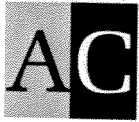


City of Charlottetown

**Consolidated Financial Statements
December 31, 2009**



ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

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

Chartered Accountants &
Business Advisors
Prince Edward Place
80 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074
www.acgca.ca

February 12, 2010

Auditors' Report

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

We have audited the consolidated statement of financial position of the **City of Charlottetown** as at December 31, 2009 and the consolidated statements of accumulated surplus, operations, change in net debt and cash flows for the year then ended. These financial statements are the responsibility of the City's management. 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 standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2009 and the results of its operations, its net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault Best Cameron Ellis

Chartered Accountants

City of Charlottetown

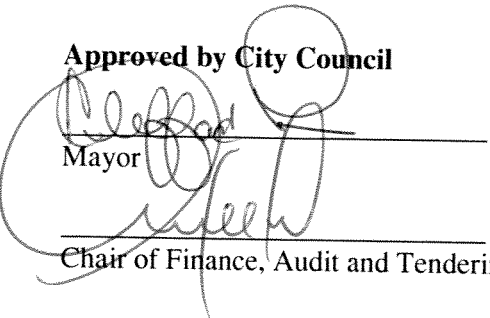
Consolidated Statement of Financial Position As at December 31, 2009

	2009 \$	2008 \$
Financial assets		
Cash	7,190,660	3,004,728
Accounts receivable	5,318,444	7,264,855
Restricted cash	3,350,776	3,040,864
Superannuation Plan net assets available for benefits (note 4)	45,477,313	39,380,410
Other assets	1,263,363	1,237,653
Total financial assets	<u>62,600,556</u>	<u>53,928,510</u>
Liabilities		
Bank loans and advances	32,289,051	27,141,501
Accounts payable and accrued liabilities	8,831,705	8,073,212
Unearned revenue	1,980,556	40,559
Sick leave and post retirement benefits	3,597,558	3,350,778
Superannuation Plan accrued pension obligations (note 4)	52,557,600	49,023,200
Long-term debt (note 6)	37,708,654	42,418,885
Total liabilities	<u>136,965,124</u>	<u>130,048,135</u>
Net debt	(74,364,568)	(76,119,625)
Non-financial assets		
Tangible capital assets (notes 3, 6 and 7)	<u>130,189,142</u>	<u>127,331,950</u>
Accumulated surplus	<u>55,824,574</u>	<u>51,212,325</u>


Approved by City Council



Mayor



Chair of Finance, Audit and Tendering Committee



Chief Administrative Officer

City of Charlottetown

Statement of Accumulated Surplus

For the year ended December 31, 2009

	2009	2008
	\$	\$
Accumulated surplus - Beginning of year		
As previously reported	112,645,724	111,951,008
Adjustment related to change in accounting policy (note 7)	<u>(61,433,399)</u>	<u>(56,519,510)</u>
As restated	51,212,325	55,431,498
Annual surplus (deficit)	<u>4,612,249</u>	<u>(4,219,173)</u>
Accumulated surplus - End of year	<u>55,824,574</u>	<u>51,212,325</u>

City of Charlottetown
Consolidated Statement of Operations
For the year ended December 31, 2009

	2009	2009	2008
	Budget (Unaudited)		
	\$	\$	\$
Revenues			
Operating			
Grants from the Province of Prince Edward Island	11,082,265	11,012,051	10,896,737
Property tax	24,114,465	24,242,634	23,543,385
Sale of goods and services			
Water and sewer	7,843,265	7,857,467	7,197,799
Parking	685,000	697,072	642,635
Police court	915,000	791,363	802,871
Licenses	400,000	328,239	462,391
Other income			
Recreation	511,048	488,138	455,002
Rentals	662,200	482,944	684,480
Interest and other	322,000	300,262	321,004
Government transfers			
Province of Prince Edward Island	141,542	141,563	1,003,000
New deal for cities and communities	1,450,000	1,091,079	1,513,533
Capital			
Infrastructure funding - Federal and Provincial governments	-	438,394	1,541,211
Proceeds and rebates on tangible capital assets	-	656,564	570,364
Total revenues	48,126,785	48,527,770	49,634,412
Expenses			
Operating			
General government	5,130,560	5,160,322	4,588,501
Protective services	10,436,652	9,917,101	9,575,718
Street maintenance and environment	7,119,966	6,921,148	7,133,583
Recreation	4,097,938	4,068,857	3,954,028
Debt interest charges	2,519,431	2,341,651	2,416,218
Development, heritage and other	9,118,537	7,385,567	8,244,471
Amortization (note 7)	-	2,784,173	3,228,225
Actuarial pension adjustments	-	(2,562,503)	7,337,938
Water and sewer	6,317,190	7,899,205	7,374,903
Total expenses (Schedule A)	44,740,274	43,915,521	53,853,585
Annual surplus (deficit) (note 8)	3,386,511	4,612,249	(4,219,173)

City of Charlottetown

Consolidated Statement of Change in Net Debt For the year ended December 31, 2009

	2009 \$	2008 \$
Annual surplus	4,612,249	(4,219,173)
Acquisition of tangible capital assets - general	(3,202,528)	(3,135,552)
Acquisition of tangible capital assets - water and sewer	(4,203,891)	(1,168,935)
Amortization of tangible capital assets - general	2,784,173	3,228,225
Amortization of tangible capital assets - water and sewer	1,765,054	1,685,664
	(2,857,192)	609,402
Decrease (increase) in net debt	1,755,057	(3,609,771)
Net debt - Beginning of year	(76,119,625)	(72,509,854)
Net debt - End of year	(74,364,568)	(76,119,625)

City of Charlottetown

Consolidated Statement of Cash Flows

For the year ended December 31, 2009

	2009	2008
	\$	\$
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	4,612,249	(4,219,173)
Amortization	4,549,227	4,913,889
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	1,946,411	(125,278)
Increase in other assets	(25,710)	(709,215)
Increase in restricted cash	(309,912)	(307,830)
Increase in accounts payable and accrued liabilities	758,493	2,534,058
Increase (decrease) in unearned revenue	1,939,997	(11,875)
Increase in sick leave and post retirement benefits	246,780	309,912
Decrease (increase) in Superannuation Plan net assets available for benefits	(6,096,903)	4,486,238
Increase in Superannuation Plan accrued pension obligations	3,534,400	2,851,700
	<u>11,155,032</u>	<u>9,722,426</u>
Capital activities		
Acquisition of tangible capital assets - general - net	(3,202,528)	(3,135,552)
Acquisition of tangible capital assets - water and sewer - net	(4,203,891)	(1,168,935)
	<u>(7,406,419)</u>	<u>(4,304,487)</u>
Financing activity		
Debt repayment	(4,710,231)	(5,306,285)
Increase (decrease) in net cash	(961,618)	111,654
Net cash - Beginning of year	(24,136,773)	(24,248,427)
Net cash - End of year	<u>(25,098,391)</u>	<u>(24,136,773)</u>
Net cash consists of		
Cash	7,190,660	3,004,728
Bank loan and advances	(32,289,051)	(27,141,501)
	<u>(25,098,391)</u>	<u>(24,136,773)</u>

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2009

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 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%
Motor vehicles	20%
Heavy equipment	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, 2009

e) Sick leave and post retirement benefits

The City and the Water and Sewer Corporation provide sick leave benefit plans allowing employees' unused sick leave to accumulate to a maximum of 75 days.

The City and the Water and Sewer Corporation provide 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 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. 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. By agreement, the City and Province share 80% - 20% respectively in funding the Civic Centre's operations.

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, 2009

In 2009, the City provided operating funding of \$500,000 (2008 - \$500,000) to Charlottetown Civic Centre Management Inc. Also in 2009, the City paid an additional \$134,281 (2008 - \$245,771) towards the Civic Centre's operating loss and net liabilities.

Condensed financial information for Charlottetown Civic Centre Management Inc. for the year ended December 31, 2009 is as follows:

Statement of Financial Position	2009	2008
	\$	\$
Assets		
Current assets	323,365	351,092
Capital and other assets	363,301	251,071
	<u>686,666</u>	<u>602,163</u>
Liabilities		
Current liabilities and deferred capital contributions	777,649	619,847
Net Liabilities	<u>(90,983)</u>	<u>(17,684)</u>
	<u>686,666</u>	<u>602,163</u>
Statement of Operations and Statement of Changes in Net Liabilities	2009	2008
	\$	\$
Revenue		
Operating grants - City of Charlottetown	500,000	500,000
- Province of Prince Edward Island	125,000	125,000
Operating revenue	741,280	752,857
	<u>1,366,280</u>	<u>1,377,857</u>
Expenses	<u>1,625,755</u>	<u>1,637,169</u>
Operating loss	(259,475)	(259,312)
Other revenue - special funding		
City of Charlottetown	134,281	245,771
Province of Prince Edward Island	51,895	65,863
	<u>(73,299)</u>	<u>52,322</u>
Excess revenue (expenses) for the year	(73,299)	52,322
Net liabilities - Beginning of year	<u>(17,684)</u>	<u>(70,006)</u>
Net liabilities - End of year	<u>(90,983)</u>	<u>(17,684)</u>

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2009

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.

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 \$13,690,000 in capital funding prior to 2005, plus \$501,000 in capital loan payment funding subsequent to 2005.

In 2009, the City provided operating funding of \$450,000 (2008 - \$450,000) to Capital Area Recreation Inc. Also, the City paid an additional \$181,158 (2008 - \$110,290) towards Capital Area Recreation Inc.'s operating deficiency. In addition, the City provided a property tax reduction of \$132,776 (2008 - \$249,187) to Capital Area Recreation Inc.

Condensed financial information for Capital Area Recreation Inc. for the year ended December 31, 2009 is as follows:

Statement of Financial Position	2009	2008
	\$	\$
Assets		
Current assets	545,008	416,757
Facility and equipment	17,070,108	17,195,836
	<u>17,615,116</u>	<u>17,612,593</u>
Liabilities		
Current liabilities and short-term debt	865,167	573,311
Deferred capital funding	17,484,585	17,778,937
	<u>18,349,752</u>	<u>18,352,248</u>
Net Liabilities		
Invested in capital assets	(426,059)	(583,101)
Unrestricted	(308,577)	(156,554)
	<u>(734,636)</u>	<u>(739,655)</u>
	<u>17,615,116</u>	<u>17,612,593</u>

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2009

Statement of Operations and Statement of Changes in Net Liabilities	2009	2008
	\$	\$
Revenue		
Operating funding - City of Charlottetown	631,158	560,290
- University of Prince Edward Island and Town of Stratford	109,311	98,721
Operating revenue	<u>2,629,698</u>	<u>2,677,056</u>
	3,370,167	3,336,067
Expenses	<u>3,365,148</u>	<u>3,327,479</u>
Excess revenue for the year	5,019	8,588
Net liabilities - Beginning of year	<u>(739,655)</u>	<u>(748,243)</u>
Net liabilities - End of year	<u>(734,636)</u>	<u>(739,655)</u>

Note 13 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, 2009

3 Tangible capital assets

			2009	2008
	Cost \$	Accumulated amortization \$	Net \$	Net \$
City of Charlottetown				
Land	10,328,506	-	10,328,506	9,918,655
Buildings	20,442,226	5,879,596	14,562,630	15,073,685
Swimming pools	32,319	32,319	-	-
Rinks/arenas/parks/fields	17,669,546	13,990,136	3,679,410	3,129,997
Parking garages	15,313,182	5,008,065	10,305,117	10,381,261
Parking meters	584,906	352,756	232,150	315,704
Heavy equipment	3,256,081	3,158,491	97,590	224,780
Motor vehicles	1,109,499	956,627	152,872	220,945
Streets and sidewalks	20,072,408	11,271,338	8,801,070	8,833,019
Storm sewers	17,071,652	2,583,802	14,487,850	14,033,926
Street lights	2,641,691	1,315,051	1,326,640	1,423,507
	<u>108,522,016</u>	<u>44,548,181</u>	<u>63,973,835</u>	<u>63,555,479</u>
Charlottetown Water and Sewer Corporation				
Water system	38,869,341	12,723,374	26,145,967	26,204,139
Sewer system	21,154,141	6,120,706	15,033,435	14,069,496
Treatment plant	28,474,773	3,438,868	25,035,905	23,502,836
	<u>88,498,255</u>	<u>22,282,948</u>	<u>66,215,307</u>	<u>63,776,471</u>
	<u>197,020,271</u>	<u>66,831,129</u>	<u>130,189,142</u>	<u>127,331,950</u>

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.

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2009

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, 2007. 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, 2009 for the City of Charlottetown Superannuation Plan is \$39,992,100 and \$45,209,600 respectively. The actuarial present value of the pension assets and accrued pension obligations as at December 31, 2009 for the Charlottetown Water and Sewer Corporation Superannuation Plan is \$6,718,300 and \$7,348,000, respectively. An actuarial deficit of \$5,217,500 for the City of Charlottetown Superannuation Plan and an actuarial deficit of \$629,700 for the Charlottetown Water and Sewer Corporation Superannuation Plan existed at that date.

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, and the resulting deficiency is shown as a separate line under Municipal Position.

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, 2009.

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, 2009, this amounted to total property tax reductions of \$813,877 (2008 - \$727,922).

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) Parking garage

Under a 20-year agreement dated September 11, 2001, the City of Charlottetown agreed to provide Charlottetown Area Development Corporation with an annual subsidy for debt repayment of \$663,000 related to the Fitzroy Parkade. The subsidy is recorded under development, heritage and other expenses.

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2009

d) Capital Area Recreation Inc.

The City has an agreement to fund 87.5% of Capital Area Recreation Inc.'s annual operating shortfalls for the arena and 79.5% of the annual operating shortfalls for the aquatics, up to a maximum of \$79,500 each year. Also, the City has agreed to provide a maximum of \$152,000 per year commencing in 2009 to establish a capital replacement sinking fund for Capital Area Recreation Inc.

The City has agreed to guarantee a line of credit 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, 2009, the balance of their line of credit is \$447,161.

The City has guaranteed a loan of up to \$103,000 for Capital Area Recreation Inc. for the purchase of a new zamboni. As of December 31, 2009, the balance of this loan is \$90,948.

e) Charlottetown Civic Centre Management Inc.

The City has an agreement to fund 80% of Charlottetown Civic Centre Management Inc.'s annual shortfalls should Charlottetown Civic Centre Management Inc. incur a deficit by reason of factors beyond the reasonable control of its management.

f) Operating leases

The following is a schedule of the future minimum lease payments on 29 operating leases expiring between January 2010 and April 2014:

	\$
Year ended December 31, 2010	120,146
2011	73,575
2012	38,795
2013	7,796
2014	915

g) Transit service

A resolution of City Council on August 23, 2005 approved entering into an agreement with Trius Tours for the purpose of providing transit service for the City of Charlottetown. The agreement is for a ten-year period beginning October 1, 2005 and ending on September 30, 2015. The annual subsidies provided by the City to Trius Tours are \$540,000 for Year 1, \$563,000 for Year 2, \$550,000 for Year 3, \$503,000 for Year 4, \$437,000 for Year 5 and \$415,000 for Years 6 - 10.

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2009

6 Long-term debt

	2009	2008
	\$	\$
City of Charlottetown		
Loans and mortgages with interest rates from 2.00% to 6.27% (weighted average rate of 5.806%; 2008 5.77%), maturing at various dates between 2010 and 2014	8,566,936	10,187,152
Instalment debentures with interest 10.25%, maturing at various dates between 2010 and 2012	1,199,000	1,523,000
Obligations under capital leases, with interest rates at 6.28% and 7.06%, maturing at various dates in 2010 and 2012	321,121	576,829
Obligation under capital lease Fitzroy Parkade, with interest at 6.23%, maturing November 30, 2012	5,834,838	6,119,057
Loans and mortgages issued in 2004, with an interest rate of 5.79%, maturing in June 2024	11,577,882	12,076,633
	<u>27,499,777</u>	<u>30,482,671</u>
Charlottetown Water and Sewer Corporation		
Debentures issued in 1992, with an interest rate of 10.12%, maturing at various dates between 2010 and 2012	240,000	320,000
Debentures issued in 1994, with an interest rate of 8.75%, maturing at various dates between 2010 and 2014	1,050,000	1,200,000
Loans and mortgages with interest rates from 3.82% to 6.27% (weighted average rate of 5.18%; 2008 - 5.37%), maturing at various dates between 2010 and 2019	3,848,527	5,138,128
Debentures issued in 2004, with an interest rate of 5.79%, maturing in June 2024	5,070,350	5,278,086
	<u>10,208,877</u>	<u>11,936,214</u>
	<u>37,708,654</u>	<u>42,418,885</u>

The 6.23% obligation under capital lease is secured by an agreement with the lessor and the primary financier for a first registered mortgage over the Fitzroy Parkade, a general security agreement, an assignment of parkade insurance and cash flows. The other obligations under capital lease are secured by certain vehicles.

The loans, mortgages and debentures are unsecured.

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2009

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

	Principal \$	Interest \$	Total \$
Year ended December 31, 2010	3,663,078	2,194,525	5,857,603
2011	2,926,535	2,480,476	5,407,011
2012	7,857,994	1,784,961	9,642,955
2013	2,163,687	1,317,773	3,481,460
2014	2,205,917	1,188,566	3,394,483

7 Change in accounting policy

Effective January 1, 2009, the City retrospectively adopted Section PS3150 Tangible Capital Assets, as required by the Public Sector Accounting Board to record amortization on tangible capital assets. This has resulted in the following changes in the 2008 comparative numbers:

	\$
2008 Accumulated surplus - Beginning of year	
As previously stated	111,951,008
Change in tangible capital assets	<u>(56,519,510)</u>
As restated	<u>55,431,498</u>
2008 Annual deficit	
As previously stated	(1,416,859)
Amortization - General	(3,228,225)
- Water and Sewer	(1,685,664)
Infrastructure funding - Federal and Provincial governments	1,541,211
Disposals and rebates in tangible capital assets	<u>570,364</u>
As restated	<u>(4,219,173)</u>
2008 Tangible capital assets	
As previously stated	188,765,349
Change in tangible capital assets	(56,519,510)
Amortization - General	(3,228,225)
- Water and Sewer	<u>(1,685,664)</u>
As restated	<u>127,331,950</u>
	\$
2009 Accumulated surplus - Beginning of year	
As previously stated	112,645,724
Change in tangible capital assets, January 1, 2008	(56,519,510)
Amortization for 2008 - general	(3,228,225)
- water and sewer	<u>(1,685,664)</u>
As restated	<u>51,212,325</u>

City of Charlottetown

Notes to Consolidated Financial Statements

December 31, 2009

8 Reconciliation of City budget to financial statements

	2009	2008
	\$	\$
Surplus from City budget	1,670,790	882,370
Add: Debt repayment (principal) - general	2,982,894	3,565,168
Debt repayment - (principal) - water and sewer	1,727,337	1,741,117
Infrastructure funding - Federal and Provincial government	438,394	1,541,211
Disposals and rebates on tangible capital assets	656,564	570,364
Change in reserve balance	82,655	65,938
Actuarial pension adjustments	2,562,503	-
2009 Budget resolution to pay down debt	-	500,000
	<hr/>	<hr/>
	10,121,137	8,866,168
Less: Surplus from prior year, per budget	(828,819)	(833,514)
Actuarial pension adjustments	-	(7,337,938)
Bad debt expense	(413,000)	-
Amortization - general	(2,784,173)	(3,228,225)
Increase in amortization - water and sewer	(1,411,555)	(1,685,664)
Other	(71,341)	-
	<hr/>	<hr/>
	(5,508,888)	(13,085,341)
Annual surplus (deficit) for the year, per financial statements	<hr/>	<hr/>
	4,612,249	(4,219,173)

City of Charlottetown

Consolidated Schedule of Expenses by Type
For the year ended December 31, 2009

Schedule A

	2009			
	Salaries and Benefits \$	Operating Goods and Services \$	Debt Interest and Amortization \$	Total \$
Operating expenditures				
General government	1,818,712	3,341,610	-	5,160,322
Protective services	7,683,193	2,233,908	-	9,917,101
Street maintenance and environment	1,893,747	5,027,401	-	6,921,148
Recreation	1,537,263	2,531,594	-	4,068,857
Debt interest charges	-	-	2,341,651	2,341,651
Development, heritage and other	1,436,878	5,948,689	-	7,385,567
Amortization	-	-	2,784,173	2,784,173
Actuarial pension adjustments	(2,562,503)	-	-	(2,562,503)
Water and sewer	2,575,904	2,652,618	2,670,683	7,899,205
Total expenses	14,383,194	21,735,820	7,796,507	43,915,521
	2008			
	Salaries and Benefits \$	Operating Goods and Services \$	Debt Interest and Amortization \$	Total \$
General government	1,675,230	2,913,271	-	4,588,501
Protective services	7,526,007	2,049,711	-	9,575,718
Street maintenance and environment	1,926,138	5,207,445	-	7,133,583
Recreation	1,522,764	2,431,264	-	3,954,028
Debt interest charges	-	-	2,416,218	2,416,218
Development, heritage and other	1,418,669	6,825,802	-	8,244,471
Actuarial pension adjustments	7,337,938	-	-	7,337,938
Amortization	-	-	3,228,225	3,228,225
Water and sewer	2,297,579	2,142,900	2,934,424	7,374,903
Total expenses	23,704,325	21,570,393	8,578,867	53,853,585