



Financial Statements

December 31, 2012



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To His Worship the Mayor and
Members of the City Council

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

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the 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 City'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 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 financial statements present fairly, in all material respects, the financial position of the City of Summerside as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board.

Grant Thornton LLP

Summerside, Prince Edward Island

March 14, 2013

Chartered Accountants



Consolidated Statement of Operations
Year Ended December 31

	2012 Budget (Unaudited)	2012 Actual	2011 Actual
Revenue			
General Fund	\$ 18,014,642	\$ 18,525,776	\$ 18,949,385
Electric Utility	17,908,472	18,111,766	18,141,969
Water Utility	1,622,617	1,604,882	1,587,654
Sewer Utility	2,829,968	2,825,144	2,765,507
Summerville Community Network	549,107	607,545	549,653
Electro Thermal Storage Program	487,450	219,306	121,862
	<u>41,412,256</u>	<u>41,894,419</u>	<u>42,116,030</u>
Expenses			
General Fund	17,365,785	17,216,207	16,539,509
Electric Utility	19,441,098	20,225,996	19,170,560
Water Utility	1,622,617	1,579,610	1,535,385
Sewer Utility	2,829,968	2,890,576	2,894,341
Summerville Community Network	549,107	656,464	604,887
Electro Thermal Storage Program	487,450	223,909	121,862
	<u>42,296,025</u>	<u>42,792,762</u>	<u>40,866,544</u>
(Deficiency) Excess of Revenues over Expenses	\$ <u>(883,769)</u>	(898,343)	1,249,486
Transfers and Other (Note 6)		<u>37,044</u>	<u>(207,334)</u>
Change in Fund Balances		(861,299)	1,042,152
Opening Fund Balances		<u>47,701,327</u>	<u>46,659,175</u>
Closing Fund Balances		<u>\$ 46,840,028</u>	<u>\$ 47,701,327</u>

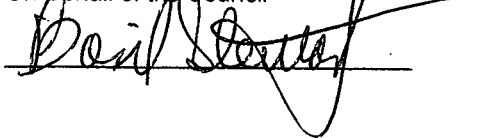


Consolidated Statement of Financial Position
December 31

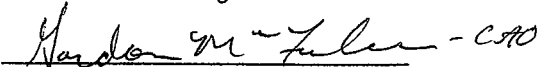
	2012	2011
Financial Assets		
Receivables	\$ 6,004,839	\$ 10,152,096
Restricted Short Term Investments	61,488	55,559
Sinking Fund Investments, at Market Value	<u>1,807,792</u>	<u>1,776,874</u>
	<u>7,874,119</u>	<u>11,984,529</u>
Liabilities		
Bank Indebtedness (Note 3)	9,018,207	8,549,257
Payables and Accruals		
Trade and Customer Deposits	4,872,534	7,711,691
Accrued Interest	513,785	557,756
Deferred Revenue	1,418,840	1,154,844
Long Term Debt (Note 10)		
Interim	1,442,523	5,142,968
Long Term	68,376,631	68,609,719
Sick Leave	1,533,452	1,436,720
Future Pension Payments	<u>274,340</u>	<u>340,154</u>
	<u>87,450,312</u>	<u>93,503,109</u>
NET DEBT	<u>(79,576,193)</u>	<u>(81,518,580)</u>
Non-Financial Assets		
Intangibles, Net of Amortization	3,473	8,316
Tangible Capital Assets, Net of Amortization (Note 9)	192,008,024	194,443,800
Deferred Contributions, Net of Amortization (Note 9)	<u>(66,907,740)</u>	<u>(66,646,318)</u>
	<u>125,103,757</u>	<u>127,805,798</u>
Inventory of Materials and Supplies, at Cost	<u>1,312,464</u>	<u>1,414,109</u>
	<u>126,416,221</u>	<u>129,219,907</u>
NET ASSETS	<u>\$ 46,840,028</u>	<u>\$ 47,701,327</u>
Fund Balances		
Reserve Funds	\$ 820,980	\$ 783,937
Revenue and Capital Funds (Note 4)	<u>46,019,048</u>	<u>46,917,390</u>
Accumulated Surplus	<u>\$ 46,840,028</u>	<u>\$ 47,701,327</u>

Commitments and Contingencies (Note 5)

On Behalf of the Council



On Behalf of Management





Consolidated Statement of Cash Flows
Year Ended December 31

	2012	2011
Increase (Decrease) in Cash and Cash Equivalents		
Operating		
Change in Fund Balances	\$ (861,299)	\$ 1,042,152
Amortization	5,375,530	5,080,909
Change in Non-Cash Operating Working Capital	1,634,611	2,757,289
Change in Short Term Investments	(5,929)	55,835
Change in Sinking Funds	(30,918)	106,905
Change in Sick Leave and Pension Liability	30,918	(106,905)
	<u>6,142,913</u>	<u>8,936,185</u>
Financing		
Change in Long Term Debt	<u>(3,933,533)</u>	<u>(1,048,447)</u>
Investing		
Change in Tangible Capital Assets		
Additions, Net of Deferred Contributions	(2,817,935)	(8,847,604)
Reduction of Work in Progress	111,983	858,614
Disposals		
Cost	1,206,148	1,417,005
Accumulated Amortization	<u>(1,178,526)</u>	<u>(1,398,546)</u>
	<u>(2,678,331)</u>	<u>(7,970,531)</u>
Net Increase in Bank Indebtedness	(468,950)	(82,793)
Bank Indebtedness, Beginning of Year	<u>(8,549,257)</u>	<u>(8,466,464)</u>
Bank Indebtedness, End of Year	<u>\$ (9,018,207)</u>	<u>\$ (8,549,257)</u>



Consolidated Statement of Change in Net Debt
Year Ended December 31

	2012	2011
Consolidated Change in Fund Balances	\$ (861,299)	\$ 1,042,152
Change in Intangibles	4,843	4,843
Change in Inventory	101,645	(372,121)
Acquisition of Tangible Capital Assets	(5,902,158)	(10,332,512)
Amortization of Tangible Capital Assets	5,375,530	5,080,910
Deferred Contributions Received	<u>3,223,826</u>	<u>2,361,993</u>
Decrease (Increase) in Net Debt	1,942,387	(2,214,735)
Net Debt, Beginning of Year	<u>(81,518,580)</u>	<u>(79,303,845)</u>
Net Debt, End of Year	\$ <u>(79,576,193)</u>	\$ <u>(81,518,580)</u>



Notes to the Consolidated Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies

The consolidated financial statements of the City of Summerside are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) 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, and changes in fund balances and in the 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.

b) Consolidated Entities

In addition to the General Fund, the organizations included in the consolidated financial statements are as follows:

City of Summerside Electric Utility	City of Summerside Sewer Utility
City of Summerside Water Utility	Summerside Community Network
Electro Thermal Storage Program	

c) 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; expenses are recognized as they are incurred and measurable as a result of legal obligation to pay.

d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with financial institutions. Bank borrowings are considered to be financing activities.

e) Revenues and Expenditures

Major revenue and expenditure items are recorded on an accrual basis. Certain sources of revenue are recorded on a cash basis.

f) Investments

Short term investments consist of Guaranteed Investment Certificates and are recorded at quoted market value. Sinking fund investments consist of equity and fixed income investments and are recorded at quoted market value.



Notes to the Consolidated Financial Statements December 31, 2012

1. Summary of Significant Accounting Policies (cont'd)

g) Non-Financial Assets

Non-Financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets (net debt) for the year.

h) Tangible Capital Assets

Tangible capital assets and projects in progress are recorded at cost.

In compliance with Section 3150 the City records amortization of its assets over their estimated useful lives. The straight-line method of amortization is used. Amortization begins in the year following acquisition, except for major projects with revenue streams, for which amortization begins upon substantial completion.

Asset Useful Lives (In Years)	
Plants, Buildings, Structures	20-40
Equipment and Vehicles	
Engines – Generation	50
Internet/IT	5
Other Equipment and Vehicles	10-20
Electro Thermal Storage Equipment	10
Distribution and Collection Systems	
Electric	40
Water	83
Sewer	83
Summerside Community Network	7
Streets	
Local	25
Collector	10
Sidewalks	40
Storm lines	83
Wind Farm	25

i) Contributions in Aid of Construction

Infrastructure and other program grants and rebates related to tangible capital asset purchases are recorded as contributions in aid of construction on the statement of financial position and are amortized to contributions in aid of construction through amortization using the same method and annual rates as the related assets are depreciated.



Notes to the Consolidated Financial Statements
December 31, 2012

1. Summary of Significant Accounting Policies (cont'd)

j) 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 expenses during the reported period. Actual results could differ from those reported. Significant estimates include pension amounts, severance amounts and the amortization of tangible capital assets.

k) Sick Leave

Accumulated sick leave credits earned up to December 31, 2012 are recognized based on related assets available to fund the future payments. The costs will be recognized in the financial statements only when payments are made. The accumulated credits and liabilities are allocated as follows:

2012			
	Accumulated Credits		2012 Liability
	Early Retirement	Regular Retirement	
General Fund	\$ 1,079,205	\$ 1,548,117	\$ 516,429
Electric Fund	206,512	305,493	704,078
Water and Sewer	99,599	129,259	312,945
	<u>\$ 1,385,316</u>	<u>\$ 1,982,869</u>	<u>\$ 1,533,452</u>

2011			
	Accumulated Credits		2011 Liability
	Early Retirement	Regular Retirement	
General Fund	\$ 1,038,896	\$ 1,504,819	\$ 483,852
Electric Fund	224,194	330,646	659,664
Water and Sewer	102,266	130,994	293,204
	<u>\$ 1,365,356</u>	<u>\$ 1,966,459</u>	<u>\$ 1,436,720</u>

The fair market value of the sinking funds available to fund future liabilities is \$1,533,452 (2011-\$1,436,720).



Notes to the Consolidated Financial Statements

December 31, 2012

2. Pension Plans

The City maintains a non-contributory defined benefit final average pension plan, which covers employee services prior to November 1966. The plan provides pensions based on length of service and the final five-year average earnings. The most recent actuarial report was completed as of December 31, 1999. It indicated an actuarial present value of accrued pension benefits of \$1,471,075 and an actuarial unfunded liability of \$251,681. Net assets available for benefits at December 31, 2012 are \$274,341 (2011 - \$340,154).

The City maintains a separate contributory defined benefit career average pension plan which covers employee service after November 1966. The plan provides pensions based on a specific percentage of an individual's salary during all years of service. Effective September 1, 2012 both the City and plan members agreed to increase contributions from 9% to 12% of pensionable earnings. Future contribution rates will be subject to an annual review. The amendment did not directly increase liabilities under the plan. Under the terms of the plan the City has the right to amend the plan to reduce benefits accordingly for service accruing after the next anniversary date of the plan or to temporarily increase the City's contributions. Total contributions are used to provide basic benefits under the plan, including amortization of any deficits. Any remaining contributions are allocated to members as Member Contribution Credits (MCC's). The MCC's vest with the members. Accumulated MCC's will be used by the member to improve entitlements under the plan in the following order:

1. Increase normal retirement benefits by increasing earnings used in formula to maximum of highest average three-year earnings.
2. Reduce or eliminate early retirement reduction subject to *Income Tax Act* limit.
3. Provide pre- and post-retirement indexation to maximum levels permitted under the *Income Tax Act*.
4. Provide temporary bridge benefit from retirement date to age 65 subject to *Income Tax Act* limits.
5. Improve survivor benefits up to limits specified in *Income Tax Act*.

The superannuation plan is a registered pension plan which allows employee contributions to be tax deductible by the employee and investment earnings in the trust funds to be tax sheltered. In order to maintain their registered status, the pension administrators must agree to administer the plan in accordance with certain rules set forth by Canada Revenue Agency.



Notes to the Consolidated Financial Statements
December 31, 2012

2. Pension Plans (cont'd)

The most recent actuarial report was completed in August 2012 for the year ended December 31, 2011 and indicates the present value of the accrued pension benefits and the net assets available to provide for these benefits as shown below. Actuarial reports are prepared annually and the report for the year ended December 31, 2012 is expected to be completed in mid 2013.

	2011
Accrued Benefit Obligations	<u>\$ 25,422,162</u>
Plan Assets	
Fair Value, Beginning of Year	19,858,030
Return on Plan Assets	397,581
Administrative and Investment Management Fees	(146,768)
Benefits Paid	(1,091,282)
Employee Contributions	602,204
Employer Contributions	<u>602,204</u>
 Fair Value, End of Year	 <u>20,221,969</u>
 Funded Status – Plan Deficit	 (5,200,193)
Investment Valuation Reserve	<u>1,133,377</u>
 Actuarial Deficit	 <u>\$ (4,066,816)</u>

The basis used to determine the present value of accrued pension benefits is the projected unit credit cost method with a 0% salary assumption. The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows:

Expected long term rate of return on plan assets	6.25%
Inflation rate	2.5%



Notes to the Consolidated Financial Statements December 31, 2012

3. Bank Indebtedness

Bank indebtedness consists of a \$5,441,483 advance on the City's line of credit and \$1,076,724 of outstanding deposits, transfers, cheques and other bank balances. The City has an authorized operating line of credit of \$6,000,000, with an interest rate of prime less .50%, all of which was used at December 31, 2012. The City has a capital line of credit of \$2,500,000, which was used as interim funding for 2012 capital expenditures. The interest rate is prime less .50%.

At December 31, 2012 prime was 3.00%.

4. Revenue and Capital Funds

	2012	2011
Revenue Fund Balances		
General	\$ (647,279)	\$ (647,534)
Electric	(4,561,710)	(2,450,670)
Water	(39,943)	-
Sewer	(16,360)	-
Summerside Community Network	13,275	13,275
Electro Thermal Storage Program	-	-
Capital Fund Balances		
Investment in Tangible Capital Assets	50,809,311	49,540,565
Equity Investment in Electric	461,754	461,754
Revenue and Capital Fund Balances	<u>\$ 46,019,048</u>	<u>\$ 46,917,390</u>

5. Commitments and Contingencies

Two agreements for the purchase of power have been signed. The first agreement, which terminates in October 2028, is with West Cape Wind Energy Inc. for the purchase of wind generation power. The second agreement, which is with NB Power, began September 1, 2012 and will terminate August 31, 2017.

The City has a maintenance agreement with Vestas-Canadian Wind Technology, Inc. This maintenance agreement began December 2009 with a term of five years. The annual fee is \$93,000 per wind turbine.

The City has been named as defendant in several legal actions and is subject to various risks and contingencies arising in the normal course of business. The City is defending itself against these legal actions. The likelihood of any liability is not determinable at this time.

The City has provided a \$240,000 loan guarantee to a lender in support of a loan obtained by Downtown Summerside Inc. The principal balance of the loan at December 31, 2012 was \$140,000.

The City has agreed to pay Slemon Park Corporation \$85,000 annually until 2029 in connection with the development and operation of the wind farm.



Notes to the Consolidated Financial Statements
December 31, 2012

6. Transfers and Other

	2012	2011
Increase (Decrease) in:		
Parkland Dedication Reserve	\$ 2,100	\$ 16,978
World Softball Reserve	(5,575)	588
Accommodation Levy Reserve	9,404	(73,402)
Business Park Fund	-	(57,600)
Reserve for Future Spending – Water	(16,876)	(124,845)
Raceway Reserve	44,500	30,947
Reserve for Debt Reduction SCN	3,491	-
	<u>37,044</u>	<u>(207,334)</u>
Total Transfers and Other	\$ <u>37,044</u>	\$ <u>(207,334)</u>

7. Internally Generated Revenues

The City generates revenues internally through the billing of services to other departments at rates consistent with that of billings to third parties. The following revenues have been generated through internal billings which result in expenses to various departments. Both the revenues and the expenses have not been eliminated from the consolidated statement of operations:

	2012	2011
Electric	\$ 1,635,964	\$ 1,692,408
Fire Alarm Monitoring	13,440	11,095
Fire Protection	483,000	483,000
IT Services	428,718	309,501
Internet Services	19,794	21,581
Storage Rental – Venture Centre	30,514	35,742
Water & Sewer	30,588	29,536
Wind Farm Energy	2,493,118	2,733,392
Wind Farm Royalties	45,472	51,256
Building Rentals	91,800	67,300
Electro Thermal Storage Program	81,857	46,157
Wyatt Heritage Properties Contribution	418,506	383,261
Electric Utility Grant	2,141,800	2,168,084
Health/Safety Training	7,050	-
	<u>7,921,621</u>	<u>8,032,313</u>

8. Budget

The budget figures have not been audited and have been included on the financial statements for comparative purposes only.



Notes to the Consolidated Financial Statements December 31, 2012

9. Tangible Capital Assets and Deferred Contributions

2012

	Cost				End of Year	Beginning of Year	Accumulated Amortization		End of Year	Net Book Value
	Beginning of Year	Additions	Disposals	End of Year			Amortization Expenses	Adjustments		
Land	\$ 4,423,658	\$ 478,720	\$ -	\$ 4,902,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,902,378
Plants, Buildings and Structures	121,712,727	827,432	(27,322)	122,512,838	22,851,659	3,179,273	(1,366)	26,029,566	96,483,271	
Equipment and Vehicles	8,331,657	978,648	(228,805)	9,081,500	3,780,876	569,442	(227,140)	4,123,178	4,958,321	
Distribution and Collection Systems	43,967,735	1,077,864	(160,803)	44,884,796	19,243,288	1,509,814	(160,803)	20,592,299	24,292,495	
Streets	33,388,371	354,793	(434,162)	33,309,001	15,651,699	1,987,616	(434,162)	17,205,153	16,103,847	
Sidewalks	6,059,279	368,488	(156,930)	6,270,837	1,955,847	151,482	(156,930)	1,950,399	4,320,438	
Stormlines	16,943,825	903,018	(198,125)	17,648,718	5,062,487	204,142	(198,125)	5,068,504	12,580,214	
Wind Farm	29,432,360	-	-	29,432,360	1,381,930	736,165	-	2,118,095	27,314,264	
Work in Progress	111,983	1,052,797	(111,983)	1,052,797	-	-	-	-	1,052,797	
Deferred Contributions	264,371,595	6,041,761	(1,318,131)	269,095,225	69,927,786	8,337,934	(1,178,526)	77,087,195	192,008,024	
	(83,163,103)	(3,223,826)	-	(86,386,928)	(16,516,785)	(2,962,403)	-	(19,479,189)	(66,907,740)	
	\$ 181,208,491	\$ 2,817,935	\$ (1,318,131)	\$ 182,708,295	\$ 53,411,001	\$ 5,375,530	\$ (1,178,526)	\$ 57,608,006	\$ 125,100,284	

2011

	Cost				End of Year	Beginning of Year	Accumulated Amortization		End of Year	Net Book Value
	Beginning of Year	Additions	Disposals	End of Year			Amortization Expenses	Adjustments		
Land	\$ 4,423,658	\$ -	\$ -	\$ 4,423,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,423,658
Plants, Buildings and Structures	119,668,149	2,044,578	-	121,712,727	19,778,253	3,073,406	-	22,851,659	98,861,067	
Equipment and Vehicles	7,349,277	1,092,516	(110,136)	8,331,657	3,368,964	503,588	(91,676)	3,780,876	4,550,780	
Distribution and Collection Systems	41,432,422	2,749,570	(214,256)	43,967,735	17,985,790	1,471,756	(214,258)	19,243,288	24,724,445	
Streets	32,611,768	1,554,502	(777,900)	33,388,371	14,541,734	1,887,865	(777,900)	15,651,699	17,736,670	
Sidewalks	5,607,504	660,734	(208,959)	6,059,279	2,024,618	140,188	(208,959)	1,955,847	4,103,431	
Stormlines	15,560,515	1,489,063	(105,753)	16,943,825	4,960,523	187,717	(105,753)	5,062,487	11,881,337	
Wind Farm	27,905,710	1,526,650	-	29,432,360	683,936	697,994	-	1,381,930	28,050,429	
Work in Progress	858,614	111,983	(858,614)	111,983	-	-	-	-	111,983	
Deferred Contributions	255,437,618	11,209,597	(2,275,619)	264,371,595	63,363,818	7,962,514	(1,398,546)	69,927,786	194,443,800	
	(80,801,110)	(2,361,993)	-	(83,163,103)	(13,635,181)	(2,881,604)	-	(16,516,785)	(66,546,318)	
	\$ 174,636,508	\$ 8,847,604	\$ (2,275,619)	\$ 181,208,493	\$ 49,728,637	\$ 5,080,910	\$ (1,398,546)	\$ 53,411,001	\$ 127,797,482	



Notes to the Consolidated Financial Statements
December 31, 2012

10. Long Term Debt

	Interest Rate %	Maturity Date	2012	2011
Interim				
National Bank	P-.77%	Interim	\$ 1,442,523	\$ 5,142,968
Long Term				
Loans Repaid During Year				2,138,988
Royal Bank	P-.65%	Demand	6,450,000	6,700,000
Metro Credit Union	P-.50%	Demand	2,700,000	3,500,000
Bank of Montreal	5.69	2013	2,871,909	3,062,726
Pacific & Western	5.73	2013	79,291	154,285
Royal Bank	3.57	2013	1,758,097	1,837,808
RBC	1.93	2013	469,088	929,100
TD Canada Trust	2.65	2014	102,640	152,000
TD Canada Trust	1.73	2014	647,700	-
Bank of Montreal	4.99	2014	1,166,997	1,238,794
TD Canada Trust	2.94	2014	26,407	38,958
TD Canada Trust	3.41	2015	359,227	380,861
TD Canada Trust	3.41	2015	134,787	142,904
TD Canada Trust	3.41	2015	161,328	171,238
TD Canada Trust	3.41	2015	468,549	496,904
TD Canada Trust	2.92	2015	77,453	101,853
TD Canada Trust	3.44	2015	391,024	406,604
TD Canada Trust	3.44	2015	758,572	788,797
Bank of Montreal	5.06	2016	3,363,098	3,708,500
TD Canada Trust	3.47	2016	409,465	502,687
Bank of Montreal	4.92	2017	1,478,645	1,577,220
TD Canada Trust	2.17	2017	113,400	-
TD Canada Trust	4.51	2019	611,733	648,965
TD Canada Trust	4.66	2019	223,954	232,293
TD Canada Trust	4.51	2019	2,552,427	2,707,781
RBC	3.13	2021	1,016,232	1,112,300
RBC	3.57	2021	895,794	928,000
RBC	3.57	2021	984,116	1,019,600
RBC	2.34	2021	94,039	116,200
TD Canada Trust	3.08	2022	1,769,800	-
TD Canada Trust	3.08	2022	858,600	-
TD Canada Trust	2.74	2022	46,000	-
TD Canada Trust	2.74	2022	1,067,800	-
TD Canada Trust	2.74	2022	1,832,000	-
C.I.B.C	4.96	2027	24,969,509	26,075,294
CMHC – Wind Farm	4.28	2030	7,466,950	7,739,059
Total Long Term			68,376,631	68,609,719
Total Long Term Debt			\$ 69,819,154	\$ 73,752,687

Prime rate at December 31, 2012 was 3.00 % (Prime rate December 31, 2011 was 3.00%).

Scheduled principal repayments in each of the next five years are due as follows:

2013 - \$4,405,051; 2014 - \$3,986,756; 2015 - \$3,722,785; 2016 - \$3,705,805;
 2017 - \$3,707,731.

The above noted interim loan is bridge financing for construction projects and is payable on demand. It is management's intention that this loan will be paid from contributions by other orders of government through various infrastructure funding programs.



Notes to the Consolidated Financial Statements

December 31, 2012

11. Segmented Reporting

The City of Summerside is a diversified municipal unit that provides a wide range of services to its citizens. For management purposes, the City's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions and limitations. Segmented information on the consolidated statement of operations is presented on page 17.



Schedule of Segmented Disclosure December 31, 2012

	2012						
	General Fund	Electric Utility	Water Utility	Sewer Utility	Summerside Community Network	Electro Thermal Storage Program	Consolidated
Revenues							
Taxes	7,350,035						7,350,035
Contributions from Other Levels of Governments	6,842,985						6,842,985
Electric Utility Grant	2,141,800						2,141,800
Wind Energy Sales	1,831,236						1,831,236
Sale of Electricity		18,111,766					18,111,766
Sale of Water & Sewer Services			1,604,882	2,825,144			4,430,026
Internet Services					607,545		607,545
Electro Thermal Storage Program Sales	359,720					219,306	219,306
Third Party Revenues	18,525,776	18,111,766	1,604,882	2,825,144	607,545	219,306	359,720
	<u>359,720</u>	<u>18,111,766</u>	<u>1,604,882</u>	<u>2,825,144</u>	<u>607,545</u>	<u>219,306</u>	<u>41,894,419</u>
Expenses							
Salaries and Benefits	8,730,340	1,371,383	294,232	573,299	314,922	85,769	11,369,945
Goods and Services	2,879,529	17,448,457	778,509	1,485,835	207,055	133,277	22,932,662
Amortization	3,740,792	740,410	269,294	502,503	4,603	4,603	5,375,530
Interest on Long Term Debt	1,865,546	665,745	237,575	328,939	16,559	260	3,114,625
	17,216,207	20,225,996	1,579,610	2,890,576	659,464	223,909	42,792,762
	<u>1,309,569</u>	<u>(2,114,230)</u>	<u>25,272</u>	<u>(65,432)</u>	<u>(48,919)</u>	<u>(4,603)</u>	<u>(898,343)</u>
(Deficiency) Excess of Revenue over Expenses							

	2011						
	General Fund	Electric Utility	Water Utility	Sewer Utility	Summerside Community Network	Electro Thermal Storage Program	Consolidated
Revenues							
Taxes	7,248,701						7,248,701
Contributions from Other Levels of Governments	7,059,041						7,059,041
Electric Utility Grant	2,168,084						2,168,084
Wind Energy Sales	2,046,835						2,046,835
Sale of Electricity		18,141,969					18,141,969
Sale of Water & Sewer Services			1,587,654	2,765,507			4,353,161
Internet Services					549,653		549,653
Electro Thermal Storage Program Sales	426,724					121,862	121,862
Third Party Revenues	18,949,385	18,141,969	1,587,654	2,765,507	549,653	121,862	426,724
	<u>18,949,385</u>	<u>18,141,969</u>	<u>1,587,654</u>	<u>2,765,507</u>	<u>549,653</u>	<u>121,862</u>	<u>42,116,030</u>
Expenses							
Salaries and Benefits	7,910,756	1,033,852	296,441	569,961	276,760	23,941	10,111,711
Goods and Services	3,121,874	17,145,509	748,641	1,516,160	211,200	97,921	22,841,305
Amortization	3,586,879	663,439	242,103	487,820	100,768	-	5,081,009
Interest on Long Term Debt	1,920,000	327,760	248,200	320,400	16,159	-	2,832,519
	18,539,509	19,170,560	1,535,385	2,894,341	604,887	121,862	40,966,544
	<u>2,409,876</u>	<u>(1,028,591)</u>	<u>52,259</u>	<u>(128,834)</u>	<u>(55,234)</u>	<u>-</u>	<u>1,249,486</u>
(Deficiency) Excess of Revenue over Expenses							



Supplemental Information

December 31, 2012



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Management Report

The City is required to present annual audited consolidated financial statements prepared 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.

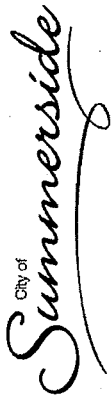
To augment the consolidated financial statements, this supplemental information provides specific details about the various funds included in the City's operations. The finances of each individual fund are combined to form the foundation for the overall financial administration of the City including the management of funds, debt, budgeting and rate setting. As such, this unaudited, non-consolidated supplementary information measures certain items, such as principal debt repayment, as a relevant expenditure for the purposes of measuring fund requirements, balances and performance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kristen Dunsford".

Kristen Dunsford, CGA

Acting Director of Financial Services



Non-Consolidated Summary Statement of Revenue Funds (Unaudited) Year Ended December 31

	Per Consolidated Financial Statements	Adjustments				Non-Consolidated		Page	
		Capital Spending	Debt Repayment	Amortization	Gain/Loss on Disposal	2012 Actual	2012 Budget		
									2012 Actual
General Revenue Fund									
Revenue	\$ 18,525,776					\$ 18,525,776	\$ 18,014,642	\$ 18,949,385	3
Expenses	17,216,207	\$ 2,734,262	\$ 2,342,219	\$ (3,740,792)	\$ (26,374)	17,365,521	17,365,785	18,948,793	3
Surplus (Deficit)	1,309,570	2,734,262	2,342,219	(3,740,792)	(26,374)	255	648,857	592	
Utility Revenue Funds									
Revenue	18,111,766					18,111,766	17,908,472	18,141,969	11
Electric Utility	1,604,882					1,604,882	1,622,617	1,587,654	18
Water Utility	2,825,144					2,825,144	2,829,968	2,765,507	19
Sewer Utility	607,545					607,545	549,107	549,653	29
Summerside Community Network	219,306					219,306	487,450	121,862	35
ETS - Heat For Less	23,368,643					23,368,643	23,397,614	23,166,645	
Expenses, Financing and Transfers									
Electric Utility	20,225,996		737,220	(740,410)		20,222,806	19,441,098	19,225,720	11
Water Utility	1,579,610		334,509	(269,294)		1,644,825	1,622,617	1,587,654	18
Sewer Utility	2,890,576		453,431	(502,503)		2,841,504	2,829,968	2,765,507	19
Summerside Community Network	656,464		69,009	(117,928)		607,544	549,107	549,653	29
ETS - Heat For Less	223,909			(4,903)		219,307	487,450	121,862	35
	25,576,556		1,594,169	(1,634,738)		25,535,986	24,930,240	24,250,396	
Combined Utility Surplus/(Deficit)	(2,207,913)		1,594,169	(1,634,738)		(2,167,343)	(1,532,626)	(1,083,751)	
Total Surplus/(Deficit)	\$ (898,343)	\$ 2,734,262	\$ 3,936,388	\$ (5,375,530)	\$ (26,374)	\$ (2,167,087)	\$ (883,769)	\$ (1,083,158)	



General Fund
Non-Consolidated Statement of Operations
(Unaudited)
Year Ended December 31

	2012 Actual	2012 Budget	2011 Actual
Revenue	\$ 18,525,776	\$ 18,014,642	\$ 18,949,385
Expenses, Net of Recoveries			
General Government	574,844	508,650	650,673
Financial Services	1,884,163	1,311,380	1,691,771
Human Resources and Legal Affairs	291,318	204,646	211,309
Economic Development and Heritage	792,190	739,969	723,956
Technical Services	382,596	433,038	402,395
Fire Services	615,502	599,059	583,504
Police Services	3,312,537	3,296,862	3,068,525
Municipal Services	2,293,828	2,083,301	2,282,809
Community Services	2,924,065	2,283,042	2,781,015
Capital Spending			
Tangible Capital Assets	2,734,262	3,570,238	3,669,184
Other Projects	377,997	-	545,953
	<u>16,183,302</u>	<u>15,030,185</u>	<u>16,611,094</u>
Financing and Transfers			
Debt Principal Repayments	<u>2,342,219</u>	<u>2,335,600</u>	<u>2,337,699</u>
Expenses, Financing and Transfers	18,525,521	17,365,785	18,948,793
Change in General Revenue Fund Balance	255	648,857	592
Opening Fund Balance	<u>(647,534)</u>	<u>(647,534)</u>	<u>(648,126)</u>
Ending Fund Balance	\$ (647,279)	\$ 1,323	\$ (647,534)



General Fund
Non-Consolidated Revenue Fund Statement of Financial Position
(Unaudited)
December 31

	2012	2011
Financial Assets		
Receivables	\$ 3,057,507	\$ 3,450,348
Restricted Short Term Investments	40,207	36,378
Receivable from Other Funds		
General Capital Fund	-	1,129,518
Electricity Revenue Fund	3,655,536	4,184,737
Water and Sewer Revenue Fund	3,137,997	4,255,274
Summerville Community Network Capital Fund	146,320	133,807
Electro Thermal Storage Program Revenue Fund	196,491	223,561
Electro Thermal Storage Program Capital Fund	105,312	46,033
Electric Utility Equity	461,754	461,754
Sinking Fund Investments, at Market Value	516,429	483,852
	<u>11,317,553</u>	<u>14,405,262</u>
Liabilities		
Bank Indebtedness (Note 2)	4,950,032	6,126,782
Payables and Accruals		
Trade	4,647,849	7,184,994
Accrued Interest	513,785	557,756
Payable to Other Funds		
Summerville Community Network Revenue Fund	26,270	22,778
General Capital Fund	577,403	-
Sick Leave	516,429	483,852
	<u>11,231,768</u>	<u>14,376,162</u>
NET FINANCIAL ASSETS	85,785	29,100
Non-Financial Assets		
Inventory of Materials and Supplies, at Cost	19,344	27,445
NET ASSETS	\$ 105,129	\$ 56,545
Fund Balances		
Reserves for Future Expenditures (Note 5)	\$ 290,654	\$ 242,325
Appropriated Surplus for Electric Utility Equity	461,754	461,754
Fund Balance	(647,279)	(647,534)
	<u>\$ 105,129</u>	<u>\$ 56,545</u>



General Fund
Non-Consolidated Capital Fund Statement of Financial Position
(Unaudited)
December 31

	2012	2011
Financial Assets		
Government Grants Receivable	\$ 157,992	\$ 1,722,434
Restricted Short Term Investments	21,281	19,181
Investment in		
Electric Utility	6,779,313	7,054,612
Water Utility	6,894,183	6,828,968
Sewer Utility	5,318,805	5,367,876
Summerville Community Network	(242,750)	(193,831)
Electro Thermal Storage	(4,603)	-
Summerville Regional Development Corporation, at Cost	375	375
Receivable from Other Funds		
General Revenue Fund	577,403	-
	<u>19,501,999</u>	<u>20,799,615</u>
Liabilities		
Bank Indebtedness (Note 2)	1,568,200	2,422,500
Long Term Debt (Note 3)	37,679,896	40,174,415
Payable to Other Funds		
General Revenue Fund	-	1,129,518
Electric Capital Fund	8,909,474	10,572,396
	<u>48,157,570</u>	<u>54,298,829</u>
NET DEBT	<u>(28,655,571)</u>	<u>(33,499,214)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	134,257,055	136,362,099
Deferred Contributions, Net of Amortization (Note 4)	(54,770,892)	(53,303,139)
	<u>79,486,163</u>	<u>83,058,960</u>
NET ASSETS	<u>\$ 50,830,592</u>	<u>\$ 49,559,746</u>
Fund Balances		
Reserves (Note 5)	\$ 21,281	\$ 19,181
Investment in Tangible Capital Assets (Page 6)	50,809,311	49,540,565
	<u>\$ 50,830,592</u>	<u>\$ 49,559,746</u>



General Fund
Non-Consolidated Statement of Investment in Tangible Capital
Assets
(Unaudited)
Year Ended December 31

	2012	2011
Tangible Capital Asset Expenditures from Revenue Fund (Page 3)	\$ 2,734,262	\$ 3,669,184
Long Term Debt Retired	2,342,219	2,337,699
Increase (Decrease) in Investment in		
Electric Utility	(275,299)	(205,782)
Water Utility	65,215	52,269
Sewer Utility	(49,072)	(128,833)
Summerside Community Network	(48,919)	(55,234)
Electro Thermal Storage	(4,603)	-
Wind Turbines	272,109	260,940
	<u>5,035,912</u>	<u>5,930,243</u>
Deduct:		
Amortization	3,740,792	3,586,879
Loss on Disposal	26,374	10,720
	<u>3,767,166</u>	<u>3,597,599</u>
Change in Investment in Tangible Capital Assets	1,268,746	2,332,644
Balance, Beginning of Year	<u>49,540,565</u>	<u>47,207,921</u>
Balance, End of Year	\$ <u>50,809,311</u>	\$ <u>49,540,565</u>



Notes to the General Fund
(Unaudited)
December 31, 2012

1. Summary of Significant Accounting Policies

Tangible Capital Assets

Tangible capital assets and projects in progress are recorded at cost. During construction, the City capitalizes interest as part of the cost of its capital assets. There was no interest capitalized during the year.

In compliance with Section 3150 the City records amortization of its assets over their estimated useful lives. The straight-line method of amortization is used. Amortization begins in the year following acquisition, except for major projects with revenue streams, for which amortization begins upon substantial completion.

Asset Useful Lives (In Years)

Parks, Gardens and Trails	40
Parking Lots	20
Buildings	40
Sports and Events Fields	15-20
Equipment and Vehicles	10-20
Streets	
Local	25
Collector	10
Sidewalks	40
Storm Lines	83
Wind Farm	25

2. Bank Indebtedness

Bank indebtedness consists of a \$3,855,999 advance on an operating line of credit and \$2,253,499 of outstanding deposits, transfers, cheques and other bank balances. The City has an authorized operating line of credit of \$6,000,000, with an interest rate of prime less .50%, all of which was used at December 31, 2012.

Capital Fund bank indebtedness consists of a \$1,568,200 advance on an authorized capital line of credit of \$2,500,000, which was used as interim funding for 2012 capital expenditures. The interest rate is prime less .50%.

At December 31, 2012 prime was 3.00%.



Notes to the General Fund
 (Unaudited)
 December 31, 2012

3. Long Term Debt

	Interest Rate %	Maturity Date	2012	2011
Loans Repaid During the Year				2,103,988
Metro Credit Union	P-.50%	Demand	2,700,000	3,500,000
Bank of Montreal	5.69	2013	2,028,592	2,163,180
Pacific & Western	5.73	2013	15,858	30,857
RBC	1.93	2013	469,088	929,100
TD Canada Trust – 2011 Capital	1.73	2014	647,700	-
Bank of Montreal	4.99	2014	1,166,997	1,238,795
Bank of Montreal	5.06	2016	1,297,725	1,390,420
TD Canada Trust – Issue 81	2.74	2022	1,832,000	-
C.I.B.C	4.96	2027	24,969,509	26,075,294
			35,127,469	37,466,634
Loan Excluded from City's Debt Limit				
Summerside Raceway				
TD Canada Trust	4.51	2019	2,552,427	2,707,781
Total Payable			\$ 37,679,896	\$ 40,174,415

Prime rate at December 31, 2012 was 3.00%.

Scheduled principal repayments in each of the next five years are due as follows:
 2013 - \$2,603,706; 2014 - \$2,205,771; 2015 - \$1,964,453; 2016 - \$2,053,935; 2017 -
 \$2,147,778



Notes to the General Fund
(Unaudited)
December 31, 2012

4. Tangible Capital Assets

2012

General Fund	Cost					Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
Land	\$ 3,893,684	\$ 478,720	\$ -	\$ 4,372,404	\$ -	\$ -	\$ -	\$ -	4,372,404
Parks, Gardens and Trails	9,933,753	73,861	-	10,007,614	982,879	248,344	-	1,231,223	8,776,391
Parking Lots	112,286	-	-	112,286	89,108	1,220	-	90,328	21,958
Buildings	56,257,101	163,882	(27,322)	56,403,661	9,167,119	1,410,516	(1,366)	10,576,269	45,827,392
Sports and Events Fields	3,713,804	411,247	-	4,125,051	361,062	183,240	-	544,302	3,580,749
Equipment and Vehicles	6,160,345	626,061	(198,963)	6,587,443	2,964,138	371,170	(197,298)	3,138,010	3,449,432
Streets	33,388,370	354,793	(434,162)	33,309,001	15,651,699	1,987,616	(434,162)	17,205,153	16,103,848
Sidewalks	6,059,279	368,488	(156,930)	6,270,837	1,955,841	151,482	(156,930)	1,950,393	4,320,444
Stormlines	16,943,824	903,018	(198,125)	17,648,717	5,062,487	204,142	(198,125)	5,068,504	12,580,213
Wind Farm	29,432,358	-	-	29,432,358	1,381,930	736,165	-	2,118,095	27,314,263
Summerside Raceway	226,778	-	-	226,778	-	-	-	-	226,778
Raceway	8,117,543	2,167	-	8,119,710	382,739	202,971	-	585,711	7,533,999
Buildings	111,983	149,191	(111,983)	149,191	-	-	-	-	149,191
Work in Progress	174,361,107	3,531,428	(1,127,485)	176,765,051	37,989,002	5,486,866	(987,881)	42,507,988	134,257,065
Deferred Contributions	(63,222,645)	(3,223,826)	-	(66,446,471)	(8,919,506)	(1,756,074)	-	(11,675,580)	(54,770,892)
	\$ 111,138,463	\$ 307,602	\$ (1,127,485)	\$ 110,318,580	\$ 28,079,496	\$ 3,740,792	\$ (987,881)	\$ 30,832,409	\$ 79,486,163

2011

General Fund	Cost					Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
Land	\$ 3,893,684	\$ -	\$ -	\$ 3,893,684	\$ 750,262	\$ 232,617	\$ -	\$ 982,879	\$ 3,893,684
Parks, Gardens and Trails	9,304,669	629,064	-	9,933,733	87,888	1,220	-	89,108	8,950,874
Parking Lots	112,286	-	-	112,286	7,778,465	1,388,654	-	9,167,119	23,178
Buildings	55,699,801	567,300	-	56,267,101	180,753	180,309	-	361,062	47,089,982
Sports and Events Fields	3,655,180	58,624	-	3,713,804	2,667,574	343,203	(46,639)	2,964,138	3,352,741
Equipment and Vehicles	5,676,392	541,372	(57,359)	6,160,345	14,541,734	1,887,865	(777,900)	15,651,699	3,196,207
Streets	32,611,766	1,594,902	(777,900)	33,388,370	2,024,612	140,188	(208,959)	1,955,841	17,736,670
Sidewalks	5,607,504	660,734	(208,959)	6,059,279	4,980,523	187,717	(105,753)	5,062,487	4,103,437
Stormlines	15,580,515	1,469,062	(105,753)	16,943,824	683,936	697,994	-	1,381,930	11,881,337
Wind Farm	27,905,708	1,526,650	-	29,432,358	-	-	-	-	28,050,427
Summerside Raceway	226,778	-	-	226,778	-	-	-	-	226,778
Raceway	8,094,939	22,604	-	8,117,543	180,361	202,388	-	382,739	7,734,803
Buildings	574,521	111,983	(574,521)	111,983	-	-	-	-	111,983
Work in Progress	168,943,685	7,141,916	(1,724,492)	174,361,107	33,876,088	5,282,154	(1,139,250)	37,989,002	136,362,089
Deferred Contributions	(60,860,552)	(2,367,993)	-	(63,222,645)	(8,244,231)	(1,675,275)	-	(9,919,506)	(53,303,139)
	\$ 106,083,034	\$ 4,779,923	\$ (1,724,492)	\$ 111,138,463	\$ 25,631,867	\$ 3,596,879	\$ (1,139,250)	\$ 28,079,496	\$ 83,058,950



Notes to the General Fund
(Unaudited)
December 31, 2012

5. Reserves for Future Expenditures

	2012	2011
<u>General Revenue Fund</u>		
Funded Through Restricted Short Term Investments		
Accumulated Funds – World Softball	\$ 49,132	\$ 54,707
Accommodation Levy	<u>(8,925)</u>	<u>(18,329)</u>
Total General Revenue Funded Reserves	<u>40,207</u>	<u>36,378</u>
Unfunded		
Summerville Raceway	75,447	30,947
Business Park Fund	120,000	120,000
Attraction Fund	<u>55,000</u>	<u>55,000</u>
Total General Revenue Unfunded Reserves	<u>250,447</u>	<u>205,947</u>
Total General Revenue Reserves	<u>\$ 290,654</u>	<u>\$ 242,325</u>
<u>General Capital Fund</u>		
Funded Through Restricted Short Term Investments		
Parkland Dedication	<u>\$ 21,281</u>	<u>\$ 19,181</u>

6. Federal Gas Tax

Under the New Deal Gas Tax Funding for Incorporated Communities, funding will be allocated to incorporated communities for eligible project categories including public transit infrastructure, water infrastructure, wastewater treatment systems, storm sewer drainage systems, energy systems (including wind power), solid waste management and local roads and bridges. In prior years the following allocations have been received: 2006/07 \$412,702; 2007/08 \$550,270; 2008/09 \$687,837, 2009/10 \$1,374,774, 2011/2012 \$1,390,814, 2012/13 \$1,390,814. During 2012, the City received \$1,390,814. The monies received in 2007, 2008, 2009, 2010, 2011, and 2012 have been applied against the wind generation project.



Electric Utility
Non-Consolidated Statement of Operations
(Unaudited)
Year Ended December 31

	2012 Actual	2012 Budget	2011 Actual
Revenue	\$ <u>18,111,766</u>	\$ <u>17,908,472</u>	\$ <u>18,141,969</u>
Expenses			
Power Purchased	11,482,080	11,677,025	11,275,907
Generation	633,079	371,484	341,593
Operations	174,501	139,252	152,614
Substation	105,243	45,426	86,666
Underground Conduit and Cables	27,209	9,556	8,983
Overhead Conductors	103,984	116,817	98,874
Poles and Fixtures	99,254	106,856	93,521
Transformers	58,484	22,082	15,818
Services	53,677	39,318	32,420
Street Lighting	88,168	72,956	58,514
Meters	79,613	115,477	79,373
Customer Service	75,426	51,279	44,614
Administration	872,487	764,628	752,630
Fiscal and Other	881,297	783,300	708,146
Interfund Allocations	4,751,084	4,421,092	4,754,361
	<u>19,485,586</u>	<u>18,736,548</u>	<u>18,504,034</u>
Financing and Transfers			
Debt Principal Repayments	<u>737,220</u>	<u>704,550</u>	<u>721,686</u>
Expenses, Financing and Transfers	<u>20,222,806</u>	<u>19,441,098</u>	<u>19,225,720</u>
Change in Electric Utility Revenue Fund Balance	(2,111,040)	(1,532,626)	(1,083,751)
Opening Fund Balance	<u>(2,450,670)</u>	<u>(2,450,670)</u>	<u>(1,366,919)</u>
Ending Fund Balance	\$ <u>(4,561,710)</u>	\$ <u>(3,963,296)</u>	\$ <u>(2,450,670)</u>



Electric Utility
Non-Consolidated Revenue Fund Statement of Financial Position
(Unaudited)
December 31

	2012	2011
Financial Assets		
Cash	\$ -	\$ 25
Receivables	1,844,039	1,779,933
Receivable from Other Funds		
Electric Utility Capital Fund	1,275,584	1,179,738
Sinking Fund Investments, at Market Value	<u>933,369</u>	<u>944,208</u>
	<u>4,052,992</u>	<u>3,903,904</u>
Liabilities		
Bank Indebtedness	2,499,975	-
Payables and Accruals		
Trade and Customer Deposits	127,003	134,959
Deferred Revenue	1,418,840	1,154,844
Payable to Other Funds		
General Revenue Fund	3,655,536	4,184,737
Sick Leave	704,078	659,664
Future Pension Payments	<u>229,291</u>	<u>284,544</u>
	<u>8,634,723</u>	<u>6,418,748</u>
NET DEBT	(4,581,731)	(2,514,844)
Non-Financial Assets		
Inventories, at Cost	<u>977,825</u>	<u>1,021,978</u>
NET DEFICIENCY	<u>\$ (3,603,906)</u>	<u>\$ (1,492,866)</u>
Fund Balances		
Reserve for Deferred Line Maintenance	\$ 53,748	\$ 53,748
Reserve for Deferred Engine Maintenance	50,000	50,000
Reserve for Future Capital Expenditure	392,302	392,302
Equity Investment from General Revenue Fund	461,754	461,754
Fund Balance	<u>(4,561,710)</u>	<u>(2,450,670)</u>
	<u>\$ (3,603,906)</u>	<u>\$ (1,492,866)</u>



Electric Utility
Non-Consolidated Capital Fund Statement of Financial Position
(Unaudited)
December 31

	2012	2011
Financial Assets		
Receivables	\$ -	\$ 2,309,631
Due from General Capital Fund	<u>8,909,474</u>	<u>10,572,396</u>
	8,909,474	12,882,027
Liabilities		
Long Term Debt (Note 2)		
Interim	<u>1,442,523</u>	<u>5,142,968</u>
Long Term	<u>13,369,507</u>	<u>13,038,927</u>
	14,812,030	18,181,895
Payable to Other Funds		
Electric Utility Revenue Fund	<u>1,275,584</u>	<u>1,179,738</u>
	16,087,614	19,361,633
NET DEBT	(7,178,140)	(6,479,606)
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 3)	<u>14,260,018</u>	<u>13,843,221</u>
Deferred Contributions, Net of Amortization (Note 3)	<u>(302,565)</u>	<u>(309,003)</u>
NET ASSETS	\$ <u>6,779,313</u>	\$ <u>7,054,612</u>
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ 6,779,313</u>	<u>\$ 7,054,612</u>



Electric Utility
Non-Consolidated Statement of Investment in Tangible Capital
Assets
(Unaudited)
Year Ended December 31

	2012	2011
Long Term Debt Retirement		
Electric Utility Assets	\$ 737,220	\$ 721,686
General Fund Wind Farm	(272,109)	(260,940)
Transfer of Asset to Electric Utility	-	-
	<u>465,111</u>	<u>460,746</u>
Deduct:		
Amortization	740,410	663,439
Disposal of Assets, Net of Amortization	-	3,089
	<u>740,410</u>	<u>666,528</u>
Change in Investment in Tangible Capital Assets	(275,299)	(205,782)
Balance, Beginning of Year	<u>7,054,612</u>	<u>7,260,394</u>
Balance, End of Year	<u>\$ 6,779,313</u>	<u>\$ 7,054,612</u>



Notes to the Electric Utility

(Unaudited)

December 31, 2012

1. Summary of Significant Accounting Policies

Tangible Capital Assets

In compliance with Section 3150 the City records amortization of its assets over their estimated useful lives. The straight-line method of amortization is used. Amortization begins in the year following acquisition, except for major projects with revenue streams, for which Amortization begins upon substantial completion.

Asset Useful Lives (In Years)

Buildings	40
Substation	40
Generating Equipment	
Engines – Generation	50
Other Generating Equipment	20
Distribution and Collection Systems	40
Equipment and Vehicles	10-20



Notes to the Electric Utility
(Unaudited)
December 31, 2012

2. Long Term Debt

	Interest Rate %	Maturity Date	2012	2011
Interim				
National Bank – Wind Farm	P-.77%	Interim	<u>\$ 1,442,523</u>	<u>\$ 5,142,968</u>
Long Term				
Pacific & Western	5.73	2013	44,403	86,400
Royal Bank	3.57	2013	894,376	934,748
TD Canada Trust	3.41	2015	359,227	380,861
TD Canada Trust	3.41	2015	468,549	496,904
TD Canada Trust	3.47	2016	248,363	304,619
Bank of Montreal	5.06	2016	754,335	867,146
Bank of Montreal	4.92	2017	689,570	735,540
TD Canada Trust – 84	4.51	2019	359,702	381,350
RBC – 2010 Capital	3.13	2021	1,016,232	1,112,300
TD Canada Trust – 2011 Capital	1.73	2022	1,067,800	-
CMHC – Wind Farm	4.28	2030	7,466,950	7,739,059
			<u>13,369,507</u>	<u>13,038,927</u>
Total Long Term Debt			<u>\$ 14,812,030</u>	<u>\$ 18,181,895</u>

Prime rate at December 31, 2012 was 3.00%.

Scheduled principal repayments in each of the next five years are as follows:

2013 - \$856,182; 2014 - \$836,001; 2015 - \$861,146; 2016 – \$813,531; 2017 - \$772,212

The above noted interim loan is bridge financing for construction projects and is payable on demand. It is management's intention that this loan will be paid from contributions by other orders of government through various infrastructure funding programs as per the following scheduled payments.

	2013	2014	2015	Total
Building Canada Fund	\$ -	\$ -	\$ -	-
Gas Tax	<u>1,390,814</u>	<u>51,709</u>	-	<u>1,442,523</u>
Total Bridge Financing	<u>\$ 1,390,814</u>	<u>\$ 51,709</u>	<u>\$ -</u>	<u>\$ 1,442,523</u>



Notes to the Electric Utility
 (Unaudited)
 December 31, 2012

3. Tangible Capital Assets

2012

	Cost			Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Amortization Expenses	Amortization Adjustments	
Electric Utility							
Land	\$ 64,334	\$ -	\$ -	\$ 64,334	\$ -	\$ -	\$ 64,334
Buildings	597,927	-	-	597,927	14,257	-	99,074
Substation	3,403,497	-	-	3,403,497	85,841	-	1,632,836
Generating Equipment	9,094,419	633	-	9,095,052	302,002	-	3,300,433
Distribution System	12,178,497	381,464	(72,954)	12,487,008	304,462	(72,954)	7,821,890
Equipment and Vehicles	741,729	60,805	-	802,534	40,285	-	620,709
Work in Progress	-	720,740	-	720,740	-	-	720,740
	26,080,403	1,163,642	(72,954)	27,171,091	746,848	(72,954)	14,260,018
	(321,878)	-	-	(321,878)	(6,438)	-	(302,665)
Deferred Contributions	\$ 25,758,525	\$ 1,163,642	\$ (72,954)	\$ 26,849,213	\$ 740,410	\$ (72,954)	\$ 13,957,453

2011

	Cost			Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Amortization Expenses	Amortization Adjustments	
Electric Utility							
Land	\$ 64,334	\$ -	\$ -	\$ 64,334	\$ -	\$ -	\$ 64,334
Buildings	597,927	-	-	597,927	14,258	-	113,331
Substation	3,403,497	-	-	3,403,497	85,841	-	1,718,678
Generating Equipment	8,674,323	420,096	-	9,094,419	257,323	-	3,601,803
Distribution System	11,598,453	580,044	-	12,178,497	289,961	-	7,744,888
Equipment and Vehicles	405,389	351,776	(15,436)	741,729	22,492	(12,349)	600,188
Work in Progress	284,093	-	(284,093)	-	-	-	-
	25,028,016	1,351,916	(299,529)	26,080,403	669,876	(12,349)	13,843,221
	(321,878)	-	-	(321,878)	(6,437)	-	(309,003)
Deferred Contributions	\$ 24,706,138	\$ 1,351,916	\$ (299,529)	\$ 25,758,525	\$ 663,439	\$ (12,349)	\$ 13,534,218



Water Utility
Non-Consolidated Statement of Operations
(Unaudited)
Year Ended December 31

	2012 Actual	2012 Budget	2011 Actual
Revenue			
Sales to Customers	\$ 1,111,682	\$ 1,123,545	\$ 1,088,740
Fire Protection	483,000	483,000	483,000
Other	10,200	16,072	15,914
	<u>1,604,882</u>	<u>1,622,617</u>	<u>1,587,654</u>
Expenses			
Distribution Expenses	493,419	432,880	487,399
Pumping	130,159	140,324	179,873
Administration and Other	38,384	56,071	47,664
Overhead	244,668	248,200	209,801
Interfund Allocations	420,564	410,392	491,063
	<u>1,327,194</u>	<u>1,287,867</u>	<u>1,415,800</u>
Financing and Transfers			
Debt Principal Repayments	334,509	334,750	296,699
Reserve for Future Expenditures	(16,878)	-	(124,845)
Expenses, Financing and Transfers	<u>1,644,825</u>	<u>1,622,617</u>	<u>1,587,654</u>
Change in Water Utility Revenue Fund Balance	(39,943)	-	-
Opening Fund Balance	-	-	-
Ending Fund Balance	<u>\$ (39,943)</u>	<u>\$ -</u>	<u>\$ -</u>



Sewer Utility
Non-Consolidated Statement of Operations
(Unaudited)
Year Ended December 31

	2012	2012	2011
	Actual	Budget	Actual
Revenue	\$ <u>2,825,144</u>	\$ <u>2,829,968</u>	\$ <u>2,765,507</u>
Expenses			
Distribution - Sewer	348,184	290,794	299,362
Operations – Pollution	1,285,993	1,329,283	1,338,581
Administration and Other	45,285	48,391	156,805
Overhead	330,439	320,400	309,804
Interfund Allocations	378,172	387,497	299,741
	<u>2,388,073</u>	<u>2,376,368</u>	2,404,293
Financing and Transfers			
Debt Principal Repayments	<u>453,431</u>	<u>453,600</u>	361,214
Expenses, Financing and Transfers	<u>2,841,504</u>	<u>2,829,968</u>	<u>2,765,507</u>
Change in Sewer Utility Revenue Fund Balance	(16,360)	-	-
Opening Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Closing Fund Balance	\$ <u>(16,360)</u>	\$ <u>-</u>	\$ <u>-</u>



Water and Sewer Utilities
Non-Consolidated Combined Revenue Fund Statement of
Financial Position
(Unaudited)
December 31

	2012	2011
Financial Assets		
Receivables	\$ 900,323	\$ 879,534
Sinking Fund Investments, at Market Value	357,994	348,814
Receivable from Other Funds		
Water Utility Capital Fund	1,031,139	2,370,840
Sewer Utility Capital Fund	<u>1,084,507</u>	<u>1,262,550</u>
	<u>3,373,963</u>	<u>4,861,738</u>
Liabilities		
Payables and Accruals		
Trade and Customer Deposits	97,680	391,738
Payable to Other Funds		
General Revenue Fund	3,137,999	4,255,275
Sick Leave	312,945	293,204
Future Pension Payments	<u>45,049</u>	<u>55,610</u>
	<u>3,593,673</u>	<u>4,995,827</u>
NET FINANCIAL ASSETS (LIABILITIES)	(219,710)	(134,089)
Non-Financial Assets		
Inventories of Materials and Supplies, at Cost	<u>163,407</u>	<u>150,967</u>
NET ASSETS	\$ <u>(56,303)</u>	\$ <u>16,878</u>
Fund Balances		
Reserve for Future Expenditures	\$ -	\$ 16,878
Fund Balance	<u>(56,303)</u>	<u>-</u>
	<u>\$ (56,303)</u>	<u>\$ 16,878</u>



Water Utility
Non-Consolidated Capital Fund Statement of Financial Position
(Unaudited)
December 31

	2012	2011
Financial Assets		
Receivable from Other Funds		
Sewer Utility Capital Fund	\$ <u>344,666</u>	\$ <u>344,666</u>
	<u>344,666</u>	<u>344,666</u>
Liabilities		
Long Term Debt (Note 2)	6,009,185	4,573,894
Payable to Other Funds		
Water and Sewer Utilities	<u>1,031,139</u>	<u>2,370,840</u>
	<u>7,040,324</u>	<u>6,944,734</u>
NET DEBT	<u>(6,695,658)</u>	<u>(6,600,068)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	14,744,283	14,593,823
Deferred Contributions, Net of Amortization (Note 4)	(1,157,915)	(1,173,103)
Intangible Assets, Net of Amortization	<u>3,473</u>	<u>8,316</u>
	<u>13,589,841</u>	<u>13,429,036</u>
NET ASSETS	\$ <u>6,894,183</u>	\$ <u>6,828,968</u>
Fund Balances		
Investment in Tangible Capital Assets	\$ <u>6,894,183</u>	\$ <u>6,828,968</u>



Water Utility
Non-Consolidated Statement of Investment in Tangible Capital Assets
(Unaudited)
Year Ended December 31

	2012	2011
Long Term Debt Retirement	\$ 334,509	\$ 296,699
Deduct:		
Amortization	269,294	242,103
Disposal of Assets, Net of Amortization	-	2,327
	<u>269,294</u>	<u>244,430</u>
Change in Investment in Tangible Capital Assets	65,215	52,269
Balance, Beginning of Year	<u>6,828,968</u>	<u>6,776,699</u>
Balance, End of Year	<u>\$ 6,894,183</u>	<u>\$ 6,828,968</u>



Sewer Utility
Non-Consolidated Capital Fund Statement of Financial Position
(Unaudited)
December 31

	<u>2012</u>	<u>2011</u>
Liabilities		
Long Term Debt (Note 3)	10,781,024	10,375,855
Payable to Other Funds		
Water Utility Capital Fund	344,666	344,666
Water and Sewer Utilities Revenue Funds	1,084,507	1,262,550
	12,210,197	11,983,071
NET DEBT	(12,210,197)	(11,983,071)
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 5)	28,205,370	28,313,928
Deferred Contributions, Net of Amortization (Note 5)	(10,676,368)	(10,962,981)
	17,529,002	17,350,947
NET ASSETS	\$ 5,318,805	\$ 5,367,876
Fund Balances		
Investment in Tangible Capital Assets	\$ 5,318,805	\$ 5,367,876



Sewer Utility
Non-Consolidated Statement of Investment in Tangible Capital Assets
(Unaudited)
Year Ended December 31

	2012	2011
Long Term Debt Retirement	\$ <u>453,431</u>	\$ <u>361,214</u>
Deduct:		
Amortization	502,503	487,720
Disposal of Assets, Net of Amortization	<u>-</u>	<u>2,327</u>
	<u>502,503</u>	<u>490,047</u>
Change in Investment in Tangible Capital Assets	(49,072)	(128,833)
Balance, Beginning of Year	<u>5,367,876</u>	<u>5,496,709</u>
Balance, End of Year	\$ <u>5,318,805</u>	\$ <u>5,367,876</u>



Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2012

1. Summary of Significant Accounting Policies

Tangible Capital Assets

In compliance with Section 3150 the City records amortization of its assets over their estimated useful lives. The straight-line method of amortization is used. Amortization begins in the year following acquisition, except for major projects with revenue streams, for which Amortization begins upon substantial completion.

Assets Useful Lives (In Years)

Water Utility

Wells and Springs	83
Buildings	40
Water Towers	83
Distribution and Collection Systems	83
Equipment and Vehicles	10-20

Sewer Utility

Buildings	40
Lagoon	50
Distribution and Collection Systems	83
Equipment and Vehicles	10-20

2. Long Term Debt – Water Utility

	Interest Rate %	Maturity Date	2012	2011
Bank of Montreal	5.69	2013	\$ 487,728	\$ 520,248
Royal Bank	3.57	2013	359,984	376,379
TD Canada Trust	2.65	2014	102,640	152,000
TD Canada Trust	3.14	2015	134,787	142,904
TD Canada Trust	3.44	2015	391,024	406,604
TD Canada Trust	3.47	2016	38,203	46,969
Bank of Montreal	5.06	2016	1,014,170	1,132,325
Bank of Montreal	4.92	2017	623,250	664,800
TD Canada Trust	4.51	2019	191,804	203,665
RBC	3.57	2021	895,795	928,000
TD Canada Trust	3.08	2022	1,769,800	-
Total			<u>\$ 6,009,185</u>	<u>\$ 4,573,894</u>

Prime rate at December 31, 2012 was 3.00%.

Scheduled principal repayments in each of the next five years are as follows:

2013 - \$406,339; 2014 - \$415,241; 2015 - \$371,056; 2016 - \$329,243; 2017 - \$327,308.

Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2012

3. Long Term Debt – Sewer Utility

	Interest Rate %	Maturity Date	2012	2011
Royal Bank	P- 0.65%	Demand	\$ 6,450,000	\$ 6,700,000
Bank of Montreal	5.69	2013	47,728	50,911
Pacific & Western	5.73	2013	19,030	37,028
Royal Bank	3.57	2013	394,003	411,948
TD Canada Trust	4.51	2013	23,870	25,346
Bank of Montreal	5.69	2013	307,860	328,387
TD Canada Trust	3.44	2015	758,572	788,797
TD Canada Trust	3.41	2015	161,328	171,238
TD Canada Trust	3.47	2016	122,899	151,099
Bank of Montreal	5.06	2016	247,583	265,804
Bank of Montreal	4.92	2017	145,125	154,800
TD Canada Trust	4.66	2019	223,954	232,293
TD Canada Trust	4.51	2019	36,356	38,604
RBC	3.57	2021	984,116	1,019,600
TD Canada Trust	3.08	2022	858,600	-
Total			<u>\$ 10,781,024</u>	<u>\$10,375,855</u>

Prime rate at December 31, 2012 was 3.00%.

Scheduled principal repayments in each of the next five years are as follows:

2013 - \$442,258; 2014 - \$430,648; 2015 - \$438,361; 2016 - \$446,520; 2017 - \$421,368.



**Notes to the Water and Sewer Utilities
(Unaudited)
December 31, 2012**

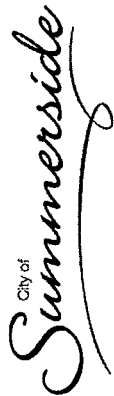
4. Tangible Capital Assets – Water Utility

2012

	Cost				Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	
Water Utility								
Land	\$ 216,322	\$ -	\$ -	\$ 216,322	\$ -	\$ -	\$ -	\$ 216,322
Wells and Springs	1,475,228	-	-	1,475,228	18,391	-	-	1,119,918
Buildings	888,354	51,035	-	939,389	30,045	-	-	401,381
Water Towers	2,441,673	-	-	2,441,673	29,418	-	-	2,072,104
Distribution System	16,308,091	317,092	(57,066)	16,568,117	196,483	(57,066)	-	10,791,615
Equipment and Vehicles	228,413	46,703	-	275,116	10,146	-	-	122,831
Work in Progress	-	20,113	-	20,113	-	-	-	20,113
	21,558,081	434,943	(57,066)	21,935,958	284,482	(57,066)	-	14,744,283
	(1,260,580)	-	-	(1,260,580)	(15,188)	-	-	(1,157,915)
Deferred Contributions	\$ 20,297,501	\$ 434,943	\$ (57,066)	\$ 20,675,378	\$ 269,294	\$ (57,066)	\$ (87,477)	\$ 7,089,010
								\$ 13,586,368

2011

	Cost				Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	
Water Utility								
Land	\$ 216,322	\$ -	\$ -	\$ 216,322	\$ -	\$ -	\$ -	\$ 216,322
Wells and Springs	1,437,401	37,827	-	1,475,228	17,621	-	-	1,138,309
Buildings	857,538	30,816	-	888,354	19,934	-	-	380,390
Water Towers	2,441,673	-	-	2,441,673	29,418	-	-	2,101,521
Distribution System	14,821,607	1,672,151	(185,667)	16,308,091	178,574	(185,667)	-	10,671,006
Equipment and Vehicles	211,021	29,023	(11,631)	228,413	11,745	(9,305)	-	86,274
	19,985,562	1,769,816	(197,298)	21,558,081	257,291	(194,971)	-	14,593,823
	(1,260,580)	-	-	(1,260,580)	(15,188)	-	-	(1,173,103)
Deferred Contributions	\$ 18,724,982	\$ 1,769,816	\$ (197,298)	\$ 20,297,501	\$ 242,103	\$ (194,971)	\$ (87,477)	\$ 13,420,720



Notes to the Water and Sewer Utilities
(Unaudited)
December 31, 2012

5. Tangible Capital Assets – Sewer Utility

2012

	Cost			Accumulated Amortization			Net Book Value	
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses		Amortization Adjustments
Sewer Utility								
Land	\$ 22,541	\$ -	\$ -	\$ 22,541	\$ -	\$ -	\$ -	\$ 22,541
Buildings	25,421,138	124,607	-	25,545,745	648,108	-	-	21,920,229
Lagoon	246,004	-	-	246,004	4,920	-	-	196,804
Distribution System	9,194,504	379,308	(30,783)	9,543,029	110,777	(30,783)	(30,783)	5,678,992
Equipment and Vehicles	430,383	13,889	-	444,272	25,311	-	-	224,052
Work in Progress	-	162,753	-	162,753	-	-	-	162,753
	<u>35,314,570</u>	<u>680,558</u>	<u>(30,783)</u>	<u>35,964,344</u>	<u>789,116</u>	<u>(30,783)</u>	<u>(30,783)</u>	<u>28,205,370</u>
Deferred Contributions	(12,071,355)	-	-	(12,071,355)	(286,613)	-	-	(10,676,368)
	<u>\$ 23,243,215</u>	<u>\$ 680,558</u>	<u>\$ (30,783)</u>	<u>\$ 23,892,989</u>	<u>\$ 502,503</u>	<u>\$ (30,783)</u>	<u>\$ (30,783)</u>	<u>\$ 17,529,002</u>

2011

	Cost			Accumulated Amortization			Net Book Value	
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses		Amortization Adjustments
Sewer Utility								
Land	\$ 22,541	\$ -	\$ -	\$ 22,541	\$ -	\$ -	\$ -	\$ 22,541
Buildings	25,142,911	278,227	-	25,421,138	638,904	-	-	22,443,730
Lagoon	246,004	-	-	246,004	4,920	-	-	201,724
Distribution System	8,725,719	497,376	(28,591)	9,194,504	105,129	(28,591)	(28,591)	5,410,461
Equipment and Vehicles	431,073	10,951	(11,541)	430,383	25,380	(9,313)	(9,313)	235,473
Work in Progress	-	786,554	-	786,554	774,333	-	-	28,313,928
	<u>34,568,248</u>	<u>786,554</u>	<u>(40,232)</u>	<u>35,314,570</u>	<u>774,333</u>	<u>(37,904)</u>	<u>(37,904)</u>	<u>28,313,928</u>
Deferred Contributions	(12,071,355)	-	-	(12,071,355)	(286,613)	-	-	(10,962,981)
	<u>\$ 22,496,893</u>	<u>\$ 786,554</u>	<u>\$ (40,232)</u>	<u>\$ 23,243,215</u>	<u>\$ 487,720</u>	<u>\$ (37,904)</u>	<u>\$ (37,904)</u>	<u>\$ 17,350,947</u>



Summerville Community Network
Non-Consolidated Statement of Operations
(Unaudited)
Year Ended December 31

	2012 Actual	2012 Budget	2011 Actual
Revenue	\$ <u>607,545</u>	\$ <u>549,107</u>	\$ 549,653
Expenses			
Customer Service Costs	123,704	86,887	39,200
Bandwidth Costs	63,777	62,000	65,794
Installation and Service	133,718	131,686	177,102
Equipment and System Maintenance	88,387	82,001	89,634
Building Maintenance and Operations	108,900	99,533	116,230
Interest on Long Term Debt	<u>16,559</u>	<u>17,900</u>	<u>16,159</u>
	535,045	480,007	504,119
Financing and Transfers			
Debt Principal Repayments	69,009	69,100	45,534
Debt Reduction Allocation	<u>3,491</u>	<u>-</u>	<u>-</u>
Expenses, Financing and Transfers	<u>607,545</u>	<u>549,107</u>	<u>549,653</u>
Change in Revenue Fund Balance	-	-	-
Opening Fund Balance	<u>13,275</u>	<u>13,275</u>	<u>13,275</u>
Closing Fund Balance	\$ <u>13,275</u>	\$ <u>13,275</u>	\$ <u>13,275</u>



Summerside Community Network
Non-Consolidated Revenue Fund Statement of Financial Position
(Unaudited)
December 31

	2012	2011
Financial Assets		
Receivable from Other Funds		
General Revenue Fund	\$ <u>26,270</u>	\$ <u>22,778</u>
NET ASSETS	\$ <u>26,270</u>	\$ <u>22,778</u>
Fund Balances		
Reserve for Debt Reduction	\$ 12,995	\$ 9,503
Fund Balance	<u>13,275</u>	<u>13,275</u>
	\$ <u>26,270</u>	\$ <u>22,778</u>



Summerside Community Network
Non-Consolidated Capital Fund Statement of Financial Position
(Unaudited)
December 31

	2012	2011
Liabilities		
Long Term Debt (Note 3)	\$ 491,019	\$ 446,628
Payable to Other Funds		
General Revenue Fund	<u>146,320</u>	<u>133,807</u>
NET DEBT	<u>(637,339)</u>	<u>(580,435)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	394,589	1,284,696
Deferred Contributions, Net of Amortization (Note 4)	<u>-</u>	<u>(898,092)</u>
	<u>394,589</u>	<u>386,604</u>
NET LIABILITIES	\$ <u>(242,750)</u>	\$ <u>(193,831)</u>
Fund Balances		
Investment in Tangible Capital Assets	\$ <u>(242,750)</u>	\$ <u>(193,831)</u>



Summerville Community Network
Non-Consolidated Statement of Investment in Tangible Capital
Assets
(Unaudited)
Year Ended December 31

	2012	2011
Long Term Debt Retirement	\$ 69,009	\$ 45,534
Deduct:		
Amortization	<u>117,928</u>	<u>100,768</u>
Change in Investment in Tangible Capital Assets	(48,919)	(55,234)
Balance, Beginning of Year	<u>(193,831)</u>	<u>(138,597)</u>
Balance, End of Year	\$ <u>(242,750)</u>	\$ <u>(193,831)</u>



Notes to the Summerside Community Network

(Unaudited)

December 31, 2012

1. Nature of Operations

Summerside Community Network operates a wireless data transmission network and is an internet service provider to residential and business customers in Prince and Queen's Counties in Prince Edward Island. The provision of internet services commenced commercial operations in 2006 under the trade name of Route 2. Summerside Community Network also provides information technology, infrastructure, equipment and support to all City departments.

2. Summary of Significant Accounting Policies

Tangible Capital Assets

In compliance with Section 3150 the City records amortization of its assets over their estimated useful lives. The straight-line method of amortization is used. Amortization begins in the year following acquisition, except for major projects with revenue streams, for which amortization begins upon substantial completion.

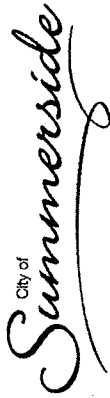
Asset Useful Lives (In Years)

Distribution System	7
Vehicles	10
Equipment	5

3. Long Term Debt

	Interest Rate %	Maturity Date	2012	2011
Royal Bank	3.57	2013	\$ 109,734	\$ 114,732
TD Canada Trust	2.94	2014	26,407	38,958
TD Canada Trust	2.92	2015	77,453	101,853
RBC	2.34	2016	94,039	116,200
Bank of Montreal	5.06	2016	49,286	52,805
Bank of Montreal	4.92	2017	20,700	22,080
TD Canada Trust	2.17	2017	113,400	-
			<u>\$ 491,019</u>	<u>\$ 446,628</u>

Scheduled principal repayments in each of the next five years are as follows:
 2013 - \$92,511; 2014 - \$94,928; 2015 - \$83,485; 2016 - \$58,174; 2017 - \$34,542.



Notes to the Summerside Community Network

(Unaudited)

December 31, 2012

4. Tangible Capital Assets

2012

	Cost			Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	
Summerside Community Network							
Distribution System	\$ 6,286,643	\$ -	\$ -	\$ 6,286,643	\$ 5,388,552	\$ 898,092	\$ 6,286,643
Vehicles	102,542	-	-	102,542	45,149	10,254	55,404
Equipment	622,212	125,912	(29,842)	718,283	292,999	107,674	370,831
	7,011,397	125,912	(29,842)	7,107,468	5,726,700	1,016,020	6,712,878
Deferred Contributions	(6,286,644)	-	-	(6,286,644)	(5,388,552)	(898,092)	(6,286,644)
	724,753	125,912	(29,842)	820,824	338,148	117,928	426,234

2011

	Cost			Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	
Summerside Community Network							
Distribution System	\$ 6,286,643	\$ -	\$ -	\$ 6,286,643	\$ 4,490,460	\$ 898,092	\$ 898,091
Vehicles	102,542	-	-	102,542	34,895	10,254	57,392
Equipment	522,920	113,362	(14,070)	622,212	216,555	90,514	329,213
	6,912,105	113,362	(14,070)	7,011,397	4,741,910	998,860	1,284,696
Deferred Contributions	(6,286,644)	-	-	(6,286,644)	(4,490,460)	(898,092)	(898,092)
	625,461	113,362	(14,070)	724,753	251,450	100,768	386,604



Electro Thermal Storage Program
Non-Consolidated Statement of Operations
(Unaudited)
Year Ended December 31

	2012 Actual	2012 Budget	2011 Actual
Sales	\$ <u>219,306</u>	\$ <u>487,450</u>	\$ <u>121,862</u>
Expenses			
Cost of Sales	226,224	398,612	113,730
Administration	11,875	23,349	7,581
Wages and Benefits	85,768	76,141	23,456
Interfund Allocations	(104,821)	(11,792)	(22,905)
Interest on Long Term Debt	<u>260</u>	<u> </u>	<u> </u>
Expenses, Financing and Transfers	<u>219,306</u>	<u>487,450</u>	<u>121,862</u>
Change in Revenue Fund Balance	-	-	-
Opening Fund Balance	<u> </u>	<u> </u>	<u> </u>
Closing Fund Balance	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>



Electro Thermal Storage Program
Non-Consolidated Revenue Fund Statement of Financial Position
(Unaudited)
December 31

	2012	2011
Financial Assets		
Receivables	\$ 44,603	\$ 9,841
Liabilities		
Payable to Other Funds		
General Revenue Fund	<u>196,491</u>	<u>223,561</u>
NET LIABILITIES	(151,888)	(213,720)
Non-Financial Assets		
Inventories of Materials and Supplies, at Cost	<u>151,888</u>	<u>213,720</u>
NET ASSETS	\$ <u> -</u>	\$ <u> -</u>
Fund Balance	\$ <u> -</u>	\$ <u> -</u>



Electro Thermal Storage Program
Non-Consolidated Capital Fund Statement of Financial Position
(Unaudited)
December 31

	2012	2011
Liabilities		
Long Term Debt (Note 3)	46,000	-
Payable to Other Funds	\$	\$
General Revenue Fund	<u>105,312</u>	<u>46,033</u>
NET DEBT	(151,312)	(46,033)
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	<u>146,709</u>	<u>46,033</u>
NET ASSETS	\$ (4,603)	\$ -
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ (4,603)</u>	<u>\$ -</u>



Electro Thermal Storage Program
Non-Consolidated Statement of Investment in Tangible Capital
Assets
(Unaudited)
December 31

	2012	2011
Long Term Debt Retirement	\$ <u> -</u>	\$ <u> -</u>
Deduct:		
Amortization	<u> 4,603</u>	<u> -</u>
Change in Investment in Tangible Capital Assets	(4,603)	-
Balance, Beginning of Year	<u> -</u>	<u> -</u>
Balance, End of Year	\$ <u> (4,603)</u>	\$ <u> -</u>



Notes to the Electro Thermal Storage Program

(Unaudited)

December 31, 2012

1. Nature of Operations

The Electro Thermal Storage Program offers water, space heating and furnace units capable of short term storage of heat energy. Units are available on a sale, lease or rental basis. Customers of Summerside Electric are eligible for discounted electrical rates which vary based on the specific unit(s) installed.

2. Summary of Significant Accounting Policies

Tangible Capital Assets

In compliance with Section 3150 the City records amortization of its assets over their estimated useful lives. The straight-line method of amortization is used. Amortization begins in the year following acquisition, except for major projects with revenue streams, for which amortization begins upon substantial completion.

Asset Useful Lives (In Years)

Thermal Room Heaters	10
Water Heaters	10
Furnaces	10

3. Long Term Debt

	Interest Rate %	Maturity Date	2012	2011
TD Canada Trust	2.74	2022	<u>46,000</u>	-
			<u>\$ 46,000</u>	<u>\$ -</u>

Scheduled principal repayments in each of the next five years are as follows:
 2013 - \$4,055; 2014 - \$4,167; 2015 - \$4,283; 2016 - \$4,402; 2017 - \$4,524.
