An actuarial deficit of \$6,615,400 for the City of Charlottetown Superannuation Plan and an actuarial deficit of \$1,539,000 for the Charlottetown Water and Sewer Corporation Superannuation Plan existed at that date.

# City of Charlottetown

## Notes to Consolidated Financial Statements

December 31, 2013

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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, 2013.

### 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, 2013, this amounted to total property tax reductions of \$994,707 (2012 - \$943,135).

#### 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, 2013, the balance of this loan is \$512,819 (2012 - \$578,720).

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, 2013, the balance of this loan is \$15,927 (2012 - \$118,100).

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, 2013, the balance of this loan is \$41,170 (2012 - \$54,489).

#### 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 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, 2013

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## e) Operating leases

The following is a schedule of the future minimum lease payments on 8 operating leases expiring between July 2016 and December 2018:

	\$
Year ended December 31, 2014	43,444
2015	39,691
2016	40,655
2017	29,142
2018	20,495

## 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 \$820,704 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, 2013, \$5,302,122 for this project has been incurred.

Phase 3 construction is projected to begin in May 2014.

## 6 Long-term debt

	2013	2012
	\$	\$
<b>City of Charlottetown</b>		
Loans and mortgages with interest rates from 2.26% to 4.77% (weighted average rate of 3.643%; 2012 - 3.68%), maturing at various dates between 2014 and 2031	40,813,321	36,168,693
Obligations under capital leases, with interest rates at 2.49% and 3.75% (weighted average rate of 3.16%; 2012 - 3.10%), maturing at various dates in 2014 and 2021	2,582,347	1,171,960
Loans and mortgages issued in 2004, with an interest rate of 5.79%, maturing in June 2024	9,272,201	9,898,870
	<hr/> 52,667,869	<hr/> 47,239,523

# City of Charlottetown

## Notes to Consolidated Financial Statements

December 31, 2013

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### Charlottetown Water and Sewer Corporation

Debentures issued in 1994, with an interest rate of 8.75%, maturing in 2014	210,000	420,000
Loans and mortgages with interest rates from 2.26% to 4.77% (weighted average rate of 3.75%; 2012 - 4.08%), maturing at various dates between 2014 and 2031	22,622,540	20,543,135
Debentures issued in 2004, with an interest rate of 5.79%, maturing in July 2024	4,110,002	4,371,019
	<hr/>	<hr/>
	26,942,542	25,334,154
	<hr/>	<hr/>
	79,610,411	72,573,677

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, 2014	4,142,856	4,282,846	8,425,702
2015	4,031,043	4,093,979	8,125,022
2016	3,909,244	3,924,887	7,834,131
2017	3,884,956	3,759,184	7,644,140
2018	2,787,219	3,584,295	6,371,514

# City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2013

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## 7 Reconciliation of City budget to financial statements

	Original 2013 Budget \$	2013 \$	2012 \$
Surplus from City budget document	5,260	721,637	568,709
Add: Debt repayment (principal) - general	2,956,069	1,691,529	3,018,596
Debt repayment - (principal) - water and sewer	1,580,782	3,052,334	1,495,483
Late adjustment to revenue	-	220,398	-
Infrastructure funding - Federal and Provincial government	-	6,221,801	2,218,615
Disposals and rebates on tangible capital assets	-	(3,914)	161,951
Allocation of debt repayment to be made	-	184,746	179,365
Change in reserve balance	29,086	70,417	25,650
Actuarial pension adjustment	-	1,669,612	1,761,782
	<hr/>	<hr/>	<hr/>
	4,571,197	13,828,560	9,430,151
Less: Surplus from prior year, per budget	(568,709)	(567,872)	(1,529,771)
Amortization - general	-	(3,792,810)	(3,261,313)
Increase in amortization - water and sewer	-	(1,626,019)	(1,127,494)
Retroactive pay accrual reversal	-	-	(2,004,561)
Difference recording of capital assets	-	(13,979)	(282,108)
Other	-	(8,312)	(25,972)
	<hr/>	<hr/>	<hr/>
	(568,709)	(6,008,992)	(8,231,219)
<b>Annual surplus for the year, per financial statements</b>	<hr/>	<hr/>	<hr/>
	4,002,488	7,819,568	1,198,932

# City of Charlottetown

Consolidated Schedule of Expenses by Type  
For the year ended December 31, 2013

Schedule 1

	<b>2013</b>			
	<b>Salaries and Benefits</b>	<b>Operating Goods and Services</b>	<b>Debt</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Operating expenditures</b>				
General government	2,292,913	3,289,843	-	5,582,756
Protective services	9,212,020	2,249,819	-	11,461,839
Street maintenance and environment	2,241,707	6,252,683	-	8,494,390
Recreation	2,187,191	2,625,475	-	4,812,666
Debt interest charges	-	-	1,966,203	1,966,203
Development, heritage and other	1,949,975	5,389,607	-	7,339,582
Water and sewer	3,116,660	3,141,221	1,082,365	7,340,246
	<b>21,000,466</b>	<b>22,948,648</b>	<b>3,048,568</b>	<b>46,997,682</b>
	<b>2012</b>			
	<b>Salaries and Benefits</b>	<b>Operating Goods and Services</b>	<b>Debt</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Operating expenditures</b>				
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
	<b>21,662,130</b>	<b>24,586,206</b>	<b>3,542,504</b>	<b>49,790,840</b>

# City of Charlottetown

## Schedule of Tangible Capital Assets

For the year ended December 31, 2013

Schedule 2

	Cost 2013				Accumulated amortization 2013			2013
	Beginning \$	Additions \$	Disposals/ Transfers \$	Ending \$	Beginning \$	Amortization \$	Ending \$	Net book value \$
<b>City of Charlottetown</b>								
Land	10,614,487	128,981	-	10,743,468	-	-	-	10,743,468
Buildings	20,858,905	44,477	-	20,903,382	7,431,939	519,102	7,951,041	12,952,341
Swimming pools	182,683	-	-	182,683	54,873	7,518	62,391	120,292
Rinks/arenas/parks/fields	18,980,050	876,784	-	19,856,834	15,266,783	362,734	15,629,517	4,227,317
Parking garages	15,343,179	-	-	15,343,179	6,158,803	383,579	6,542,382	8,800,797
Parking meters	584,906	-	-	584,906	584,881	25	584,906	-
Heavy equipment	5,274,172	1,494,665	-	6,768,837	4,154,464	702,551	4,857,015	1,911,822
Motor vehicles	2,032,490	377,959	-	2,410,449	1,665,203	256,970	1,922,173	488,276
Streets and sidewalks	23,912,853	3,901,963	-	27,814,816	13,762,093	974,593	14,736,686	13,078,130
Storm sewers	21,906,803	2,374,568	-	24,281,371	3,793,025	485,627	4,278,652	20,002,719
Street lights	2,756,213	190,551	-	2,946,764	1,598,617	100,111	1,698,728	1,248,036
	122,446,741	9,389,948	-	131,836,689	54,470,681	3,792,810	58,263,491	73,573,198
<b>Charlottetown Water and Sewer Corporation</b>								
Water system	41,498,355	245,970	-	41,744,325	15,143,571	826,892	15,970,463	25,773,862
Sewer system	25,389,825	4,340,340	-	29,730,165	7,466,952	584,563	8,051,515	21,678,650
Treatment plant	29,549,418	78,772	-	29,628,190	5,190,446	592,564	5,783,010	23,845,180
	96,437,598	4,665,082	-	101,102,680	27,800,969	2,004,019	29,804,988	71,297,692
	218,884,339	14,055,030	-	232,939,369	82,271,650	5,796,829	88,068,479	144,870,890

# City of Charlottetown

## Schedule of Tangible Capital Assets

For the year ended December 30, 2012

Schedule 2

	Cost 2012				Accumulated amortization 2012			2012
	Beginning \$	Additions \$	Disposals/ Transfers \$	Ending \$	Beginning \$	Amortization \$	Ending \$	
<b>City of Charlottetown</b>								<b>Net book value \$</b>
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	19,784,796	2,122,007	-	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
	118,598,569	3,848,172	-	122,446,741	51,209,368	3,261,313	54,470,681	67,976,060
<b>Charlottetown Water and Sewer Corporation</b>								
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
	210,226,536	8,666,668	(8,865)	218,884,339	77,099,343	5,172,307	82,271,650	136,612,689