



Fredericton

Smart. Sustainable. By Design.

Financial Statements
Year Ended December 31, 2013

Vision

In the future, Fredericton will continue to be a vibrant, prosperous, and smart City. Fredericton will be a liveable city compatible with its rich heritage and natural attributes. The City will proudly project its role as the provincial capital, as well as the centre for higher education, culture and the knowledge industry.

Growth and development will occur at a human scale compatible with the environment. Fredericton will be a liveable city with an abundance of open spaces provided. This will continue to be one of its most cherished qualities. This is, and will continue to be, a city that affords its citizens with a high quality of life. *(Abbreviated version from the City's Municipal Plan)*

Mission

Contributing to the Quality of Life in our Community

The City of Fredericton is committed to providing leadership, in partnership with community leaders, to enhance the quality of life for its citizens and to deliver services in an effective, efficient, professional and financially responsible manner.

Programs and Goals

Governance and Civic Engagement:	Vision, leadership and decision-making for the common good, generated by an informed and engaged community working in collaboration with City government.
Corporate Services:	Efficient, effective and responsive services.
Mobility:	A safe, multi-modal transportation system with varied opportunities for movement of people and goods.
Liveable Community:	A socially progressive and diverse community guided by comprehensive, sustainable community planning offering varied opportunities for cultural enrichment and active living, and ensuring the preservation of the City's cultural and historical identity.
Economic Vitality:	Focused economic growth, stability and prosperity.
Environmental Stewardship:	A community that respects its natural environment, minimizes its environmental impact, and adapts to and mitigates climate change.
Public Safety:	A safe and secure community.
Sustainable Infrastructure:	Municipal infrastructure planned and financed in a sustainable manner.

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Governance and Strategic Management

A council composed of a mayor and twelve councillors elected by ward governs the City of Fredericton. The Council is responsible for setting policy that is administered for residents by professional management and staff.

Policy is guided by the Capital City Municipal Plan, which was adopted by Fredericton City Council in 2007. The plan guides the future growth and development of the City.

The Plan defines a comprehensive vision for the city. It also establishes a broad planning framework and provides policy guidance on a variety of land-use and development-related issues anticipated in the years to come.

The Municipal Plan is developed and supported by focused Master Plans including Operational Planning, Community Planning, Enhancement Plans, and plans for major capital projects and strategic land projects. The City has also adopted a number of neighbourhood plans which provide policy guidance for specific areas of the community.

A 20 Year Long-Term Financial Plan was adopted by City Council on September 13, 2010. The Long-Term Financial Plan is the City's road map to long-term financial affordability, flexibility, sustainability and resiliency.

Long-term planning considers the full life-cycle cost of assets, weighs the costs and benefits of development opportunities, and adheres to sound funding, debt affordability and capital investment policies.

The General Fund long-term financial plan includes a recommended debt servicing limit of 8% of total revenue. The 8% debt servicing ceiling along with the 14% Pay-As-You-Go (PAYG) capital budget allocation provides 22% of the budget allocated to capital assets and infrastructure which is the amount required to maintain service levels and address stable growth.

Capital investment priorities are set based on the need for renewal, extension or addition of capital assets within the City's eight core programs. The City maintains a complete inventory and knows the replacement cost of its capital assets. The PAYG capital budget is used to a) replace existing assets, b) expand and enhance assets to accommodate new services and growth, and c) repair and maintain existing assets.

The City of Fredericton develops an annual budget that outlines planned revenue collection and expenditures for the calendar year. Revenues come primarily from property taxes although funds are received through transfers from other levels of government and from non-tax revenues including permit fees, parking levies, transit fares and from other services. Expenditures relate to each of the services provided by the municipality in support of the goals of the eight core programs.

Financial Statement Discussion & Analysis

Introduction

Management of the City of Fredericton is responsible for preparing the Financial Statement Discussion & Analysis (FSD&A). This report is supplementary to the audited financial statements with the objective of explaining, highlighting and analyzing information contained in the financial statements.

This discussion will provide highlights of the key financial information and analysis including an assessment of trends and indicators of financial health.

Highlights

Restructuring and an efficiency strategy focused on Lean 6 Sigma training had an impact on the bottom line.

2013 was the first full year of operations following the restructuring of City departments and divisions in 2012. During the year there was significant corporate wide focus on finding efficiencies and eliminating waste from service delivery processes. Throughout 2013 there was strong and clear communication from the Chief Administrative Officer (CAO) to Council and employees surrounding the corporate strategy for Innovation and Improvement.

During the year the City executed on that strategy by focusing on building the capacity of employees to find innovative ways to achieve better service delivery at lower costs by eliminating waste and improving business processes. Since 2012, the City has had twenty five employees undertake Lean 6 Sigma training and work towards Green Belt or Black Belt certification. Over 115 employees have received some form of training in Lean and over 250 employees have participated in Innovation and Improvement projects.

As a result of the restructuring and focus on Innovation and Improvement the City was able to start the year with efficiencies built into the 2013 Budget. There were \$2.08 million in savings and efficiencies in the 2013 operating budget including non-personnel savings of \$1.048 million and personnel savings of \$1.032 million.

Spending increase in Economic Vitality focused on sports tourism and entrepreneurial development.

In 2013 the Economic Vitality program increased spending with a strategic focus on attracting sports tourism. During the month of April the City hosted the 2013 Canadian National Ringette Championships and the 2013 World Senior Men's and Women's Curling Championships and World Mixed Doubles.

Spending was also directed toward developing and supporting a new economic development strategy. Vision 2020 was created in partnership with community stakeholders with a focus on building a strong economic development ecosystem that supports entrepreneurship, innovation, and the commercialization of high value knowledge based industries.

The cut in the unconditional grant and slowing property tax revenue growth creates a challenge in maintaining a balanced budget while dealing with rising costs.

Municipalities in New Brunswick are legislated to maintain balanced budgets. Continued efficiency measures are necessary in order to deal with certain financial challenges faced by the City.

In 2013 the unconditional grant received from the Province of New Brunswick was reduced from \$5.643 million in 2012 to \$4.294 million in 2013. Further cuts will occur in 2014. Revenue from property tax increased due to small market assessment increases and new construction however the growth in tax base revenue is slowing as predicted by the long-term financial plan.

The price of goods purchased by the City including fuel, asphalt, concrete, contract services and labour tend to inflate faster than the Consumer Price Index for regular household goods. This is resulting in operating costs that are rising faster than revenue.

Provincial legislation requires municipalities to include the cost of capital asset and infrastructure expenditures as an expense in the year those assets are acquired and to maintain balanced budgets on this basis. In 2013 the City of Fredericton ended the year with a general operating fund annual surplus of \$217,516 and an annual surplus of \$285,572 in the water & sewer utility fund.

Using PSAB standards, the difference between the current cost of infrastructure renewal and the depreciation expense based on historical cost contributes to an annual surplus.

The City's audited financial statements are prepared in accordance with Public Sector Accounting Board (PSAB) standards which use a different approach for infrastructure investments. PSAB requires governments to capitalize long-term assets and record depreciation expenses over their useful life.

Investments in infrastructure are capitalized and recorded as an increase in non-financial assets as shown on the Consolidated Statement of Financial Position. The cost of capital investments made during the year are not included in current year expenses on the Consolidate Statement of Operations and Accumulated Surplus; instead capital assets are amortized over their useful life and the cost of asset depreciation is recorded as amortization expense in the year.

The City's infrastructure is comprised of long lasting assets that have high initial costs. The annual depreciation expense is based on the historical cost of assets when they are constructed which is then amortized over its useful life. The useful life of a municipalities' linear infrastructure ranges from 15 to 80 years and the historical construction costs are much lower than current replacement cost. As a result the total recorded expenses for asset depreciation tends to be much lower than the current cost of investments required to replace those same assets.

In 2013 the total depreciation expense was \$19.7 million, while the investment in replacement and new infrastructure was \$28.7 million. This results in higher expenses and a lower surplus when accounting for funds using the provincially legislated cash budgeting basis as compared to a larger consolidated surplus using PSAB's full accrual accounting treatments.

Surplus is related to investment in infrastructure and buoyed by third party contributions.

The City ended the year with a consolidated surplus from operations for the year of \$21.5 million and an accumulated surplus of \$470 million, compared with an annual surplus of \$12.2 million and year ending accumulated surplus of \$449 million in 2012.

Included in the consolidated surplus are third party contributions totaling \$11.5 million. These amounts are not included in general operating revenues for legislated Provincial balanced budget fund accounting but are included in revenue on the PSAB Consolidated Statement of Operations.

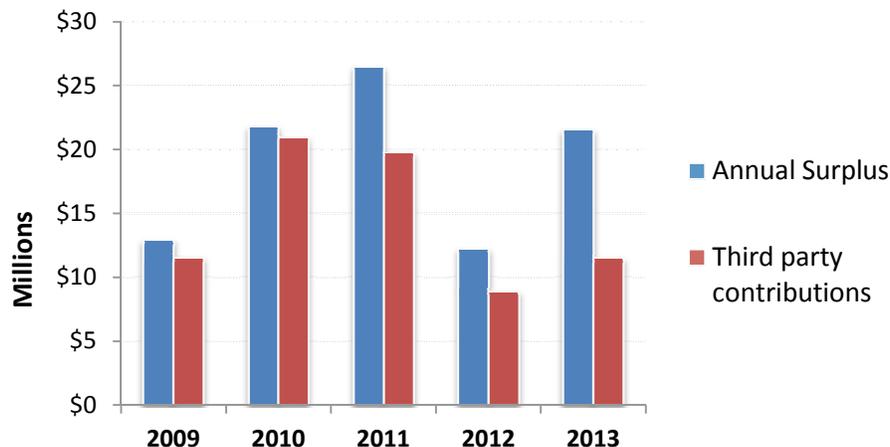
Throughout the year the City received contributions of municipal infrastructure from developers who built new streets, sidewalks, and water and sewer infrastructure and then turned those assets over to the City. This results in both an increase in the property tax base and tangible capital assets. During the year developers contributed \$4.5 million in linear assets.

Also included in third party contributions are government transfers and funding for major capital projects. In 2013 the City recorded Federal Gas Tax revenue of \$245,545 used for trail paving, and \$4.7 million used to provide water & sewer system upgrades including the replacement of 1.4 km of the Northside sanitary trunk main.

The Build Canada Fund contributed \$823,335 towards the upgrade of the Fredericton Area Pollution Control (waste water treatment) facility, and the Atlantic Canada Opportunities Agency contributed \$208,362 toward the Fredericton Public Library renovations and the construction of Mitch Clarke Park.

The City's operations are managed within a balanced budget framework. Budgetary surpluses or deficits are legislated to be included in the second ensuing year's operating budget. As a result the consolidated surplus is made up primarily of:

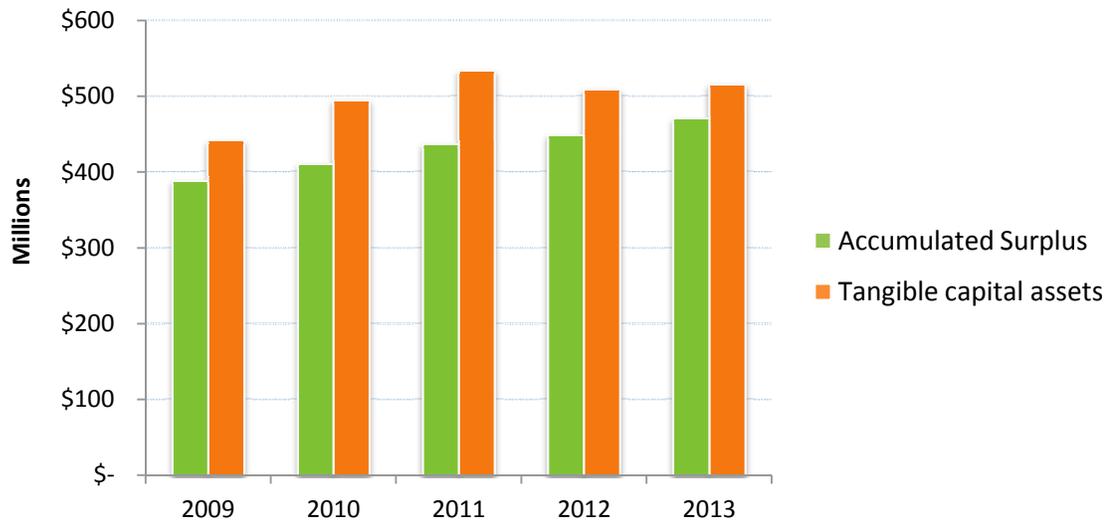
- Investments in capital assets that are higher than depreciation expenses in the year, and
- Third party capital contributions.



Accumulated surplus related to investments in tangible capital assets.

The accumulated surplus reported on the Consolidated Statement of Financial Position shows the net amount of assets available to provide services for the City's residents. This is not a cash surplus available for additional expenditures but represents the cumulative investment in infrastructure over time.

The chart below shows the increase in accumulated surplus and the increase in value of tangible capital assets.



Readers of the financial statements should be cautious about their interpretation of the increase in tangible assets and accumulated surplus. Tangible capital assets are reported at their net book value, which is the historical cost of assets less the amount of amortization that has already been charged to the asset over its life.

For example, in 2013 the City replaced a 189 meter section of water piping on McAdam Avenue which had no remaining net book value. The cost of the replacement piping was \$156,683. This increased the value of tangible capital assets by \$156,683 but the total assets available for service remain the same.

As assets reach the end of their useful life the net book value of the asset becomes zero. When investments in new infrastructure are made to replace older assets the net book value of tangible capital assets increases because the purchase cost is much higher than the historical costs and there is no amortization charged against the asset yet.

The increase in accumulated surplus or tangible capital assets does not necessarily indicate that the overall condition or life expectancy of existing infrastructure is improving or that future cash requirements to replace capital assets are being diminished. The example above illustrates the value of a single piece of infrastructure increasing but does not indicate an overall improvement in the condition of water piping assets.

Pension, retirement allowance and deferred government transfers liabilities reduced.

In 2013 the City converted from a defined benefit plan to a Shared Risk Pension (SRP) plan for all employees of the City of Fredericton except for fire and police bargaining employees who remain in a defined benefit pension plan. Funding was established in the 2013 budget as a pension deficit contingency to deal with uncertainties related to the outstanding liability in the defined benefit plan.

During the year the City provided funding to the Shared Risk Plan for conversion costs and increased temporary contributions to the SRP from those contingency funds. As a result of the conversion to the SRP, the accrued pension liability related to the defined benefit pension plan has been reduced from \$2.7 million in 2012 to \$1.5 million in 2013.

Under the enabling legislation for the SRP the sole obligation of the employer is limited to making the contributions required by the funding policy. This provides the City with predictable pension costs each year. The City is making temporary contributions in the amount of 4.25% of pensionable earnings for at least 10 years and at most 15 years beginning March 31, 2013. The funding and risk management strategies together with the temporary contributions provides secure benefits to plan members, without an absolute guarantee obligation from the City.

The remaining outstanding retirement allowance liability was addressed in 2013. The unfunded liability went from \$4.2 million in 2012 to \$0 in 2013.

In 2012 there was an outstanding liability for deferred government transfers related to gas tax funding that was received in 2012 but not spent. That funding was spent in 2013 reducing the liability.

Long term debt increased as final borrowings related to the completion of Grant-Harvey Centre issued.

In 2013 the City borrowed an additional \$8.95 million through the New Brunswick Municipal Finance Corporation. The debt financing was related to the completion of the Grant-Harvey Centre. The Grant-Harvey Centre had an estimated cost of \$29.35 million, and opened in September 2012 at a total cost of \$31.4 million including all construction, engineering, and project management fees.

The centre features an Olympic-size ice surface with 500 spectator seats, and an NHL-size surface featuring seating for 1,500. The centre is part of the Southside Sports and Leisure Complex known as Scotiabank Park South which also includes a fully lit artificial turf sports field.

Reserve funds and cash increased as construction projects were delayed due to weather and other factors.

The unusually wet construction season and other factors including design changes and negotiations with third parties caused delays in completing planned projects which resulted in an increase in the amount of capital reserves.

The City also contributes to reserves for multi-year capital projects expected to require significant funding in the future, and reserves operating funds to complete strategic initiatives. In 2013 total reserves increased by \$5.4 million.

Assessment of Financial Trends

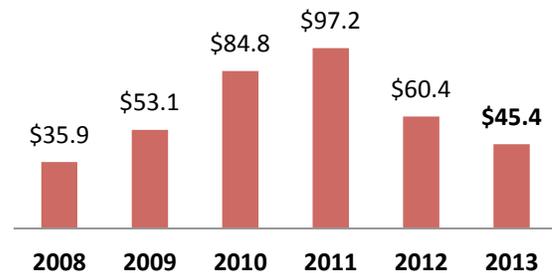
Debt is an important measure of financial health and future prospects for the City of Fredericton. Net debt represents the future amount of revenue required to fund existing commitments, and indicates the affordability of additional spending. It is calculated as the total short and long term financial obligations of the City less current financial assets.

Change in Net Debt

The City has experienced a decrease in net debt over the last two years. In 2012 the East End Office Complex was sold to the Province of New Brunswick reducing the City's financial obligations, and in 2013 reserves were increased further reducing net debt.

- For the year ended December 2013 net debt decreased to \$45.4 million.

The City of Fredericton Net Debt (in millions)

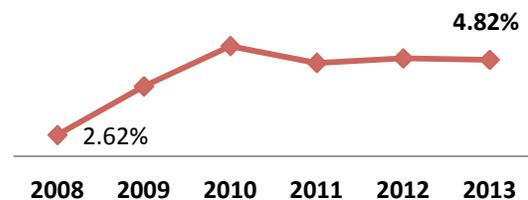


Debt Service Costs

The level of debt servicing costs as a percentage of total revenue in 2013 is 4.82%. The Long-term financial plan set a target debt servicing ceiling of 8% of total recurring revenue

- Debt service costs of \$5.7 million were recorded in 2013, including \$2.6 million in interest and \$3.1 million in principal repayments.

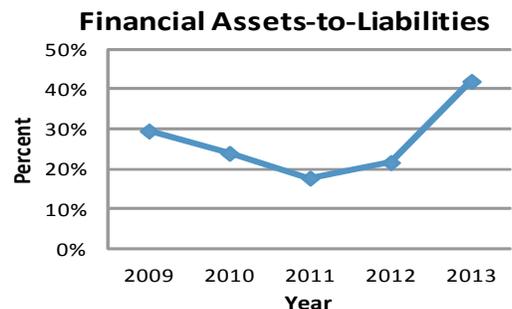
Debt Servicing Costs to Revenue



Improving asset-to-liability ratio

During the year the City reduced or eliminated other long term liabilities related to the pension and retirement allowance and also increased reserves. The result is an increase in the ratio of financial assets to total liabilities, and is a favorable indicator of financial sustainability

Comparison of Assets-to-Liabilities			
Year	Total financial assets (\$millions)	Total liabilities (\$ millions)	Total assets / total liabilities (percent)
2009	22.3	75.4	30%
2010	26.6	111.4	24%
2011	20.9	118.1	18%
2012	16.6	77.0	22%
2013	32.8	78.2	42%



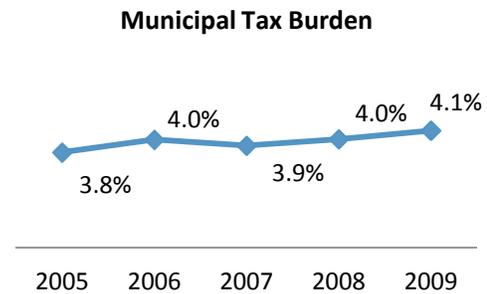
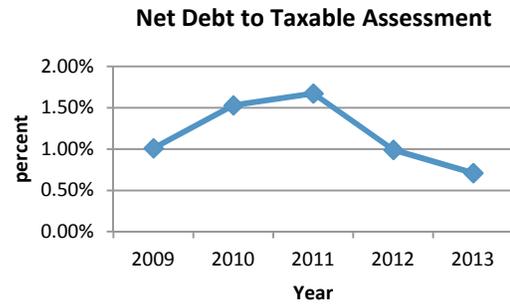
Taxpayer Affordability

The flexibility of the City to bear additional future costs is impacted by the level of net debt compared with the total value of the tax base and assessments.

Municipal Tax Burden

The city must remain cautious about the increase in property assessments relative to the income of residents. If the value of residential properties increases faster than personal income, then rising assessments means a larger share of a homeowner's income is used to pay for residential property taxes. While the City may be able to increase spending due to rising property assessment, taxpayer affordability is negatively impacted. The Municipal Tax Burden for the City of Fredericton has risen and is shown for the period of 2005 to 2009.

The percent of personal after tax income spent on residential property taxes is calculated as the total residential property taxes collected by the city divided by the total after tax income of all residents as reported by the Canada Revenue Agency.



Declining surplus-to-tax assessment

The City has benefited from stimulus funding and other government transfers for major capital projects which have resulted in an increase in the accumulated surplus.

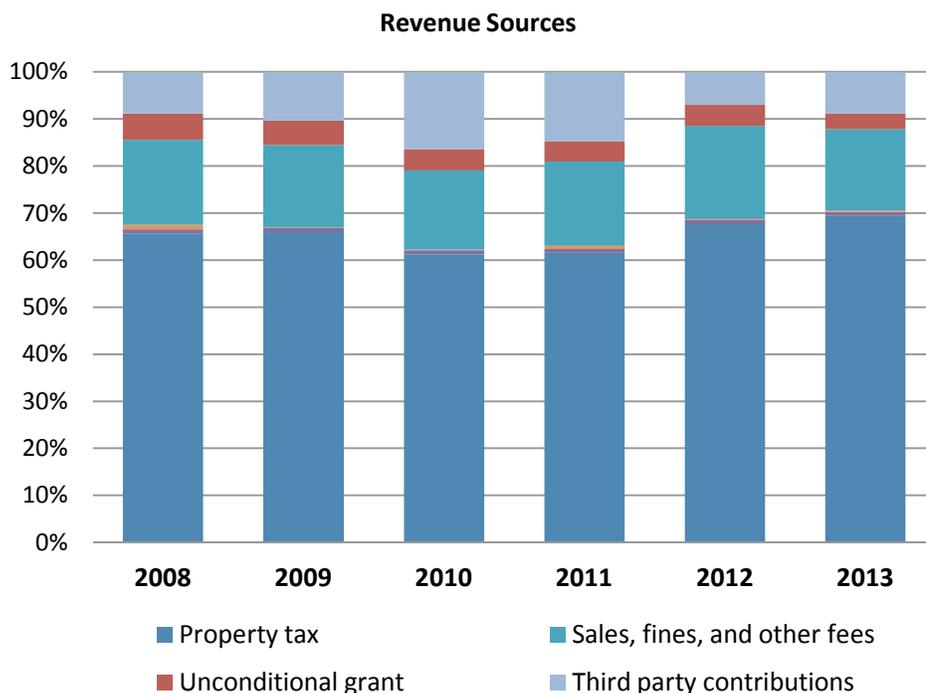
While the accumulated surplus has increased due to these investments in infrastructure, the overall accumulated surplus has declined in relation to the economy (as measured by the tax assessment). The surplus is not growing as fast as the tax base. The trending decline in surplus-to-tax assessment is an unfavorable indicator of financial sustainability.

Vulnerability to outside sources of revenue and government transfers

The City derives a significant portion of revenue from government transfers and is vulnerable to a decline in this revenue source:

- In 2011 19.84% of revenues were from government transfers and other third parties
- In 2013 only 12.98% of revenues were from government transfers and other third parties

The trending decline in government transfers to total revenues is unfavorable in terms of meeting the City's needs for infrastructure renewal. As this funding is reduced the City becomes vulnerable to a decline in the accumulated surplus. However, over time it reduces the City's reliance on other levels of government for funding and reduces the City's vulnerability to further reductions in government transfers.



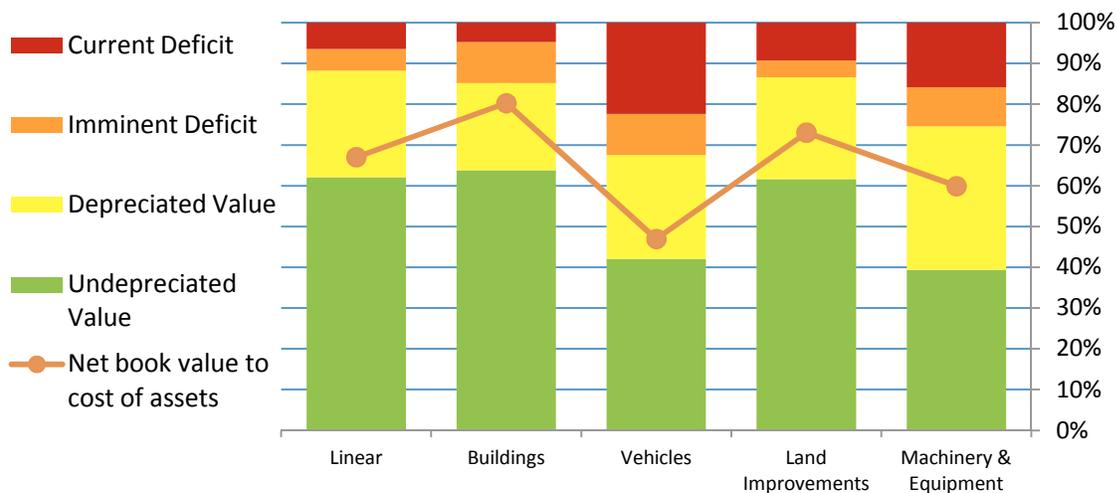
Infrastructure Condition and Deficit

There are a number of tangible capital assets owned by the City that have reached the end of their intended useful lives. At the end of 2013 the infrastructure deficit is estimated to be \$191 million up from \$183 million in 2012. These amounts are based on the estimated current replacement cost of all assets that are at the end of their useful lives. This deficit is not included in the annual or accumulated surplus figures in the consolidated financial statements.

In addition to the assets that have already exceeded their expected useful life there are a number of other assets that are nearing the end of their expected useful life or have been partially used. To gain an understanding of the overall condition of the infrastructure owned by the municipality it is helpful to compare the undepreciated or net book value to the original cost of assets.

The chart below shows the relative percentage of assets by category that have already reached the end of their expected useful life or are about to reach the end of their useful life, and the amount of expected life already used from the remaining pool of assets. The information is summarized as the comparison of net book value to the original cost of the assets.

Infrastructure Condition Index



Risks and Uncertainties

The City has identified certain risk related to its financial sustainability and ability to meet its strategic objectives.

Risks

- Reduction of approximately \$4M in the unconditional grant transfer from the Province of New Brunswick over a three year period from 2013-2015. This increases the City's reliance on property tax revenues and user fees
- Projected slower growth in the property tax base may not be enough to offset other revenue shortfalls and keep pace with inflationary costs
- Rising municipal costs combined with reduced revenue is creating a structural deficit
- Major investments in updating and replacing failed and aging infrastructure are required in order to reduce the infrastructure deficit, maintain municipal services and meet strategic objectives
- The City is exposed to interest rate risk on its debentures with 20-year amortization periods that partially mature starting in 2016 and will need to be refinanced. The City is required to borrow through the New Brunswick Municipal Finance Corporation. If long term bond rates rise or if the credit rating of the Province deteriorates the interest rate on the City's bonds could increase. A 1% increase in the interest rate could result in an increase in annual interest expense of approximately \$500,000.
- Environmental risks due to climate change and extreme weather events may require major additional investments in infrastructure, or costs related to natural disasters
- Economic development activities may not result in an improved economic environment
- Regionalization of services and the uncertain cost impact, or support for regional capital investment on the City
- Unfunded pension liability and uncertain costs for the defined benefit pension plan for police and fire
- Uncertain costs related to the arbitrated settlement of police and fire contracts

Strategies and Techniques for Managing Risk

- Strategies to mitigate these risks include the corporate reorganization in 2012 with Lean and Six Sigma efficiency initiatives and training aimed at reducing operating costs by eliminating waste
- Strategic repair and maintenance plans with energy efficiency initiatives aimed at lowering the total life cycle operating costs of assets, including comprehensive condition assessment of all City owned buildings
- Strategic Long- term financial plan and policies that deal specifically with the infrastructure deficit, including planned annual increases to the infrastructure replacement budget
- Capital borrowing policies aimed at maintaining financial sustainability – the long term strategic plan sets a maximum of target of 8% of revenue for debt servicing costs
- Implementation of a Long-term financial plan for the Water & Sewer utility
- Development of a strategic management system that manages and budgets by outcomes, focusing budget dollars on areas that deliver results that citizens value
- Transition to the Shared Risk Pension plan for employees that provides predictable pension expenses for the City, while providing benefit security to employees

Indicators of Financial Health

This analysis gives a broader view of the financial health of the City as the analysis shows trends over time. The information augments the audited financial statements which only reflect the City's fiscal status at a point in time.

	Indicator	Purpose	2010	2011	2012	2013	Analysis
Sustainability	Assets-to-liabilities	Measures extent that government finances its operations by issuing debt	4.68	4.70	6.83	7.01	Favorable
	Financial assets-to-liabilities	Measures whether future revenues will be needed to pay for past transactions	24%	18%	22%	42%	Favorable
	Net debt-to-total revenue (percent)	Shows whether more time is needed to pay for past transactions	66%	72%	47%	35%	Favorable
	Net debt-to-taxable assessment	Shows the relationship between Net Debt and the activity in the economy	1.53%	1.67%	0.99%	0.71%	Favorable
	Accumulated surplus (deficit)-to-taxable assessment	Measures the sum of the current and all prior year operating results relative to the growth in the economy	7.40%	7.51%	7.36%	7.35%	Unfavorable
	Total expenses-to-taxable assessment	Shows the trend of government spending over time in relation to the growth in the economy	1.92%	1.85%	1.89%	1.70%	Unfavorable

	Indicator	Purpose	2010	2011	2012	2013	Analysis
Flexibility	Debt service charges-to-revenues	Measures extent that past borrowing decisions limits ability to meet current financial and service commitments	5.22%	4.73%	4.86%	4.82%	Neutral
	Net book value of capital assets-to-cost of capital assets	Measures the estimated useful lives of tangible capital assets available to provide products /services	71.11%	71.63%	69.58%	68.70%	Unfavorable
	Own-source revenues-to-taxable assessment	Measures extent income is taken out of the economy	1.81%	1.85%	1.83%	1.77%	Neutral
Vulnerability	Government and other third party transfers-to-total revenues	Measures the dependence on another level of government	21.78%	19.84%	12.33%	12.98%	Unfavorable
	Foreign currency debt -to-net debt	Measures the government's potential vulnerability to currency fluctuations	N/A	N/A	N/A	N/A	Debt is financed through the MCBB in Canadian Funds

Sustainability is the degree to which a government can maintain its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others without increasing the debt or tax burden relative to the economy within which it operates. Sustainability is an important element to include in an assessment of financial condition because it describes a government's ability to manage its financial and service commitments and debt burden. It also describes the impact that the level of debt could have on service provision. For example, a government whose net debt grows at a faster rate than the gross domestic product (GDP) increases the risk that service levels cannot be sustained.

Flexibility is the degree to which a government can change its debt or tax burden on the economy within which it operates to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others. Flexibility provides insights into how a government manages its finances. A government that increases its current borrowing reduces its future flexibility to respond when adverse economic circumstances develop. Similarly, increasing taxation or user fees or a high tax burden reduces its ability to increase taxation in the future as a government approaches the limit that citizens and businesses are willing to bear.

Vulnerability is the degree to which a government is dependent on sources of funding outside its control or influence or is exposed to risks that could impair its ability to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others. Vulnerability is an important element of financial condition because it provides insights into a government's reliance on funding sources outside its direct control or influence and its exposure to risks. A government whose vulnerability is relatively low has greater control over its financial condition.

Financial Statements

CITY OF FREDERICTON

Consolidated Financial Statements

Year Ended December 31, 2013

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INDEPENDENT AUDITORS' REPORT

To His Worship The Mayor
and Members of City Council of the **City of Fredericton**

We have audited the accompanying consolidated financial statements of the **City of Fredericton**, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 the City of Fredericton as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Saint John, Canada,
March 24, 2014.

Chartered Accountants

CITY OF FREDERICTON

Consolidated Statement of Financial Position

As at December 31, 2013

	2013		2012
Financial assets			
Cash and cash equivalents <i>[note 2]</i>	\$ 24,455,734	\$	10,334,316
Accounts receivable	7,562,272		5,427,814
Due from Subdivision Land Fund	1,074		76,440
Short-term investment in land held for resale	809,080		809,080
	\$ 32,828,160	\$	16,647,650
Liabilities			
Accounts payable and accrued liabilities	10,265,103	\$	8,585,524
Deferred revenue	3,594,481		3,801,817
Deferred government transfers <i>[note 6]</i>	-		1,092,560
Deposits <i>[note 4]</i>	698,381		907,635
Long-term debt <i>[note 8]</i>	62,179,891		55,702,887
Accrued pension liability <i>[note 12]</i>	1,511,200		2,660,600
Retirement allowance liability <i>[note 13]</i>	-		4,248,037
	\$ 78,249,056	\$	76,999,060
Net debt	\$ (45,420,896)	\$	(60,351,410)
Non-financial assets			
Tangible capital assets <i>[schedule 2]</i>	515,495,852	\$	508,923,571
Supplies inventory	36,495		30,944
	\$ 515,532,347	\$	508,954,515
Accumulated surplus	\$ 470,111,451	\$	448,603,105

See accompanying notes

Approved by:

Brad Woodside, Mayor

Tina Tapley, City Treasurer

CITY OF FREDERICTON

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue			
Property taxes	\$ 90,255,217	\$ 90,255,217	\$ 86,004,968
Unconditional grant	4,294,351	4,294,351	5,643,032
Federal grant in lieu of taxes adjustment	(41,310)	(41,310)	60,456
Services to other governments	1,108,839	1,164,709	1,100,284
Sales, fines and other fees	23,763,088	22,498,804	25,241,133
Interest and return on investments	-	388,146	200,062
Third party contributions	-	11,460,126	8,863,473
	119,380,185	\$ 130,020,043	\$ 127,113,408
Expenses			
General government services - corporate	\$ 28,723,839	\$ 22,813,676	\$ 19,002,202
Economic vitality	5,670,925	5,347,695	4,301,981
Environmental stewardship	2,789,126	2,558,555	2,513,277
Governance & civic engagement	2,443,177	2,416,583	2,786,984
Livable community	11,128,374	10,737,947	13,296,200
Mobility [including Transit]	23,096,116	24,310,857	29,114,767
Public safety [note 20]	28,749,423	26,809,434	29,324,177
Utility operations	14,196,585	13,516,950	14,595,935
	\$ 116,797,565	\$ 108,511,697	\$ 114,935,523
Annual surplus	\$ 2,582,620	\$ 21,508,346	\$ 12,177,885
Accumulated surplus, beginning of year	448,603,105	448,603,105	436,425,220
Accumulated surplus, end of year	\$ 451,185,725	\$ 470,111,451	\$ 448,603,105

See accompanying notes

CITY OF FREDERICTON

Consolidated Statement of Changes in Net Debt

For the year ended December 31, 2013

	2013		2012
	Actual		Actual
Annual surplus	\$ 21,508,346	\$	12,177,885
Acquisition of tangible capital assets	(28,649,138)		(37,509,509)
Disposal of tangible capital assets	2,369,792		42,565,716
Amortization of capital assets	19,707,065		19,571,516
Decrease (increase) in supplies inventory	(5,551)		38,374
	\$ (6,577,832)	\$	24,666,097
Decrease (increase) in net debt	14,930,514		36,843,982
Net debt, beginning of year	(60,351,410)		(97,195,392)
Net debt, end of year	\$ (45,420,896)	\$	(60,351,410)

See accompanying notes

CITY OF FREDERICTON

Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	2013	2012
Operating transactions		
Annual surplus	\$ 21,508,346	\$ 12,177,885
Items not affecting cash		
Amortization of capital assets	19,707,065	19,571,516
Loss on sale of tangible capital assets	1,221,489	3,691,462
Uses		
Change in accrued pension liability	(1,149,400)	1,221,400
Change in retirement allowance liability	(4,248,037)	(531,023)
Change in deferred government transfers	(1,092,560)	262,378
Change in deferred revenue	(207,336)	324,299
Change in supplies inventory	(5,551)	38,374
Change in working capital	(588,767)	(3,621,484)
Cash provided by operating transactions	\$ 35,145,249	\$ 33,134,807
Capital transactions		
Proceeds on sale of tangible capital assets	1,148,303	8,522,763
Acquisition of tangible capital assets	(28,649,138)	(37,509,509)
Cash used in capital transaction	\$ (27,500,835)	\$ (28,986,746)
Financing transactions		
Repayment of bank loan	-	(5,000,000)
Long-term debt issues	8,950,000	1,100,000
Long-term debt retirement	(2,738,000)	(2,443,000)
Capital leases	648,174	683,800
Capital lease principal repayments	(383,170)	(481,347)
Cash provided by (used in) financing transactions	\$ 6,477,004	\$ (6,140,547)
Change in cash and cash equivalents	14,121,418	(1,992,486)
Cash and cash equivalents, beginning of year	10,334,316	12,326,802
Cash and cash equivalents, end of year	\$ 24,455,734	\$ 10,334,316

See accompanying notes

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies:

(i) Reporting entity:

The consolidated financial statements of the City of Fredericton ["the City"] reflect the assets, liabilities, revenue, expenditures, and changes in net debt and accumulated surplus in the reporting entity. The reporting entity is comprised of the organizations accountable for the administration of their affairs and resources to City Council and owned or controlled by the City. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included in the consolidated financial statements are as follows:

Owned/controlled corporations

e-Novations ComNet Inc.
Fredericton Area Pollution Control Commission
Fredericton Convention Centre Inc.
Newmarket Properties Inc.

(ii) Basis of accounting:

The consolidated financial statements have been prepared by management in accordance with the Canadian generally accepted accounting principles for government outlined in the Chartered Professional Accountant ["CPA"] *Public Sector Accounting Board* ["PSAB"] *Handbook*.

(iii) Revenue recognition:

Revenue is recognized on the accrual basis and is measurable as it is earned. Revenue received prior to being earned is recorded as deferred revenue until such time as the revenue is earned.

(iv) Expense recognition:

Expenses are recorded on the accrual basis as they are incurred and are measurable based on receipt of goods or services and obligation to pay.

(v) Supplies inventory:

Inventory is valued at the lower of cost and net replacement cost with cost being determined on the first-in, first out basis.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued)

(vi) Tangible capital assets

Tangible capital assets ["TCAs"] are physical assets used to provide city services; city administration; construction and/or maintenance of other TCAs owned by the City, and will be used on a regular basis for a period greater than one year and are not surplus properties held for resale or disposal. Studies and master plans are not considered TCAs.

TCAs are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset, and are amortized on a straight-line basis over their estimated useful lives. Amortization begins in the year after the asset has been put into use. Assets under construction are not amortized until they are put into use. Descriptions and useful lives are as follows:

	Useful Lives
Land: all land owned by the City, including land under buildings.	N/A
Land improvements: includes major landscaping projects, sports fields/courts, trail culverts, paved trails, parking lots, playgrounds and similar assets.	15 - 80 years
Buildings: all City owned buildings, with the exception of treatment plants, as single assets or broken into components: structural, interior, exterior, mechanical, electrical, specialty items and equipment, and site works.	20 - 60 years
Machinery and equipment: includes information technology assets, large signage, transit fare boxes, motorized fleet equipment, parking meters, leasehold improvements and similar assets.	3 - 40 years
Vehicles: all City vehicles, including cars, trucks, buses, and similar assets.	6 - 20 years
Linear assets: all Public Works infrastructure including roads, sidewalks, street lights, traffic signals, storm sewers, water and sewer mains.	15 - 80 years
Water and wastewater facilities: includes water and wastewater treatment plants broken into components: process piping/equipment, electrical and instrumentation, structural, architectural, mechanical, and site works.	10 - 60 years

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued)

(vi) Tangible capital assets (continued)

The City has a capitalization threshold in the amount of \$25,000. Any item purchased under this threshold is recorded as an expense in the year during which the item is acquired. An exception is pooled assets, which include computers, street lights, parking meters and groups of assets of a similar nature.

All grants, donations from subdivision developers and other third party contributions are recorded as income in the year during which the expenditure for the capital asset is incurred. The full cost of the asset is capitalized in the year during which the asset is substantially complete and put into use.

(vii) Employee future benefits

The City accrues its obligations under employee future benefit plans and the related costs, net of plan assets. The City has adopted the following policies:

a) The cost of pensions earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

Current service costs are expensed during the year.

The excess of net actuarial gains (losses) is amortized over the average remaining service period of active employees, which is estimated to be 16 years.

b) The City has a Supplemental Executive Retirement Plan ["SERP"] for eligible employees.
[see note 12]

c) City employees are entitled to a retirement allowance under collective agreements or in accordance with City policy. The liability is actuarially determined [see note 13].

(viii) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions based on information available at the date of the consolidated financial statements. Actual results may differ from those estimates.

2. Cash and cash equivalents

Cash and cash equivalents are recorded at cost, which approximates their quoted market value and are redeemable upon demand. Included in this amount are funds internally restricted by City Council for predetermined projects in the amount of \$11,837,400 [2012 - \$6,443,386].

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

3. Bank loan payable

There are no bank loans payable or other short-term borrowings as at December 31, 2013.

4. Deposits

Deposits consist of monies being held by the City that will either be refunded, provided certain requirements are met, or earned upon final sale of assets.

	2013	2012
Foundation locations	\$ 219,250	\$ 353,500
Tenders	43,210	121,114
Infrastructure fees	306,796	306,796
Performance bonds	92,000	77,000
Subdivision development	25,000	25,000
Animal control	240	240
Land sales	11,885	23,985
	<u>\$ 698,381</u>	<u>\$ 907,635</u>

5. Funds held in trust

Trust fund assets administered by the City for the benefit of external parties in the amount of \$400,554 [2012 - \$373,841] are not included in the consolidated financial statements.

6. Deferred government transfers

Funding received as part of the Gas Tax Funding program is recorded as revenue in the year during which related expenditures are incurred. Monies that have not been spent are recorded as deferred government transfers on the consolidated statement of financial position. This amount consists of the following:

	2013	2012
Gas Tax Funding	\$ -	\$ 1,092,560

These amounts are restricted to fund pre-approved projects that relate to the program objectives and cannot be used for other projects.

7. Infrastructure deficit

There are a number of TCAs owned by the City that have reached the end of their intended useful lives. This results in an infrastructure deficit in the amount of \$191,420,778 as at December 31, 2013 [2012 - \$183,292,878]. This amount is based on the estimated current replacement cost of the assets that are at the end of their useful lives. This deficit is not included in the annual or accumulated surplus figures in the consolidated financial statements.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

8. Long-term debt

	2013	2012
General		
Debentures, 20-year amortization period:		
Maturing in 2016 bearing interest at 4.15% to 4.45%	\$ 12,195,000	\$ 12,888,000
Maturing in 2018 bearing interest at 3.30% to 4.85%	3,078,000	3,223,000
Maturing in 2023 bearing interest at 2.10% to 5.55%	8,022,000	8,397,000
Maturing in 2019 bearing interest at 0.95% to 5.00%	5,350,000	5,596,000
Maturing in 2019 bearing interest at 1.00% to 4.50%	13,115,000	13,736,000
Maturing in 2020 bearing interest at 1.50% to 3.85%	9,681,000	10,128,000
Maturing in 2023 bearing interest at 1.35% to 4.00%	8,950,000	-
	60,391,000	53,968,000
Water and Sewer		
Debenture, 5-year amortization period:		
Maturing in 2017 bearing interest at 4.1% to 4.3%	889,000	1,100,000
	61,280,000	55,068,000
Capital lease obligations with implicit interest rates ranging from 3.29% to 4.55%		
	899,891	634,887
Total debt	\$ 62,179,891	\$ 55,702,887

Approval of the Municipal Capital Borrowing Board has been obtained for the long-term debt.

Principal due within the next five years and thereafter on certificates of indebtedness are approximately as follows:

2014	\$ 2,961,000
2015	3,064,000
2016	3,322,000
2017	3,428,000
2018 and thereafter	48,505,000
	\$ 61,280,000

Interest in the amount of \$ 2,524,768 [2012 - \$2,425,196] relating to the debentures is included in interest expense.

Capital lease obligations due within the next four years are as follows:

2014	\$ 370,287
2015	209,422
2016	187,207
2017	132,975
Total minimum lease payments	\$ 899,891

Interest in the amount of \$25,724 [2012 - \$24,078] relating to the capital lease obligations is included in interest expense.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

9. Capital borrowing

Requested and Approved Capital Borrowing

The City obtained approval under Order in Council [OIC] and Ministerial order to borrow an amount of \$86,518,000, of which \$8,950,000 was financed in 2013, \$1,100,000 was financed in 2012, \$11,000,000 in 2010, \$21,800,000 in 2009, \$13,500,000 in 2008, and \$16,500,000 in 2006 by the New Brunswick Municipal Finance Corporation.

		<u>Approved</u>	<u>Borrowed</u>
Recreation and Cultural	OIC 06-02	\$ 14,350,000	\$ 14,350,000
Recreation and Cultural	OIC 06-23	5,900,000	5,900,000
Recreation and Cultural	OIC 06-43	20,620,000	9,360,000
Protective Services	OIC 06-43	5,400,000	5,400,000
Protective Services	OIC 07-17	1,400,000	1,400,000
General Government	OIC 07-55	3,040,000	3,040,000
General Government	OIC 07-66	1,000,000	1,000,000
General Government	OIC 09-08	30,800,000	30,800,000
Protective Services	OIC 10-72	500,000	500,000
General Government	OIC 11-06	1,329,000	-
Recreation and Cultural	OIC 11-06	1,079,000	-
Environmental Health	OIC 11-06	1,100,000	1,100,000
		<hr/>	<hr/>
Total authorizations to December 31, 2013		\$ 86,518,000	\$ 72,850,000

Of the total amount borrowed, \$61,280,000 remains to be repaid [see note 8].

10. Capital commitments

There are no significant capital commitments outstanding as at December 31, 2013.

11. Reporting to the Province of New Brunswick

The City complies with PSAB accounting standards. The City is also required to comply with the Municipal Financial Reporting Manual ["MFRM"] prescribed by the Province of New Brunswick ["PNB"]. Differences in accounting policies include the methodology for accounting for TCAs, government transfers, and liability accruals for the pension fund and other retirement benefits. The PSAB also requires full consolidation of funds.

Schedule 3 provides a reconciliation between fund reporting required by PNB and current-year PSAB.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

12. Pension asset/liability

a - Superannuation Pension Plan

The City provides pension benefits to Certain employees of the City, in accordance with the *New Brunswick Pension Benefits Act* and City By-Law A-5. The Plan is administered by a Board of Administrators representing City Council, unionized employees and retired employees. The Plan is a contributory defined benefit pension plan covering the active members of IAFF 1053 and UBCJ 911. Under the Plan, contributions are made by the Plan members and the City.

An actuarial valuation of the Plan was completed for June 30 2012 and extrapolated to December 31, 2012, and another actuarial valuation was completed for the purposes of the transfer of assets and liabilities as at March 31, 2013 and extrapolated to December 31, 2013.

	2013	2012
Plan Assets, at market-related value, January 1	\$ 193,627,953	\$ 186,715,953
Contributions - City	2,622,600	4,932,900
Contributions - employee required	2,558,200	4,932,900
Contributions - employee voluntary	96,100	5,000
Benefit payments	(4,069,500)	(10,470,000)
Expected earnings on market-related value	4,597,000	12,583,700
Actuarial gain (loss)	5,569,747	(5,072,500)
Assets transferred to the Shared Risk Plan	(164,576,300)	-
Plan assets, at market-related value, December 31	40,425,800	193,627,953
Accrued benefit obligation, January 1	255,446,953	214,282,153
Current service cost	4,335,800	7,496,500
Benefit payments	(4,069,500)	(10,470,000)
Interest on accrued benefit obligation	6,005,600	14,366,900
Net actuarial loss (gain)	5,369,047	29,771,400
Accrued benefit obligation transferred to the Shared Risk Plan	(214,282,200)	-
Accrued benefit obligation, December 31	52,805,700	255,446,953
Unamortized actuarial losses, January 1	(59,545,900)	(26,517,900)
Current-year loss on accrued obligation	(5,321,800)	(29,771,400)
Actuarial losses on pension fund assets	5,561,100	(5,072,500)
Amortization of actuarial losses	1,540,200	1,815,900
Net unamortized actuarial gains (losses) transferred	46,519,300	-
Unamortized actuarial losses, December 31	(11,247,100)	(59,545,900)
Net pension fund liability (asset) comprised of:		
Accrued benefit obligation	52,805,700	255,446,953
Less plan assets	(40,425,800)	(193,627,953)
Less unamortized losses	(11,247,100)	(59,545,900)
Net pension fund liability	1,132,800	2,273,100
City portion of Plan expenses		
Current-period benefit cost	4,335,800	7,496,500
Less employee contributions	(2,654,300)	(4,937,900)
Add: amortization of actuarial losses	1,540,200	1,815,900
	3,221,700	4,374,500
Interest during the period on average pension liability	1,408,600	1,783,200
Pension-related expense	4,630,300	6,157,700

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

12. Pension asset/liability (continued)

b - Supplemental Executive Retirement Plan

	2013	2012
Accrued Actuarial Obligation	\$ 378,400	\$ 387,500

c - Net Pension Liability

Superannuation Pension Plan	\$ 1,132,800	\$ 2,273,100
Supplemental Executive Retirement Plan	378,400	387,500
	\$ 1,511,200	\$ 2,660,600

Significant management assumptions used in the actuarial valuation for the Superannuation Pension Plan are:

Discount rate:	5.95% [2012 - 5.95%] per annum
Inflation rate:	2.50% per annum
Salary growth rate:	3.25% per annum, plus promotional and merit scale
Retirement age:	60% at the age first eligible for an unreduced pension, remainder at age 65

Significant management assumptions used in the actuarial valuation for the Supplemental Executive Retirement Plan are:

Discount rate:	3.75% per annum
Inflation rate:	2.50% per annum

The Superannuation Plan for the employees of the City is exempted from funding on a solvency basis. The exemption was approved by the New Brunswick Superintendent of Pensions on March 19, 2007.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

13. Retirement allowance liability

The City provides a retirement allowance to employees of the City who have continuous service of five years or more and retire due to disability, death or age, or are laid off by the City. The City shall pay such employees or their beneficiaries an allowance equal to one month's pay for each five years of service or fraction thereof, but not exceeding six months, at the employee's regular rate of salary plus their benefit spending allowance at retirement.

Based on an actuarial valuation of the liability, the results as at December 31, 2013 are as follows:

	2013	2012
Accrued benefit liability as at January 1	\$ 7,009,538	\$ 6,406,000
Current service cost	586,500	565,700
Interest on obligation	291,300	282,700
Benefit payments	(905,600)	(323,162)
Amortization of losses	78,300	78,300
Actuarial loss on accrued benefit obligation		-
Accrued benefit liability as at December 31	\$ 7,060,038	\$ 7,009,538
Restricted cash for retirement allowance obligation	\$ 7,060,038	\$ 2,761,501
Net accrued benefit obligation	\$ -	\$ 4,248,037
City portion of benefit expenses		
Current-period benefit cost	\$ 586,500	\$ 565,700
Interest cost	291,300	282,700
Amortization of losses	78,300	78,300
Retirement allowance expense	\$ 956,100	\$ 926,700

Significant economic and demographic assumptions used in the actuarial valuation are:

Discount rate:	3.75% per annum
Salary growth rate:	3.25% per annum, plus promotional and merit scale
Retirement age:	60% at the age first eligible for an unreduced pension, remainder at age 65

14. Expenses by object

	2013	2012
Salaries and benefits	\$ 55,687,715	\$ 57,992,521
Goods and services	29,323,065	28,826,549
Amortization	19,707,065	19,571,516
Interest	2,572,363	2,813,850
Other	1,221,489	5,731,087
	\$ 108,511,697	\$ 114,935,523

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

15. Contingencies

(i) The City provided a letter of guarantee in 2005 in support of a loan by The Rotary Club of Fredericton North Inc. ["Rotary"] up to an amount of \$500,000 with Scotiabank for a term not to exceed twenty years. The Rotary constructed a lodge for community use within the pre-existing municipally owned Killarney Lake Park with this loan, which is being repaid through the Rotary's fundraising efforts. The City is the sole owner of the lodge. The outstanding loan balance at December 31, 2013 amounts to \$21,847.

(ii) The City provided a letter of guarantee in 2013 in support of a loan by Capital Region Community Tennis Centre Inc. up to an amount of \$670,000 with National Bank for a term not to extend beyond 2017. The outstanding loan balance at December 31, 2013 amounts to \$615,833.

(iii) The City is subject to claims and lawsuits arising in the normal course of operations. Many of these claims, especially related to property expropriation, may take several years to resolve. Management is of the opinion that the ultimate resolution of any legal proceedings will not have a significant effect on the City's financial position.

16. Recreational service agreement

The City entered into Recreational Service Agreements ["Agreements"] with a number of surrounding Local Service Districts ["LSDs"] and the Village of New Maryland ["Village"]. The Agreements are in effect from January 1, 2008 to December 31, 2027 with an option to extend beyond this period.

Under the Agreements, the City is required to provide access to constituents of the areas to the City's recreational facilities as if they were residents of the City. In addition, the City is required to provide an audited schedule of Net Operating Loss of the City's arena complexes [schedule 4]. A capital replacement fund is in place to plan for future capital expenditures relating to the arenas.

In return, the LSDs and the Village have agreed to have a portion of their property taxes paid to the City in order to help fund a proportional amount of the capital and operating expenses of the facilities. The contributions are collected by the Province of New Brunswick, then distributed to the City by the Minister of Local Government. Contributions under this agreement for the current year amount to \$467,188 [2012 - \$463,322].

17. Other

The City, through Newmarket Properties Inc., leases land and building from the Province of New Brunswick for a nominal fee of \$1 a year under a five-year renewable lease agreement terminating April 30, 2014. Under the terms of the lease, the Province of New Brunswick is responsible for the provincial portion of the real property tax levy. The effect of this lease arrangement is not recorded in these consolidated financial statements.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

18. Segmented information

The City is a diversified municipal government that provides a wide range of services to citizens. For management reporting purposes, these operations are broken into segments *[schedule 1]*. The segments are as follows:

Governance & Civic Engagement

Governance & Civic Engagement services provide legislation, community relations, and community and corporate leadership. This segment includes the Mayor and Council, and the City Administrator - including Strategic Initiatives, the City Solicitor, and City Clerk.

General Government Services - Corporate

General Government Services are responsible for the internal services provided by and for the other City departments. They consist of Corporate Services - including Communications, Human Resources, Purchasing, Fleet, Information Technology, Building Services, Telecommunications; Real Estate; and Finance - including City Service Centre.

Public Safety

Public safety services include Police, Fire, By-Law and Building Inspection services within the City and aiding surrounding areas as required.

Mobility

Mobility services consist of common services, road and linear maintenance, street lighting, traffic services, Parking Services and Public Transit.

Environmental Stewardship

Environmental stewardship consist of garbage and waste collection and disposal, and composting.

Economic Vitality

Economic Vitality consists of economic development, and tourism and culture. It includes the Fredericton Convention Centre, e-Novations Comnet Inc., and Newmarket Properties Inc.

Liveable Community

Liveable Community services include recreation and cultural services consisting of administration, programs, community liaison, indoor and outdoor pools, arenas, community facilities, the Fredericton Public Library and the Fredericton Playhouse. Liveable Community also includes Parks and Trees, outdoor sport, and Community Planning; building permits and inspection, development approval, heritage planning and conservation, and long range land use planning.

Water and Wastewater Services

Water and wastewater services consist of supply, purification and treatment, transportation, storage, distribution and collection.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

19. Province of New Brunswick Compliance Requirements

The City is in compliance with the following requirements under the *Municipalities Act* and/or the MFRM:

(i) Inter-fund accounts

All inter-fund accounts as at December 31, 2013 represent current transactions except as noted below and are in compliance with the policy established by the Department of Environment and Local Government.

(ii) Restrictions on municipal borrowings

Section 89 of the *Municipalities Act of the Province of New Brunswick* restricts a municipality's borrowings for operating purposes to less than four percent of the operating budget of the municipality, as defined by the Province of New Brunswick, and to less than two percent of the assessed value of real property in the municipality for capital purposes. Borrowings by the City are within these legislative restrictions.

(iii) Water cost transfer

The City's water cost transfer is within the maximum allowable by regulation 81-195 under the *Municipalities Act* based on the applicable percentage of water system expenditures for the population.

(iv) Second previous year's surplus

The *Municipalities Act* requires that the General Operating Fund surplus (deficit) be absorbed into the operating budget of the second subsequent year and that the Water and Sewerage Operating Fund surplus (deficit) be absorbed into one or more of the three operating budgets commencing with the second following year [see *schedule 3*].

20. Protective services

Included in Protective Services expenses are amounts related to a contribution agreement between the Government of Canada, the Province of New Brunswick, the City of Fredericton and the Saint Mary's First Nation for Native policing services. Amounts included relating to expenses and recoveries are as follows:

	2013	2012 (Restated)
Native policing expenses	\$ 462,057	\$ 471,672
Federal contribution	(231,020)	(180,319)
Provincial contribution	(343,248)	(166,448)
Contribution received in 2013 related to expenditures in 2012	97,000	(97,000)
City contribution	\$ (15,211)	\$ 27,905

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2013

21. Shared Risk Pension

The City is a participating contributing employer to the City of Fredericton Shared Risk Plan (the "Plan") which is a Shared Risk Plan in accordance with the New Brunswick Pension Benefits Act. The Plan is administered by an independent Board of Trustees and covers employees of the City who are not active members of IAFF 1053 or UBCJ 911. Under the Plan, contributions are made by the Plan members and the City. The Plan was created effective March 31, 2013 as a result of a Memorandum of Understanding between the City and CUPE locals 508, 1709, 1783 and 3864.

Plan members contribute at a rate of 9% of pensionable earnings, with the exception that designated Police and Fire Management employees contribute at a rate of 12% of pensionable earnings. The City matches these contributions to form the Plan's Initial Contributions. In addition, the City is making Temporary Contributions in the amount of 4.25% of pensionable earnings for at least 10 years and at most 15 years beginning March 31, 2013. As per the Plan's Funding Policy, contributions may increase or decrease by 2.25% of payroll for both the City and the employees should certain funding levels be reached.

For service up to and including March 31, 2013, benefits accrue at a rate of 1.3% on the first \$5,000 of earnings and 2.0% on the remainder of pensionable earnings, to a maximum benefit of \$2,000 per year of pensionable service. For this period of pre-conversion service, benefits are available on an unreduced basis for members who retire on or after age 55 and whose age plus service total at least 80 (or 75 for designated Police and Fire Management employees). For service after March 31, 2013, benefits accrued at a rate of 1.8% of pensionable earnings. For this period of post-conversion service, benefits are available on an unreduced basis for members who retire on or after age 65 (or 60 for designated Police and Fire Management employees).

The last actuarial valuation of the Plan was conducted as at March 31, 2013. At that date, the open group funded ratio of the Plan was 103.7%.

CITY OF FREDERICTON

Schedule 1 - Consolidated Schedule of Segment Disclosure

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Year ended December 31, 2013

	Government & Civic Engagement	General Government Services	Public Safety	Mobility	Environmental Stewardship	Economic Vitality	Livable Community	Water and wastewater	2013 Consolidated	2012 Consolidated
Revenue										
Warrant/Unconditional Grant	\$ 2,306,460	\$ 38,145,761	\$ 25,865,355	\$ 16,602,551	\$ 2,811,866	\$ 1,536,887	\$ 7,239,378	\$ -	\$ 94,508,258	\$ 91,708,456
Services to other Governments	-	-	718,291	446,418	-	-	-	-	1,164,709	1,100,284
Sales and other fees	-	220,004	163,347	4,292,601	-	-	3,538,328	14,284,524	22,498,804	25,241,133
Interest and return on investments	-	314,417	-	-	-	-	-	73,729	388,146	200,062
Government transfers	-	-	-	-	-	-	245,545	5,563,808	5,809,353	6,301,277
Other	-	-	-	3,471,358	-	-	654,940	1,524,475	5,650,773	2,562,196
	\$ 2,306,460	\$ 38,680,182	\$ 26,746,993	\$ 24,812,928	\$ 2,811,866	\$ 1,536,887	\$ 11,678,191	\$ 21,446,536	\$ 130,020,043	\$ 127,113,408
Expenses										
Salaries and benefits	1,417,909	12,238,504	23,213,335	8,613,109	36,261	1,214,418	5,143,419	3,810,760	55,687,715	57,992,521
Goods and services	998,674	9,842,425	2,089,278	4,695,674	2,522,294	2,147,040	2,135,761	4,891,919	29,323,065	28,826,549
Amortization	-	1,161,911	1,095,407	9,326,263	-	1,367,224	2,112,465	4,643,795	19,707,065	19,571,516
Interest	-	27,712	301,236	337,783	-	619,013	1,265,655	20,964	2,572,363	2,813,850
Other	-	(456,876)	110,178	1,338,028	-	-	80,647	149,512	1,221,489	5,731,087
	2,416,583	22,813,676	26,809,434	24,310,857	2,558,555	5,347,695	10,737,947	13,516,950	108,511,697	114,935,523
Surplus for the year	\$ (110,123)	\$ 15,866,506	\$ (62,441)	\$ 502,071	\$ 253,311	\$ (3,810,808)	\$ 940,244	\$ 7,929,586	\$ 21,508,346	\$ 12,177,885

See accompanying notes

CITY OF FREDERICTON

Schedule 2 - Consolidated Schedule of Tangible Capital Assets

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Year ended December 31, 2013

	Land	Land improvements	Buildings	Vehicles	Machinery and equipment	Treatment facilities	Linear assets	Assets under construction	2013 Total	2012 Total
COST										
Balance, beginning of year	\$ 15,987,405	\$ 13,041,784	\$ 113,757,365	\$ 25,107,245	\$ 22,887,035	\$ 48,325,680	\$ 448,290,063	\$ 43,981,949	\$ 731,378,526	\$ 744,874,271
Net additions during the year	85,653	993,763	33,914,483	2,436,304	3,689,531	1,227,117	18,234,680	(31,932,392)	28,649,139	37,509,509
Disposals during the year	154,568	30,025	112,446	1,903,245	1,876,699	355,777	5,059,278	166,449	9,658,487	51,005,254
BALANCE, END OF YEAR	15,918,490	14,005,522	147,559,402	25,640,304	24,699,867	49,197,020	461,465,465	11,883,108	750,369,178	731,378,526
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	3,138,182	25,669,317	13,391,598	9,487,139	25,251,198	145,517,521	-	222,454,955	211,322,977
Amortization during the year	-	670,049	3,603,593	1,784,786	2,085,684	1,212,185	10,350,768	-	19,707,065	19,571,516
Accumulated amortization on disposals	-	30,025	112,446	1,570,152	1,664,915	254,013	3,657,143	-	7,288,694	8,439,538
BALANCE, END OF YEAR	-	3,778,206	29,160,464	13,606,232	9,907,908	26,209,370	152,211,146	-	234,873,326	222,454,955
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	\$ 15,918,490	\$ 10,227,316	\$ 118,398,938	\$ 12,034,072	\$ 14,791,959	\$ 22,987,650	\$ 309,254,319	\$ 11,883,108	\$ 515,495,852	\$ 508,923,571
Consists of:										
General Fund Assets	14,692,958	10,227,316	118,398,938	11,025,596	13,801,765	681,913	181,301,445	11,059,419	361,189,350	349,220,624
Water and Sewer Fund Assets	1,225,532	-	-	1,008,476	990,194	22,305,737	127,952,874	823,689	154,306,502	159,702,947
	\$ 15,918,490	\$ 10,227,316	\$ 118,398,938	\$ 12,034,072	\$ 14,791,959	\$ 22,987,650	\$ 309,254,319	\$ 11,883,108	\$ 515,495,852	\$ 508,923,571

The City has tangible capital assets under capital leases as follows, included in the amounts listed above:

	Historical cost	Accumulated amortization	Net book value
Vehicles	\$ 1,058,106	\$ -	\$ 1,058,106
Machinery and equipment	657,495	54,857	602,638
Total assets under capital leases	\$ 1,715,601	\$ 54,857	\$ 1,660,744

See accompanying notes

CITY OF FREDERICTON

Schedule 3 - Consolidated Schedule of Accumulated Surplus Reconciliation to Province of New Brunswick ["PNB"] Requirements

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Year ended December 31, 2013

	General Operating Fund	Water and Sewerage Operating Fund	Reserve Funds	Land Sales Fund	Parking Land Bank Fund	General Capital Fund	Water and Sewerage Capital Fund	Total
2013 annual surplus (deficit)	\$ 5,179,506	\$ 1,047,209	\$ 5,394,014	\$ 668,606	\$ 5,447	\$ 4,275,904	\$ 4,937,660	\$ 21,508,346
Adjustments to 2013 annual surplus (deficit) for PNB requirements								
Second previous year's surplus (deficit)	\$ 241,687	\$ (567,878)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (326,191)
Amortization expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,063,270	\$ 4,643,795	\$ 19,707,065
Change in pension asset	\$ (1,035,652)	\$ (113,748)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,149,400)
Change in retirement allowance	\$ (4,168,025)	\$ (80,012)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,248,037)
Total adjustments to 2013 annual surplus (deficit)	\$ (4,961,990)	\$ (761,637)	\$ -	\$ -	\$ -	\$ 15,063,270	\$ 4,643,795	\$ 13,983,437
2013 annual surplus per PNB requirements	\$ 217,516	\$ 285,572	\$ 5,394,014	\$ 668,606	\$ 5,447	\$ 19,339,174	\$ 9,581,455	\$ 35,491,784
Accumulated surplus per PNB requirements, beginning of year	\$ 809,717	\$ 1,070,923	\$ 6,443,386	\$ 1,794,859	\$ 450,337	\$ 425,592,233	\$ 242,503,300	\$ 678,664,755
Second previous year's (surplus) deficit	\$ (241,687)	\$ 567,878	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,191
Accumulated surplus per PNB requirements, end of year	\$ 785,546	\$ 1,924,373	\$ 11,837,400	\$ 2,463,465	\$ 455,784	\$ 444,931,407	\$ 252,084,755	\$ 714,482,730

CITY OF FREDERICTON

Schedule 4 - Consolidated Schedule of Net Operating Loss - Arena Complexes

Year ended December 31, 2013

	2013	2012
Revenue [note 16]		
Ice rental	\$ 1,093,755	\$ 953,450
Canteen rental	12,147	8,285
Building rental	9,330	11,548
Public skating	8,484	7,390
Community room rental	17,717	11,193
Other	63,982	18,732
YMCA lease agreement	33,433	32,460
Total arena complex revenue	1,238,848	1,043,058
Expenses [note 16]		
Salaries and wages	1,427,854	1,107,583
Supplies	77,815	38,515
Repairs and maintenance	291,971	148,827
Utilities	759,971	652,955
Service contracts	121,946	77,003
Other	32,847	6,995
Total arena complex expenses	2,712,404	2,031,878
Net operating loss	\$ (1,473,556)	\$ (988,820)

Revenue is included in sales, fines and other fees and expenses are included in recreation and cultural services in the consolidated statement of operations and accumulated surplus.

Capital Replacement Fund - Arenas [note 16]

	2013	2012
Opening balance, beginning of year	\$ 364,414	\$ 235,018
2013 contribution	125,140	125,140
2013 expenditure	-	-
2013 Interest on balance	5,907	4,256
Closing balance, December 31, 2013	\$ 495,461	\$ 364,414

The Capital Replacement Fund is included with cash that is designated as reserves for spending in future years by City Council [see note 2].

Total payments made during the year to the Municipal Capital Borrowing Board for the arena debt was \$1,895,222 (2012 - \$1,751,732). The amount representing interest for the year was \$971,525 (2012 - \$862,188).

CITY OF FREDERICTON

Schedule 5 - Statement of Reserves

Year ended December 31, 2013

	General Operating Reserve	General Capital Reserve	Water & Sewer Reserve	2013 Total	2012 Total
Assets					
Net Assets	\$ 4,531,967	\$ 5,459,274	\$ 1,846,159	\$ 11,837,400	\$ 6,443,386
Investments	-	-	-	-	-
Accumulated Surplus (Deficit)	\$ 4,531,967	\$ 5,459,274	\$ 1,846,159	\$ 11,837,400	\$ 6,443,386
Revenue					
Transfers from Water and General Operating Funds	\$ 3,200,691	\$ 3,457,097	\$ 1,511,854	\$ 8,169,642	\$ 3,376,303
Other government transfers	-	-	-	-	-
Interest	23,389	39,749	5,399	68,537	52,977
	\$ 3,224,080	\$ 3,496,846	\$ 1,517,253	\$ 8,238,179	\$ 3,429,280
Expenditures	\$ 976,932	\$ 1,727,104	\$ 140,129	\$ 2,844,165	\$ 1,436,771
Annual Surplus (Deficit)	\$ 2,247,148	\$ 1,769,742	\$ 1,377,124	\$ 5,394,014	\$ 1,992,509
Balance beginning of the year	2,284,819	3,689,532	469,035	6,443,386	4,450,877
Balance end of the year	\$ 4,531,967	\$ 5,459,274	\$ 1,846,159	\$ 11,837,400	\$ 6,443,386

CITY OF FREDERICTON

Schedule 6 - Statement of Controlled Entities

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Year ended December 31, 2013

	Controlled entities consolidated with the general operating fund				2013 Total
	e-Novations Comnet Inc.	Newmarket Properties Inc.	Fredericton Convention Centre	Intercompany Eliminations	
Assets	\$ 2,912,783	\$ 614,309	\$ 432,788	\$ (2,617,274)	\$ 1,342,606
Liabilities	\$ (1,816,316)	\$ (62,303)	\$ (196,466)	\$ 15,911	\$ (2,059,174)
Accumulated Surplus (Deficit)	\$ 1,096,467	\$ 552,006	\$ 236,322	\$ (2,601,363)	\$ (716,568)
Revenue	\$ 559,259	\$ 360,337	\$ 2,272,263	\$ (1,086,415)	\$ 2,105,444
Expenditures	(544,680)	(264,512)	(2,023,366)	1,068,898	(1,763,660)
Annual Surplus (Deficit) - Per PNB Requirements	\$ 14,579	\$ 95,825	\$ 248,897	\$ (17,517)	\$ 341,784

	Controlled entities consolidated with the water & sewer utility fund		
	Fredericton Area Pollution Control Commission	Intercompany Eliminations	2013 Total
Assets	\$ 1,027,690	\$ -	\$ 1,027,690
Liabilities	(470,210)	-	(470,210)
Accumulated Surplus (Deficit)	\$ 557,480	\$ -	\$ 557,480
Revenue	\$ 2,810,401	\$ (1,950,000)	\$ 860,401
Expenditures	(2,668,935)	1,950,000	(718,935)
Annual Surplus (Deficit) - Per PNB Requirements	\$ 141,466	\$ -	\$ 141,466

The above noted entities are included in the consolidated financial statements of the City of Fredericton.

Intercompany revenue and expenses and accounts payable and receivable are eliminated upon consolidation.

The controlled entities are consolidated with the general operating fund and the water & sewer utility fund per the Province of New Brunswick requirements.

Surplus (deficit) includes eliminating adjustments for depreciation and capital expenditures, and the second previous year's surplus as per PNB requirements.

The net of revenue and expenses are included in expenses for the Economic Vitality segment.

CITY OF FREDERICTON

Schedule 7 - Reconciliation of Operating Budget for Provincial Requirements to Public Sector Accounting Standards

Year ended December 31, 2013

	Operating Budget General	Operating Budget Water & Sewer	Amortization TCA	Adjustments for Full Accrual Accounting	Other (Actual)	Total Budget to PSA Budget
Revenue						
Warrant for Property taxes	\$ 90,255,217	-	-	-	-	\$ 90,255,217
Unconditional grant	4,294,351	-	-	-	-	4,294,351
Federal grant in lieu of taxes adjustment	(41,310)	-	-	-	-	(41,310)
Services to other governments	1,108,839	-	-	-	-	1,108,839
Licenses, permits and fines	1,364,700	-	-	-	-	1,364,700
Sales and own source revenue	6,870,889	15,527,499	-	-	-	22,398,388
Interest and return on investments	-	-	-	-	-	-
Third party contributions	-	-	-	-	-	-
Revenue from other funds	-	-	-	-	-	-
Transfer from General Capital Reserve	-	-	-	-	-	-
Transfer from General Operating Reserve	-	-	-	-	-	-
Transfer from Utility Capital Reserve	-	-	-	-	-	-
Second previous year's surplus	241,687	(473,806)	-	232,119 (a)	-	-
	\$ 104,094,373	\$ 15,053,693	\$ -	\$ 232,119	\$ -	\$ 119,380,185
Expenses						
Governance & Civic Engagement	\$ 2,443,177	-	-	-	-	\$ 2,443,177
Corporate Services	27,285,874	-	1,437,965	35,675 (b)	-	28,723,839
Public Safety [note 20]	27,266,219	-	1,095,407	387,797 (b)	-	28,749,423
Mobility [including Transit]	13,334,706	-	9,326,563	434,847 (b)	-	23,096,116
Environmental Stewardship	2,789,126	-	-	-	-	2,789,126
Economic Vitality	4,097,188	-	1,091,170	796,889 (b)	(314,322) (e)	5,670,925
Livable Community	7,386,563	-	2,112,465	1,629,346 (b)	-	11,128,374
Expenditures from other funds	-	-	-	-	-	-
Fiscal Services	-	-	-	-	-	-
Principal payments on long-term debt	3,395,530	211,000	-	(3,606,530) (c)	-	-
Interest payments on long-term debt	3,288,816	22,726	-	(3,311,542) (b)	-	-
Funding current year's capital projects	12,807,174	5,294,165	-	(18,101,339) (d)	-	-
Transfer to General Capital Reserve	-	-	-	-	-	-
Transfer to General Operating Reserve	-	-	-	-	-	-
Transfer to Utility Capital Reserve	-	-	-	-	-	-
Utility operations	-	9,525,802	4,643,795	26,988	-	14,196,585
	\$ 104,094,373	\$ 15,053,693	\$ 19,707,365	\$ (21,707,869)	\$ (314,322)	\$ 116,797,565
Annual surplus	\$ -	\$ -	\$ (19,707,365)	\$ 21,939,988	\$ 314,322	\$ 2,582,620

(a) eliminate second previous years surplus for PSA

(b) Allocation of interest expense

(c) Principal debt repayment

(d) Funding for current year's capital projects

(e) budgeted surplus for controlled entities offset to economic vitality expense

CITY OF FREDERICTON

Schedule 8 - Statement of Revenue and Expenditure General Operating Fund

Year ended December 31, 2013

	2013		2012
	Budget	Actual	Actual
Revenue:			
Province of New Brunswick			
Warrant for property taxes	\$ 90,255,217	\$ 90,255,217	\$ 86,004,968
Unconditional grant	4,294,351	4,294,351	5,643,032
	\$ 94,549,568	\$ 94,549,568	\$ 91,648,000
Federal Payment in Lieu of Taxes	\$ (41,310)	\$ (41,310)	\$ 60,456
Services Provided to Other Governments			
Fire	444,427	488,674	444,207
Transportation services - provincial routes	446,352	446,418	446,352
Federal Transfer for St. Mary's first nation	218,060	229,617	209,725
	\$ 1,108,839	\$ 1,164,709	\$ 1,100,284
Licenses, Permits and Fines			
Licenses	35,000	30,397	30,349
Dog licenses	15,700	13,894	16,761
Building permits	964,000	1,075,517	989,606
Parking, municipal bylaw, & other fines	350,000	336,250	378,632
	\$ 1,364,700	\$ 1,456,058	\$ 1,415,348
Sales and Other Revenue			
Rentals	20,000	20,336	741,653
Parking meters	673,000	663,728	671,961
Parking lots and garages	1,411,400	1,500,020	1,521,090
Public transit	1,683,000	1,830,367	1,836,651
General interest	54,500	209,171	131,070
Arenas	2,006,249	1,797,540	1,587,048
Community centres	204,200	179,841	177,638
Indoor pool	350,000	306,277	342,946
Sports fields	212,250	179,162	161,678
Sale of unclaimed goods	2,900	1,777	2,936
Other (false alarms, security checks, 911 dispatch)	253,390	205,548	273,755
Miscellaneous	-	6,963	(85,106)
	\$ 6,870,889	\$ 6,900,730	\$ 7,363,320
Government transfers	\$ -	\$ 245,545	\$ -
Third party contributions	\$ -	\$ 415,969	\$ -
Revenue from other operations	\$ -	\$ 2,105,444	\$ 3,033,132
Transfer from General Capital Reserve	-	1,727,104	677,800
Transfer from Current Reserve	-	976,932	662,049
Second previous years' surplus	241,687	233,434	339,928
	\$ 241,687	\$ 2,937,470	\$ 1,679,777
Total Revenue	\$ 104,094,373	\$ 109,734,184	\$ 106,300,317

CITY OF FREDERICTON

General Operating Fund
Year ended December 31, 2013

	2013		2012
	Budget	Actual	Actual
Expenditure:			
Governance & Civic Engagement			
Legislative	\$ 957,051	\$ 961,568	\$ 1,161,181
City Administrator	462,036	438,800	499,044
City Clerk and Solicitor	1,024,090	1,015,852	1,126,759
	\$ 2,443,177	\$ 2,416,220	\$ 2,786,984
Corporate Services			
Corporate services operations	24,799,618	25,442,326	16,321,374
Debt Retirement	3,395,530	2,949,100	2,924,347
Interest on capital debt	3,288,816	2,551,399	2,450,210
General interest	-	-	329,953
Service New Brunswick costs	1,240,173	1,240,173	1,181,725
Corporate services administration	988,346	793,051	2,318,489
Bilingualism expenditures	257,737	225,144	263,751
Expenses from other operations	-	1,763,660	2,208,335
	\$ 33,970,220	\$ 34,964,853	\$ 27,998,184
Public Safety			
Public safety administration	420,229	510,090	-
Police	14,377,090	13,454,985	14,142,693
Native policing expenditures	181,998	462,057	468,568
Contribution from Federal Government	(178,788)	(231,020)	(180,319)
Contribution from Provincial Government	(165,034)	(343,248)	(166,448)
Fire (water costs 2013 - \$1,000,612; 2012 - \$1,000,612)	11,507,184	11,238,170	11,816,861
Animal Control	107,317	97,630	97,669
Building Inspection	736,026	605,186	725,752
By-law enforcement	280,197	257,122	261,744
	\$ 27,266,219	26,050,972	\$ 27,166,520
Mobility			
Engineering services	1,395,744	3,906,844	1,378,153
Road transport	5,226,195	2,963,963	5,056,309
Street lighting	1,074,150	966,741	961,191
Signs, paint & traffic control	755,554	590,041	776,154
Parking administration	382,379	368,128	
Parking meters	136,857	120,421	583,211
Parking lots	124,430	110,340	161,918
Parking garages	305,917	255,054	635,036
Public transit	3,933,480	4,020,992	3,930,718
	\$ 13,334,706	\$ 13,302,524	\$ 13,482,690

CITY OF FREDERICTON

General Operating Fund
Year ended December 31, 2013

	2013		2012
	Budget	Actual	Actual
Expenditure (Continued):			
Environmental Stewardship			
Garbage, waste collection and recycling	\$ 1,790,627	\$ 1,632,444	\$ 1,535,106
Garbage and waste disposal	991,600	955,368	958,524
Backyard composting	6,899	2,489	6,272
Composting	-	(32,346)	-
Hazardous waste	-	-	2,949
	\$ 2,789,126	\$ 2,557,955	\$ 2,502,851
Economic Vitality			
Economic development, tourism & cultural administration	1,389,074	1,302,021	473,477
Tourism promotion	2,708,114	2,694,978	1,924,278
	\$ 4,097,188	\$ 3,996,999	\$ 2,397,755
Livable Community			
Administrative and Planning	2,367,484	2,348,034	2,506,373
Parks and Trees	3,435,957	3,417,913	2,858,524
Fredericton Playhouse Inc.	470,700	470,700	665,300
Aquatics & Indoor Pool	412,654	441,529	989,463
Community Facilities & Schools	231,298	202,413	324,851
Recreation Programs	197,387	136,164	280,600
Heritage and Cultural Affairs	176,162	173,601	367,342
Fredericton Public Library	94,921	96,267	320,129
	\$ 7,386,563	\$ 7,286,621	\$ 8,312,582
Funding Current Year's Capital Projects	12,807,174	12,282,736	16,529,860
Funding Current Year's Non-Capital Projects	-	-	1,356,379
Transfer to General Capital Reserve	-	3,457,097	2,121,690
Transfer to General Operating Reserve	-	3,200,691	1,076,798
	\$ 12,807,174	\$ 18,940,524	\$ 21,084,727
Total Expenditure	\$ 104,094,373	\$ 109,516,668	\$ 105,732,294
Annual Surplus	\$ -	\$ 217,516	\$ 568,023

CITY OF FREDERICTON

Water and Sewerage Operating Fund Statement of Revenue and Expenditure

Year ended December 31, 2013

	2013		2012
	Budget	Actual	Actual
Revenue:			
Water and sewerage rates	\$ 14,526,887	\$ 14,369,339	\$ 13,672,418
Water supply for fire protection	1,000,612	1,000,612	1,000,612
Miscellaneous revenue	-	68,330	302,102
Transfer from utility reserve	-	140,129	-
Vehicle auction proceeds	-	39,060	-
Third party contributed capital	-	140,470	-
Federal and Provincial gas tax funding	-	4,740,473	-
Second previous years' surplus (deficit)	(473,806)	(567,878)	1,266,322
	\$ 15,053,693	\$ 19,930,535	\$ 16,241,454
Revenue from other operations	\$ -	\$ 860,401	\$ -
Total Revenue	\$ 15,053,693	\$ 20,790,936	\$ 16,241,454
Expenditure:			
Water			
Purification and treatment	828,904	301,670	507,743
Source of supply	310,275	292,379	487,473
Transmission and distribution	1,805,119	1,021,902	1,780,528
Billing and collecting	290,221	75,593	150,248
Plant and equipment maintenance	476,165	87,230	82,026
Water meters	605,332	433,372	506,020
	\$ 4,316,016	\$ 2,212,146	\$ 3,514,038
Sewerage			
Lift stations	32,000	593,707	45,998
Sewerage treatment and disposal	2,306,551	1,976,558	2,876,814
	\$ 2,338,551	\$ 2,570,265	\$ 2,922,812
Common services	2,871,235	4,193,430	2,804,575
Fiscal services			
Funding current year's capital projects	5,294,165	9,066,770	5,277,494
Principal Debt Repayment	211,000	211,000	\$ -
Interest on capital debt	22,726	20,964	\$ -
Transfer to water and sewer capital reserve	-	1,511,854	177,815
	\$ 5,527,891	\$ 10,810,588	\$ 5,455,309
Expenditure from other operations	\$ -	\$ 718,935	\$ -
Total expenditure	\$ 15,053,693	\$ 20,505,364	\$ 14,696,734
Surplus (deficit) for the year	\$ -	\$ 285,572	\$ 1,544,720