



Financial Statements

December 31, 2013



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Independent auditor's report

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To His Worship the Mayor and
Members of the City Council

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, 2013, the consolidated statements of operations, 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 Public Sector Accounting Standards, 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 consolidated financial statements present fairly, in all material respects, the financial position of the City of Summerside as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Grant Thornton LLP

Summerside, Prince Edward Island

March 20, 2014

Chartered Accountants



Consolidated Statement of Operations
Year Ended December 31

	2013 Budget (Note 9)	2013 Actual	2012 Actual (Restated – Note 2)
Revenue			
General Fund	\$ 17,187,767	\$ 19,241,245	\$ 21,749,602
Electric Utility	18,500,634	18,967,333	18,111,766
Water Utility	1,644,516	1,635,265	1,604,882
Sewer Utility	2,924,621	3,359,491	2,825,144
Summerville Community Network	628,453	580,615	607,545
Electro Thermal Storage Program	261,353	246,005	219,306
	<u>41,147,344</u>	<u>44,029,954</u>	<u>45,118,245</u>
Expenses			
General Fund	17,421,181	18,722,777	18,972,281
Electric Utility	18,666,519	18,241,181	20,232,434
Water Utility	1,480,895	1,646,042	1,594,797
Sewer Utility	3,262,996	3,435,351	3,177,188
Summerville Community Network	653,335	605,497	1,554,556
Electro Thermal Storage Program	272,429	257,081	223,909
	<u>41,757,355</u>	<u>42,907,929</u>	<u>45,755,165</u>
Annual Surplus (Deficit) Before Other	\$ <u>(610,011)</u>	1,122,025	(636,920)
Other (Note 7)		<u>77,486</u>	<u>37,044</u>
Annual Surplus (Deficit)		\$ <u>1,199,511</u>	\$ <u>(599,876)</u>
Accumulated Surplus, Beginning of Year			
As previously stated		\$ 46,840,028	\$ 47,701,327
Prior Period Adjustment (Note 2)		<u>66,907,741</u>	<u>66,646,318</u>
As Restated		113,747,769	114,347,645
Annual Surplus		<u>1,199,511</u>	<u>(599,876)</u>
Accumulated Surplus, End of Year		<u>\$114,947,280</u>	<u>\$113,747,769</u>



Consolidated Statement of Financial Position
December 31

	2013	2012 (Restated – Note 2)
Financial Assets		
Receivables	\$ 7,175,065	\$ 6,004,839
Restricted Short Term Investments	76,155	61,488
Sinking Fund Investments, at Market Value	<u>1,934,182</u>	<u>1,807,792</u>
	<u>9,185,402</u>	<u>7,874,119</u>
Liabilities		
Bank Indebtedness (Note 4)	10,374,397	9,018,207
Payables and Accruals		
Trade and Customer Deposits	5,006,324	4,872,534
Accrued Interest	363,622	513,785
Deferred Revenue	1,767,642	1,418,840
Long Term Debt (Note 11)		
Interim	-	1,442,523
Long Term	66,684,397	68,376,631
Sick Leave	1,728,717	1,533,452
Future Pension Payments	<u>205,465</u>	<u>274,340</u>
	<u>86,130,564</u>	<u>87,450,312</u>
NET DEBT	<u>(76,945,162)</u>	<u>(79,576,193)</u>
Non-Financial Assets		
Intangibles, Net of Amortization	-	3,473
Tangible Capital Assets, Net of Amortization (Note 10)	190,503,404	192,008,025
Inventory of Materials and Supplies, at Cost	<u>1,389,038</u>	<u>1,312,464</u>
	<u>191,892,442</u>	<u>193,323,962</u>
Accumulated Surplus (Note 5)	<u>\$ 114,947,280</u>	<u>\$ 113,747,769</u>

Commitments and Contingencies (Note 6)

On Behalf of the Council

On Behalf of Management



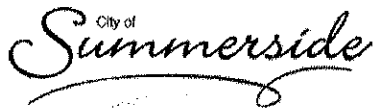
Consolidated Statement of Cash Flows
Year Ended December 31

	2013	2012 (Restated – Note 2)
Increase (Decrease) in Cash and Cash Equivalents		
Operating		
Annual Surplus (Deficit)	\$ 1,199,511	\$ (599,876)
Amortization	7,448,029	8,337,934
Change in Non-Cash Operating Working Capital	(911,274)	1,634,611
Change in Short Term Investments	(14,292)	(5,929)
Change in Sinking Funds	(126,390)	(30,918)
Change in Sick Leave and Pension Liability	126,390	30,918
	<u>7,721,974</u>	<u>9,366,740</u>
Financing		
Change in Long Term Debt	<u>(3,134,757)</u>	<u>(3,933,533)</u>
Investing		
Change in Tangible Capital Assets		
Additions	(6,972,713)	(6,041,762)
Reduction of Work in Progress	987,269	111,983
Disposals		
Cost	961,537	1,206,148
Accumulated Amortization	(919,500)	(1,178,526)
	<u>(5,943,407)</u>	<u>(5,902,157)</u>
Net Increase in Bank Indebtedness	(1,356,190)	(468,950)
Bank Indebtedness, Beginning of Year	<u>(9,018,207)</u>	<u>(8,549,257)</u>
Bank Indebtedness, End of Year	<u>\$ (10,374,397)</u>	<u>\$ (9,018,207)</u>



Consolidated Statement of Change in Net Debt
Year Ended December 31

	2013 Budget <small>(Note 9)</small>	2013 Actual	2012 Actual <small>(Restated – Note 2)</small>
Annual Surplus (Deficit)	\$ (610,011)	\$ 1,199,511	\$ (599,876)
Change in Intangibles	3,473	3,473	4,843
Change in Inventory	(76,574)	(76,574)	101,645
Acquisition of Tangible Capital Assets, net	(6,335,122)	(5,943,408)	(5,902,159)
Amortization of Tangible Capital Assets	<u>7,448,029</u>	<u>7,448,029</u>	<u>8,337,934</u>
Decrease in Net Debt	429,795	2,631,031	1,942,387
Net Debt, Beginning of Year	<u>(79,576,193)</u>	<u>(79,576,193)</u>	<u>(81,518,580)</u>
Net Debt, End of Year	\$ <u>(79,146,398)</u>	\$ <u>(76,945,162)</u>	\$ <u>(79,576,193)</u>



Notes to the Consolidated Financial Statements December 31, 2013

1. Summary of Significant Accounting Policies

The consolidated financial statements of the City of Summerside are prepared by management in accordance with Canadian Public Sector Accounting Standards 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, surplus 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 balance's 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, 2013

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.

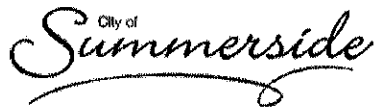
In compliance with Section 3150 the City records amortization of its assets over their estimated useful lives. The straight-line method of amortization is used. Amortization begins in the year following acquisition, except for major projects with revenue streams, for which amortization begins upon substantial 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
Summerville Community Network	7
Streets	
Local	25
Collector	10
Sidewalks	40
Storm lines	83
Wind Farm	25

i) Government Transfers Policy

Government transfers are the transfer of funds from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future or are not the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined.



Notes to the Consolidated Financial Statements
December 31, 2013

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, 2013 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:

2013			
	Accumulated Credits		2013 Liability
	Early Retirement	Regular Retirement	
General Fund	\$ 1,050,039	\$ 1,483,298	\$ 582,189
Electric Fund	235,214	345,580	793,733
Water and Sewer	121,656	166,914	352,795
	<u>\$ 1,406,909</u>	<u>\$ 1,995,792</u>	<u>\$ 1,728,717</u>
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>

The fair market value of the sinking funds available to fund future liabilities is \$1,728,717 (2012-\$1,533,452).

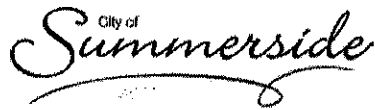


Notes to the Consolidated Financial Statements
December 31, 2013

2. Change in Accounting Policy

Effective January 1, 2013 the City has restated its consolidated financial statements to comply with the provisions of the new PSA Handbook Section PS 3410 "Government Transfers", which replaced the existing standard of the same name. Government transfers are the transfer of funds from senior levels of government that are not expected to be repaid in the future or are not the result of a direct financial return. The standard requires that government transfers be recognized in the consolidated financial statements as revenue in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. The standard can be applied on a prospective or retrospective basis. The City chose to record government transfers on a retrospective basis, with restatement of prior years. Under previous standards, the City had the option to defer and amortize government contributions received for capital over the useful life of the related assets. This is no longer an option under PS 3410. This accounting change had the following impact on the City's consolidated financial statements:

	Previously Stated <u>2012</u>	Adjustment <u>2012</u>	Restated <u>2012</u>
Statement of operations and surplus:			
Revenue	\$ 41,894,419	\$ 3,223,826	\$ 45,118,245
Expenses	<u>42,755,718</u>	<u>2,962,403</u>	<u>45,718,121</u>
Surplus	<u>(861,299)</u>	<u>261,423</u>	<u>(599,876)</u>
Statement of financial position:			
Accumulated surplus,			
Beginning of year	47,701,327	66,646,318	114,347,645
End of year	46,840,028	66,907,741	113,747,769
Contributions in aid of construction	(66,907,741)	66,907,741	-



Notes to the Consolidated Financial Statements December 31, 2013

3. 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, 2013 are \$205,465 (2012 - \$274,341).

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, 2013

3. Pension Plans (cont'd)

The most recent actuarial report was completed in August 2013 for the year ended December 31, 2012 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, 2013 is expected to be completed in mid 2014.

	2012
Accrued Benefit Obligations	\$ <u>27,062,261</u>
Plan Assets	
Fair Value, Beginning of Year	20,126,551
Return on Plan Assets	2,162,691
Administrative and Investment Management Fees	(157,890)
Benefits Paid	(958,100)
Employee Contributions	719,010
Employer Contributions	719,065
	<u>22,611,327</u>
Funded Status -- Plan Deficit	(4,450,934)
Investment Valuation Reserve	<u>(245,504)</u>
Actuarial Deficit	\$ <u>(4,696,438)</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, 2013

4. Bank Indebtedness

Bank indebtedness consists of a \$2,204,609 advance on the City's line of credit and \$2,362,926 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 \$1,432,465 was unused at December 31, 2013. 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, 2013 prime was 3.00%.

5. Revenue and Capital Funds

	2013	2012 (Restated – Note 2)
Revenue Fund Balances		
General	\$ (778,325)	\$ (647,279)
Electric	(4,002,844)	(4,561,710)
Water	(174,176)	(39,943)
Sewer	-	(16,360)
Summerside Community Network	13,275	13,275
Electro Thermal Storage Program	-	-
Capital Fund Balances		
Investment in Tangible Capital Assets	118,529,130	117,717,053
Reserves	898,466	820,979
Equity Investment in Electric	461,754	461,754
Revenue and Capital Fund Balances	<u>\$ 114,947,280</u>	<u>\$ 113,747,769</u>

6. Commitments and Contingencies

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.

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 will terminate August 31, 2017.

The City has a maintenance agreement with Vestas–Canadian Wind Technology, Inc. Under the terms of the agreement the City is committed to an annual fee of \$93,000 per turbine until December 2014.

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, 2013 was \$115,000.

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, 2013

7. Other

	2013	2012
Increase (Decrease) in:		
Parkland Dedication Reserve	\$ 27	\$ 2,100
World Softball Reserve	(11,916)	(5,575)
Accommodation Levy Reserve	28,421	9,404
Reserve for Future Spending – Water	-	(16,876)
Raceway Reserve	60,954	44,500
Reserve for Debt Reduction SCN	-	3,491
	<hr/>	<hr/>
Total Other	\$ <u>77,486</u>	\$ <u>37,044</u>

8. 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:

	2013	2012
Electric	\$ 1,719,508	\$ 1,635,964
Fire Alarm Monitoring	15,120	13,440
Fire Protection	483,000	483,000
IT Services	374,114	428,718
Internet Services	22,785	19,794
Storage Rental – Venture Centre	31,822	30,514
Water & Sewer	32,986	30,588
Wind Farm Energy	2,697,257	2,493,118
Wind Farm Royalties	52,240	45,472
Building Rentals	73,800	91,800
Electro Thermal Storage Program	57,060	81,857
Wyatt Heritage Properties Contribution	419,851	418,506
Electric Utility Grant	650,000	2,141,800
Health/Safety Training	907	7,050
	<hr/>	<hr/>
	\$ <u>6,630,450</u>	\$ <u>7,921,621</u>



Notes to the Consolidated Financial Statements
December 31, 2013

9. Budget

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and statement of changes in net debt has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the consolidated financial statements:

Statement of operations:

	Approved Budget	Less: Principal Debt Repayments	Add: Amortization	Budget per Financial Statements
Revenue	\$ 41,147,344	\$ -	\$ -	\$ 41,147,344
Expenses:				
General Fund	14,528,967	(2,603,700)	5,495,914	17,421,181
Electric Utility	18,499,118	(572,444)	739,845	18,666,519
Water Utility	1,604,573	(406,400)	282,722	1,480,895
Sewer Utility	2,908,261	(442,300)	797,035	3,262,996
Summerville Community Network	628,453	(92,500)	117,382	653,335
Electro Thermal Storage Program	261,353	(4,055)	15,131	272,429
	<u>38,430,725</u>	<u>\$ (4,121,399)</u>	<u>\$ 7,448,029</u>	<u>41,757,355</u>
Annual Surplus	2,716,619			\$ <u>(610,011)</u>
Capital Expenditures	(2,010,661)			
Approved Budget	\$ <u>705,958</u>			

**Statement of changes in
net debt:**

	Approved <u>Fiscal Plan</u>	<u>Adjustments</u>	Adjusted <u>Fiscal Plan</u>
Annual Surplus	\$ 705,958	\$ (1,315,969)	\$ (610,011)
Change in Intangibles	-	3,473	3,473
Change in Inventory	-	(76,574)	(76,574)
Acquisition of Tangible Capital Assets	(6,335,122)	-	(6,335,122)
Amortization of Tangible Capital Assets	-	7,448,029	7,448,029
Debt Principal Repayments	4,121,399	(4,121,399)	-
Change in Net Financial Debt	<u>\$ (1,507,765)</u>	<u>\$ 1,937,560</u>	<u>\$ 429,795</u>



Notes to the Consolidated Financial Statements

December 31, 2013

10. Tangible Capital Assets

	2013					
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	End of Year
Land	\$ 4,902,378	\$ 30,000	\$ -	\$ 4,932,378	\$ -	\$ -
Plants, Buildings and Structures	122,512,838	1,863,391	-	124,376,229	3,174,878	29,204,445
Equipment and Vehicles	9,081,500	569,525	(241,614)	9,408,411	585,232	4,508,833
Distribution and Collection Systems	44,884,786	2,160,618	(365,557)	46,649,857	605,939	20,802,682
Streets	33,309,001	488,359	(143,767)	33,653,593	1,976,409	19,037,794
Sidewalks	6,270,837	443,551	(174,293)	6,540,095	156,771	1,932,677
Stormlines	17,648,718	1,301,325	(6,306)	18,943,737	212,655	5,274,832
Wind Farm	29,432,360	-	-	29,432,360	736,165	2,864,260
Work in Progress	1,052,797	115,944	(987,269)	181,472	-	181,472
	<u>\$ 268,085,225</u>	<u>\$ 6,972,713</u>	<u>\$ (1,948,806)</u>	<u>\$ 274,113,132</u>	<u>\$ 7,448,029</u>	<u>\$ 83,615,723</u>
					<u>\$ (919,501)</u>	<u>\$ 190,503,409</u>

	2012					
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	End of Year
Land	\$ 4,423,658	\$ 478,720	\$ -	\$ 4,902,378	\$ -	\$ -
Plants, Buildings and Structures	121,712,727	827,433	(27,322)	122,512,838	3,179,273	26,029,567
Equipment and Vehicles	8,331,657	978,648	(228,805)	9,081,500	569,442	4,123,179
Distribution and Collection Systems	43,967,735	1,077,864	(160,803)	44,884,786	1,509,814	20,692,300
Streets	33,388,370	354,793	(434,162)	33,309,001	1,987,616	17,205,152
Sidewalks	6,059,279	388,488	(156,930)	6,270,837	151,482	1,950,399
Stormlines	16,943,825	903,018	(168,125)	17,648,718	204,142	5,068,504
Wind Farm	29,432,360	-	-	29,432,360	736,165	2,864,260
Work in Progress	111,983	1,052,797	(111,983)	1,052,797	-	-
	<u>\$ 264,371,584</u>	<u>\$ 6,041,761</u>	<u>\$ (1,318,130)</u>	<u>\$ 269,085,225</u>	<u>\$ 8,337,934</u>	<u>\$ 77,087,196</u>
					<u>\$ (1,178,525)</u>	<u>\$ 192,008,029</u>



Notes to the Consolidated Financial Statements
December 31, 2013

11. Long Term Debt

	Interest Rate %	Maturity Date	2013	2012
Long Term				
Loans Repaid During Year				6,620,908
Royal Bank	P-.65%	Demand	6,450,000	6,450,000
Metro Credit Union	P-.50%	Demand	2,700,000	2,700,000
TD Canada Trust	2.65	2014	51,998	102,640
TD Canada Trust	1.73	2014	326,638	647,700
Bank of Montreal	4.99	2014	1,091,324	1,166,997
TD Canada Trust	2.94	2014	13,479	26,407
TD Canada Trust	3.41	2015	336,838	359,227
TD Canada Trust	3.41	2015	126,388	134,787
TD Canada Trust	3.41	2015	- 151,293	161,328
TD Canada Trust	3.41	2015	439,362	468,549
TD Canada Trust	2.92	2015	52,361	77,453
TD Canada Trust	3.44	2015	375,022	391,024
TD Canada Trust	3.44	2015	727,528	758,572
Bank of Montreal	5.06	2016	3,017,696	3,363,098
TD Canada Trust	3.47	2016	312,855	409,465
Bank of Montreal	4.92	2017	1,380,070	1,478,645
TD Canada Trust	2.17	2017	91,692	113,400
TD Canada Trust	4.51	2019	572,566	611,733
TD Canada Trust	4.66	2019	215,133	223,954
TD Canada Trust	4.51	2019	2,389,011	2,552,427
RBC	3.13	2021	916,923	1,016,232
RBC	3.57	2021	862,233	895,794
RBC	3.57	2021	947,233	984,116
RBC	2.34	2021	71,348	94,039
TD Canada Trust	3.08	2022	1,704,754	1,769,800
TD Canada Trust	3.08	2022	827,043	858,600
TD Canada Trust	2.74	2022	41,945	46,000
TD Canada Trust	2.74	2022	973,678	1,067,800
TD Canada Trust	2.74	2022	1,670,516	1,832,000
TD Canada Trust	2.63	2022	1,163,600	-
TD Canada Trust	2.63	2022	105,300	-
TD Canada Trust	2.08	2022	125,900	-
TD Canada Trust	2.97	2022	435,000	-
TD Canada Trust	2.97	2022	680,600	-
TD Canada Trust	3.01	2022	1,675,000	-
TD Canada Trust	2.63	2023	2,670,000	-
C.I.B.C	4.96	2027	23,808,877	24,969,509
CMHC – Wind Farm	4.28	2030	7,183,194	7,466,950
Total Long Term Debt			\$ 66,684,398	\$ 69,819,154

Prime rate at December 31, 2013 was 3.00 % (Prime rate December 31, 2012 was 3.00%).

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

2014 - \$4,944,945; 2015 - \$3,925,959; 2016 - \$3,907,392; 2017 - \$3,906,620;

2018 - \$4,020,696.



Notes to the Consolidated Financial Statements

December 31, 2013

12. Segmented Reporting

The City of Summerville 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, 2013

	2013						
Revenues	General Fund	Electric Utility	Water Utility	Sewer Utility	Summerside Community Network	Electro Thermal Storage Program	Consolidated
Taxes	7,515,789						7,515,789
Contributions from Other Levels of Governments	8,603,129						8,603,129
Electric Utility Grant	650,000			462,723			1,112,723
Wind Energy Sales	2,123,791						2,123,791
Sale of Electricity		18,967,333					18,967,333
Sale of Water & Sewer Services			1,635,265	2,896,768	580,615	246,005	5,348,653
Internet Services							580,615
Electro Thermal Storage Program Sales						246,005	246,005
Third Party Revenues	348,536						348,536
	<u>19,241,245</u>	<u>18,967,333</u>	<u>1,635,265</u>	<u>3,359,491</u>	<u>590,615</u>	<u>246,005</u>	<u>44,029,954</u>
Expenses							
Salaries and Benefits	9,193,647	1,177,441	318,396	565,175	277,091	106,649	11,568,599
Goods and Services	2,363,511	15,728,617	800,712	1,726,240	193,698	130,980	20,943,758
Amortization	5,495,914	739,845	282,722	797,035	117,382	15,131	7,448,029
Interest on Long Term Debt	1,659,705	585,278	244,211	326,902	17,326	4,121	2,857,543
	<u>18,722,777</u>	<u>18,241,181</u>	<u>1,646,041</u>	<u>3,435,352</u>	<u>605,497</u>	<u>257,081</u>	<u>42,907,929</u>
Surplus (Deficit)	<u>\$ 518,468</u>	<u>\$ 726,152</u>	<u>\$ (10,776)</u>	<u>\$ (75,861)</u>	<u>\$ (24,882)</u>	<u>\$ (11,076)</u>	<u>\$ 1,122,025</u>

	2012						
Revenues	General Fund	Electric Utility	Water Utility	Sewer Utility	Summerside Community Network	Electro Thermal Storage Program	Consolidated
Taxes	7,350,035						7,350,035
Contributions from Other Levels of Governments	10,066,811						10,066,811
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	607,545	219,306	5,256,877
Internet Services							607,545
Electro Thermal Storage Program Sales						219,306	219,306
Third Party Revenues	359,720						359,720
	<u>21,749,602</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>45,118,245</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	17,446,457	776,509	1,486,835	207,055	133,277	22,932,662
Amortization	5,496,866	746,948	284,481	789,116	1,016,019	4,603	8,337,993
Interest on Long Term Debt	1,865,547	665,746	237,575	328,839	16,559	260	3,114,625
	<u>18,972,281</u>	<u>20,232,434</u>	<u>1,594,797</u>	<u>3,177,189</u>	<u>1,554,555</u>	<u>223,909</u>	<u>45,795,166</u>
Surplus (Deficit)	<u>\$ 2,777,321</u>	<u>\$ (2,120,668)</u>	<u>\$ 10,085</u>	<u>\$ (352,045)</u>	<u>\$ (947,010)</u>	<u>\$ (4,603)</u>	<u>\$ (636,921)</u>



Supplemental Information

December 31, 2013



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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.

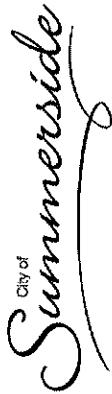
To augment the consolidated financial statements, this supplemental information provides specific details about the various funds included in the City's operations. The finances of each individual fund are combined to form the foundation for the overall financial administration of the City including 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 black ink, appearing to read "Rob Philpott".

Rob Philpott

Director of Financial Services



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

	Per Consolidated		Adjustments				Non-Consolidated			Page
	Financial Statements	Government Transfers - Capital	Capital Spending	Debt Repayment	Amortization	Gain/Loss on Disposal	2013 Actual	2013 Budget	2012 Actual	
General Revenue Fund										
Revenue	\$ 19,241,245	\$ (1,690,814)	-	-	-	-	\$ 17,550,431	\$ 17,187,767	\$ 18,525,776	3
Expenses	18,722,777		1,892,411	2,602,387	(5,495,914)	(40,185)	17,681,476	16,539,628	18,525,521	3
Surplus (Deficit)			1,892,411	2,602,387	(5,495,914)	(40,185)	(131,046)	648,139	255	
Utility Revenue Funds										
Revenue										
Electric Utility	18,967,333						18,967,333	18,500,634	18,111,766	11
Water Utility	1,635,265						1,635,265	1,644,516	1,604,882	18
Sewer Utility	3,359,491	(462,723)					2,896,768	2,924,621	2,825,144	19
Summerside Community Network	580,615						580,615	628,453	607,545	29
ETS - Heat For Less	246,005						246,005	261,353	219,306	35
	24,788,709	(462,723)					24,325,986	23,959,577	23,368,643	
Expenses, Financing and Transfers										
Electric Utility	18,241,181			907,131	(739,845)		18,408,467	18,499,118	20,222,806	11
Water Utility	1,712,053			406,178	(282,722)		1,835,509	1,604,573	1,644,825	18
Sewer Utility	3,369,341			242,091	(797,035)		2,814,397	2,908,261	2,841,504	19
Summerside Community Network	605,497			92,500	(117,382)		580,615	628,453	607,544	29
ETS - Heat For Less	257,082			4,055	(15,131)		246,006	261,353	219,307	35
	24,185,154			1,651,955	(1,952,115)		23,884,994	23,901,758	25,535,986	
Combined Utility Surplus/(Deficit)							440,992	57,819	(2,167,343)	
Total Surplus/(Deficit)	\$ 1,122,025	\$ (2,153,537)	\$ 1,892,411	\$ 4,254,342	\$ (7,448,029)	\$ (40,185)	\$ 309,946	\$ 705,958	\$ (2,167,087)	



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

	2013 Actual	2013 Budget	2012 Actual
Revenue	\$ 17,550,431	\$ 17,187,767	\$ 18,525,776
Expenses, Net of Recoveries			
General Government	586,644	529,350	574,844
Financial Services	1,386,431	1,150,646	1,884,163
Human Resources and Legal Affairs	209,840	188,082	291,318
Economic Development and Heritage	792,413	765,424	792,190
Technical Services	444,569	431,384	382,596
Fire Services	633,853	612,514	615,502
Police Services	3,800,278	3,811,073	3,312,537
Municipal Services	2,388,412	2,157,397	2,293,828
Community Services	2,755,254	2,279,397	2,924,065
Capital Spending			
Tangible Capital Assets	1,892,411	2,010,661	2,734,262
Other Projects	188,985	-	377,997
	<u>15,079,090</u>	<u>13,935,928</u>	<u>16,183,302</u>
Financing and Transfers			
Debt Principal Repayments	2,602,387	2,603,700	2,342,219
Expenses, Financing and Transfers	<u>17,681,477</u>	<u>16,539,628</u>	<u>18,525,521</u>
Change in General Revenue Fund Balance	(131,046)	648,139	255
Opening Fund Balance	<u>(647,279)</u>	<u>(647,279)</u>	<u>(647,534)</u>
Ending Fund Balance	\$ (778,325)	\$ 860	\$ (647,279)



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

	2013	2012
Financial Assets		
Receivables	\$ 3,787,077	\$ 3,057,507
Restricted Short Term Investments	54,472	40,207
Receivable from Other Funds		
Electricity Revenue Fund	3,238,719	3,655,536
Water and Sewer Revenue Fund	2,828,718	3,137,997
Summerville Community Network Capital Fund	54,237	146,320
Electro Thermal Storage Program Revenue Fund	269,781	196,491
Electro Thermal Storage Program Capital Fund	34,299	105,312
Electric Utility Equity	461,754	461,754
Sinking Fund Investments, at Market Value	582,189	516,429
	<u>11,311,246</u>	<u>11,317,553</u>
Liabilities		
Bank Indebtedness (Note 2)	4,697,179	4,950,032
Payables and Accruals		
Trade	4,732,471	4,647,849
Accrued Interest	363,622	513,785
Payable to Other Funds		
Summerville Community Network Revenue Fund	26,270	26,270
General Capital Fund	867,787	577,403
Sick Leave	582,189	516,429
	<u>11,269,518</u>	<u>11,231,768</u>
NET FINANCIAL ASSETS	41,728	85,785
Non-Financial Assets		
Inventory of Materials and Supplies, at Cost	<u>9,814</u>	<u>19,344</u>
NET ASSETS	\$ 51,542	\$ 105,129
Fund Balances		
Reserves for Future Expenditures (Note 5)	\$ 368,113	\$ 290,654
Appropriated Surplus for Electric Utility Equity	461,754	461,754
Fund Balance	<u>(778,325)</u>	<u>(647,279)</u>
	<u>\$ 51,542</u>	<u>\$ 105,129</u>



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

	2013	2012
Financial Assets		
Government Grants Receivable	\$ -	\$ 157,992
Restricted Short Term Investments	21,308	21,281
Investment in		
Electric Utility	6,913,697	7,081,878
Water Utility	8,175,554	8,052,098
Sewer Utility	15,902,953	15,995,175
Summerville Community Network	(267,632)	(242,750)
Electro Thermal Storage	(15,679)	(4,603)
Summerville Regional Development Corporation, at Cost	375	375
Receivable from Other Funds		
General Revenue Fund	867,787	577,403
	<u>31,598,363</u>	<u>31,638,849</u>
Liabilities		
Bank Indebtedness (Note 2)	2,498,200	1,568,200
Long Term Debt (Note 3)	35,077,509	37,679,896
Payable to Other Funds		
Electric Capital Fund	7,183,194	8,909,474
	<u>44,758,903</u>	<u>48,157,570</u>
NET DEBT	<u>(13,160,540)</u>	<u>(16,518,721)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	<u>131,710,978</u>	<u>134,257,055</u>
NET ASSETS	<u>\$ 118,550,438</u>	<u>\$ 117,738,334</u>
Fund Balances		
Reserves (Note 5)	\$ 21,308	\$ 21,281
Investment in Tangible Capital Assets (Page 6)	<u>118,529,130</u>	<u>117,717,053</u>
	<u>\$ 118,550,437</u>	<u>\$ 117,738,334</u>



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

	2013	2012
Tangible Capital Asset Expenditures from Revenue Fund (Page 3)	\$ 1,892,411	\$ 2,734,262
Long Term Debt Retired	2,602,387	2,342,219
Increase (Decrease) in Investment in		
Electric Utility	(168,181)	302,565
Water Utility	123,456	1,157,915
Sewer Utility	(92,220)	10,676,370
Summerside Community Network	(24,882)	(48,919)
Electro Thermal Storage	(11,076)	(4,603)
Wind Turbines	335,467	272,109
Government Transfers	1,690,814	3,223,826
	<u>6,348,176</u>	<u>20,655,744</u>
Deduct:		
Amortization	5,495,914	5,496,866
Loss on Disposal	40,185	26,374
	<u>5,536,099</u>	<u>5,523,240</u>
Change in Investment in Tangible Capital Assets	812,077	15,132,504
Balance, Beginning of Year	117,717,053	102,584,549
Balance, End of Year	<u>\$ 118,529,130</u>	<u>\$ 117,717,053</u>



Notes to the General Fund
(Unaudited)
December 31, 2013

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)

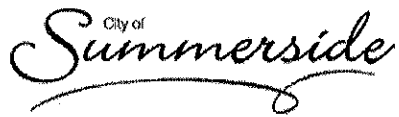
Parks, Gardens and Trails	40
Parking Lots	20
Buildings	40
Sports and Events Fields	15-20
Equipment and Vehicles	10-20
Streets	
Local	25
Collector	10
Sidewalks	40
Storm Lines	83
Wind Farm	25

2. Bank Indebtedness

Bank indebtedness consists of a \$2,204,609 advance on an operating line of credit and \$2,635,926 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 \$1,432,465 was unused at December 31, 2013.

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 2013 capital expenditures. The interest rate is prime less .50%.

At December 31, 2013 prime was 3.00%.



Notes to the General Fund
 (Unaudited)
December 31, 2013

3. Long Term Debt

	Interest Rate %	Maturity Date	2013	2012
Loans Repaid During the Year				\$ 2,513,538
Metro Credit Union	P-.50%	Demand	\$ 2,700,000	2,700,000
TD Canada Trust – 2012 Capital	1.73	2014	326,638	647,700
Bank of Montreal	4.99	2014	1,091,325	1,166,997
Bank of Montreal	5.06	2016	1,205,030	1,297,725
TD Canada Trust – Issue 81	2.74	2022	1,670,516	1,832,000
TD Canada Trust – Issue 82	2.63	2023	1,886,112	-
C.I.B.C	4.96	2027	<u>23,808,877</u>	<u>24,969,509</u>
			32,688,498	35,127,469
Loan Excluded from City's Debt Limit				
Summerside Raceway				
TD Canada Trust	4.51	2019	<u>2,389,011</u>	<u>2,552,427</u>
Total Payable			\$ <u>35,077,509</u>	\$ <u>37,679,896</u>

Prime rate at December 31, 2013 was 3.00%.

Scheduled principal repayments in each of the next five years are due as follows:
 2014 - \$2,975,528; 2015 - \$1,976,577; 2016 - \$2,061,553; 2017 - \$2,150,496;
 2018 - \$2,243,609



Notes to the General Fund
(Unaudited)
December 31, 2013

4. Tangible Capital Assets

	2013						Net Book Value
	Beginning of Year	Cost	Disposals	End of Year	Beginning of Year	Accumulated Amortization Expenses	
General Fund							
Land	\$ 4,372,404	\$ 30,000	-	\$ 4,402,404	\$ -	\$ -	\$ 4,402,404
Parks, Gardens and Trails	10,007,614	-	-	10,007,614	1,231,223	250,191	8,526,200
Parking Lots	112,286	-	-	112,286	90,328	1,220	20,738
Buildings	56,403,661	476,963	-	56,880,644	10,576,269	1,409,833	44,894,542
Sports and Events Fields	4,125,051	-	-	4,125,051	544,302	183,240	3,397,509
Equipment and Vehicles	6,587,443	400,845	(217,266)	6,771,022	3,138,010	366,480	3,441,760
Streets	33,309,001	486,359	(143,767)	33,653,593	17,205,153	1,976,409	14,615,798
Strollwalks	6,270,837	443,551	(174,293)	6,540,095	1,950,393	156,771	4,607,223
Stormlines	17,648,717	1,301,325	(6,306)	18,943,737	5,068,504	212,635	13,668,903
Wind Farm	29,432,358	-	-	29,432,358	2,118,095	736,165	26,578,098
Summerside Raceway	226,778	-	-	226,778	-	-	226,778
Raceway	8,119,710	-	-	8,119,710	585,711	202,971	7,331,027
Buildings	149,191	-	(148,191)	-	-	-	-
Work in Progress	-	3,141,063	(690,622)	179,215,292	42,507,988	5,495,914	131,710,978
	\$ 176,765,051	\$ 3,141,063	\$ (690,622)	\$ 179,215,292	\$ 42,507,988	\$ (499,595)	\$ 131,710,978

	2012						Net Book Value
	Beginning of Year	Cost	Disposals	End of Year	Beginning of Year	Accumulated Amortization Expenses	
General Fund							
Land	\$ 3,893,684	\$ 478,720	-	\$ 4,372,404	\$ 982,879	\$ -	\$ 4,372,404
Parks, Gardens and Trails	9,933,753	73,861	-	10,007,614	89,108	1,220	8,776,391
Parking Lots	112,286	-	-	112,286	9,167,119	1,410,516	21,958
Buildings	56,267,101	163,882	(27,322)	56,403,661	381,062	(1,366)	45,827,391
Sports and Events Fields	3,713,804	411,247	-	4,125,051	2,964,138	371,170	3,580,749
Equipment and Vehicles	6,160,345	626,061	(198,963)	6,587,443	15,651,699	1,987,616	3,449,432
Streets	33,388,370	354,793	(434,162)	33,309,001	5,062,437	204,142	16,103,646
Strollwalks	6,059,279	368,488	(198,125)	6,270,837	1,381,930	736,165	4,320,444
Stormlines	16,943,824	903,018	-	17,648,717	5,068,504	-	12,580,213
Wind Farm	29,432,358	-	-	29,432,358	1,381,930	-	27,314,263
Summerside Raceway	226,778	-	-	226,778	-	-	226,778
Raceway	8,117,543	2,167	-	8,119,710	382,739	202,971	7,533,999
Buildings	111,983	149,191	(111,983)	149,191	-	-	149,191
Work in Progress	-	3,531,428	(1,127,487)	176,765,051	37,999,002	5,496,866	134,257,055
	\$ 174,361,107	\$ 3,531,428	\$ (1,127,487)	\$ 176,765,051	\$ 37,999,002	\$ (987,882)	\$ 134,257,055



Notes to the General Fund
 (Unaudited)
 December 31, 2013

5. Reserves for Future Expenditures

	2013	2012
<u>General Revenue Fund</u>		
Funded Through Restricted Short Term Investments		
Accumulated Funds – World Softball	\$ 37,216	\$ 49,132
Accommodation Levy	<u>19,496</u>	<u>(8,925)</u>
Total General Revenue Funded Reserves	<u>56,712</u>	<u>40,207</u>
Unfunded		
Summerville Raceway	136,401	75,447
Business Park Fund	120,000	120,000
Attraction Fund	<u>55,000</u>	<u>55,000</u>
Total General Revenue Unfunded Reserves	<u>311,401</u>	<u>250,447</u>
Total General Revenue Reserves	<u>\$ 368,113</u>	<u>\$ 290,654</u>
<u>General Capital Fund</u>		
Funded Through Restricted Short Term Investments		
Parkland Dedication	\$ <u>21,308</u>	\$ <u>21,281</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, 2012/2013 \$1,390,814, 2012/13 \$1,390,814. During 2013, the City received \$1,390,814. The monies received in 2007, 2008, 2009, 2010, 2012, have been applied against the wind generation project.



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

	2013 Actual	2013 Budget	2012 Actual
Revenue	\$ <u>18,967,333</u>	\$ <u>18,500,634</u>	\$ <u>18,111,766</u>
Expenses			
Power Purchased	\$ <u>11,085,238</u>	\$ <u>11,312,822</u>	\$ 11,482,080
Generation	<u>462,574</u>	<u>440,700</u>	633,079
Operations	<u>194,506</u>	<u>175,742</u>	174,501
Substation	<u>69,089</u>	<u>54,042</u>	105,243
Underground Conduit and Cables	<u>9,034</u>	<u>19,153</u>	27,209
Overhead Conductors	<u>126,257</u>	<u>86,318</u>	103,984
Poles and Fixtures	<u>69,928</u>	<u>105,498</u>	99,254
Transformers	<u>20,875</u>	<u>34,454</u>	58,484
Services	<u>41,277</u>	<u>47,059</u>	53,677
Street Lighting	<u>77,710</u>	<u>73,172</u>	88,168
Meters	<u>59,460</u>	<u>98,073</u>	79,613
Customer Service	<u>88,818</u>	<u>75,600</u>	75,426
Administration	<u>845,125</u>	<u>878,366</u>	872,487
Fiscal and Other	<u>1,033,505</u>	<u>1,152,467</u>	881,297
Interfund Allocations	<u>3,317,940</u>	<u>3,373,208</u>	4,751,084
	<u>17,501,336</u>	<u>17,926,674</u>	19,485,586
Financing and Transfers			
Debt Principal Repayments	<u>907,131</u>	<u>572,444</u>	<u>737,220</u>
Expenses, Financing and Transfers	<u>18,408,467</u>	<u>18,499,118</u>	<u>20,222,806</u>
Change in Electric Utility Revenue Fund Balance	<u>558,866</u>	<u>1,516</u>	(2,111,040)
Opening Fund Balance	<u>(4,561,710)</u>	<u>(4,561,710)</u>	<u>(2,450,670)</u>
Ending Fund Balance	\$ <u>(4,002,844)</u>	\$ <u>(4,560,194)</u>	\$ <u>(4,561,710)</u>



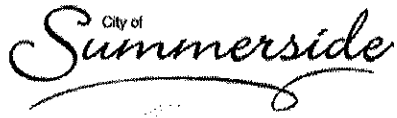
Electric Utility
Non-Consolidated Revenue Fund Statement of Financial Position
(Unaudited)
December 31

	2013	2012
Financial Assets		
Receivables	\$ 2,326,237	\$ 1,844,039
Receivable from Other Funds		
Electric Utility Capital Fund	1,883,275	1,275,584
Sinking Fund Investments, at Market Value	965,898	933,369
	<u>5,175,410</u>	<u>4,052,992</u>
Liabilities		
Bank Indebtedness	3,179,017	2,499,975
Payables and Accruals		
Trade and Customer Deposits	122,688	127,003
Deferred Revenue	1,767,642	1,418,840
Payable to Other Funds		
General Revenue Fund	3,238,719	3,655,536
Sick Leave	793,733	704,078
Future Pension Payments	172,165	229,291
	<u>9,273,964</u>	<u>8,634,723</u>
NET DEBT	(4,098,554)	(4,581,731)
Non-Financial Assets		
Inventories, at Cost	1,053,514	977,825
NET DEFICIENCY	\$ (3,045,040)	\$ (3,603,906)
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>(4,002,844)</u>	<u>(4,561,710)</u>
	<u>\$ (3,045,040)</u>	<u>\$ (3,603,906)</u>



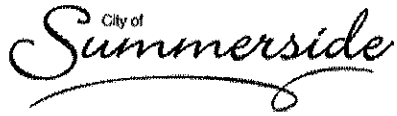
Electric Utility
Non-Consolidated Capital Fund Statement of Financial Position
(Unaudited)
December 31

	2013	2012
Financial Assets		
Due from General Capital Fund	<u>\$ 7,183,194</u>	<u>\$ 8,909,474</u>
	<u>7,183,194</u>	<u>8,909,474</u>
Liabilities		
Long Term Debt (Note 2)		
Interim	-	1,442,523
Long Term	<u>13,677,684</u>	<u>13,369,507</u>
	<u>13,677,684</u>	14,812,030
Payable to Other Funds		
Electric Utility Revenue Fund	<u>1,883,275</u>	<u>1,275,584</u>
	<u>15,560,959</u>	<u>16,087,614</u>
NET DEBT	(8,377,765)	(7,178,140)
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 3)	<u>15,291,462</u>	<u>14,260,018</u>
NET ASSETS	\$ 6,913,697	\$ 7,081,878
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ 6,913,697</u>	<u>\$ 7,081,878</u>



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

	2013	2012
Long Term Debt Retirement		
Electric Utility Assets	\$ 907,131	\$ 737,220
General Fund Wind Farm	<u>(335,467)</u>	<u>(272,109)</u>
	<u>571,664</u>	<u>465,111</u>
Deduct:		
Amortization	739,845	746,848
Disposal of Assets, Net of Amortization	<u>-</u>	<u>-</u>
	<u>739,845</u>	<u>746,848</u>
Change in Investment in Tangible Capital Assets	(168,181)	(281,737)
Balance, Beginning of Year	<u>7,081,878</u>	<u>7,363,615</u>
Balance, End of Year	<u>\$ 6,913,697</u>	<u>\$ 7,081,878</u>



Notes to the Electric Utility
(Unaudited)
December 31, 2013

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, 2013

2. Long Term Debt

	Interest Rate %	Maturity Date	2013	2012
Long Term				
Loans Repaid During the Year				2,381,302
TD Canada Trust	3.41	2015	336,838	359,227
TD Canada Trust	3.41	2015	439,362	468,549
TD Canada Trust	3.47	2016	189,981	248,363
Bank of Montreal	5.06	2016	641,525	754,335
Bank of Montreal	4.92	2017	643,600	689,570
TD Canada Trust – 84	4.51	2019	336,823	359,702
RBC – 2010 Capital	3.13	2021	916,924	1,016,232
TD Canada Trust – 2011	1.73	2022	973,678	1,067,800
TD Canada Trust – 2012	2.63	2023	1,163,600	-
TD Canada Trust – 96	3.01	2023	852,159	-
CMHC – Wind Farm	4.28	2030	7,183,194	7,466,950
Total Long Term Debt			\$ <u>13,677,684</u>	\$ <u>14,812,030</u>

Prime rate at December 31, 2013 was 3.00%.

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

2014 - \$940,998; 2015 - \$968,693; 2016 - \$924,000; 2017 - \$885,033; 2018 - \$913,605

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>-</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, 2013

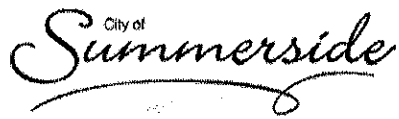
3. Tangible Capital Assets

2013

	Cost			Accumulated Amortization			Net Book Value	
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses		Amortization Adjustments
Electric Utility								
Land	\$ 64,334	\$ -	\$ -	\$ 64,334	\$ -	\$ -	\$ -	\$ 64,334
Buildings	597,927	-	-	597,927	498,853	14,258	-	84,816
Substation	3,403,497	-	-	3,403,497	1,770,661	85,841	-	1,546,995
Generating Equipment	9,095,052	1,089,947	-	10,184,999	5,784,618	302,034	-	4,088,347
Distribution System	12,487,008	1,220,611	(131,128)	13,576,490	4,665,118	291,347	(131,128)	8,751,154
Equipment and Vehicles	802,534	-	-	802,534	181,826	48,365	-	574,343
Work in Progress	720,740	115,944	(655,212)	181,473	-	-	-	181,473
	<u>\$ 27,171,091</u>	<u>\$ 2,426,503</u>	<u>\$ (786,340)</u>	<u>\$ 28,811,254</u>	<u>\$ 12,911,076</u>	<u>\$ 739,843</u>	<u>\$ (131,128)</u>	<u>\$ 13,519,793</u>

2012

	Cost			Accumulated Amortization			Net Book Value	
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses		Amortization Adjustments
Electric Utility								
Land	\$ 64,334	\$ -	\$ -	\$ 64,334	\$ -	\$ -	\$ -	\$ 64,334
Buildings	597,927	-	-	597,927	484,596	14,257	-	99,074
Substation	3,403,497	-	-	3,403,497	1,684,819	85,841	-	1,632,836
Generating Equipment	9,094,419	633	-	9,095,052	5,492,616	302,002	-	3,300,433
Distribution System	12,178,497	381,464	(72,954)	12,487,008	4,433,609	304,462	(72,954)	7,821,890
Equipment and Vehicles	741,729	60,805	-	802,534	141,541	40,285	-	620,709
Work in Progress	-	720,740	-	720,740	-	-	-	720,740
	<u>\$ 26,080,403</u>	<u>\$ 1,163,642</u>	<u>\$ (72,954)</u>	<u>\$ 27,171,091</u>	<u>\$ 12,237,182</u>	<u>\$ 748,848</u>	<u>\$ (72,954)</u>	<u>\$ 14,260,018</u>



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

	2013 Actual	2013 Budget	2012 Actual
Revenue			
Sales to Customers	\$ 1,139,747	\$ 1,147,533	\$ 1,111,682
Fire Protection	483,000	483,000	483,000
Other	<u>12,518</u>	<u>13,983</u>	<u>10,200</u>
	<u>1,635,265</u>	<u>1,644,516</u>	<u>1,604,882</u>
Expenses			
Distribution Expenses	560,820	427,058	493,419
Pumping	146,049	126,695	130,159
Administration and Other	44,867	48,420	38,384
Overhead	250,061	247,700	244,668
Interfund Allocations	<u>361,523</u>	<u>348,300</u>	<u>420,564</u>
	<u>1,363,320</u>	<u>1,198,173</u>	<u>1,327,194</u>
Financing and Transfers			
Debt Principal Repayments	406,178	406,400	334,509
Reserve for Future Expenditures	<u>-</u>	<u>-</u>	<u>(16,878)</u>
Expenses, Financing and Transfers	<u>1,769,498</u>	<u>1,604,573</u>	<u>1,644,825</u>
Change in Water Utility Revenue Fund Balance	(134,233)	39,943	(39,943)
Opening Fund Balance	<u>(39,943)</u>	<u>(39,943)</u>	<u>-</u>
Ending Fund Balance	<u>\$ (174,176)</u>	<u>\$ -</u>	<u>\$ (39,943)</u>



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

	2013 Actual	2013 Budget	2012 Actual
Revenue	\$ <u>2,896,768</u>	\$ <u>2,924,621</u>	\$ <u>2,825,144</u>
Expenses			
Distribution - Sewer	403,957	281,166	348,184
Operations – Pollution	1,329,921	1,328,800	1,285,993
Administration and Other	125,545	60,115	45,285
Overhead	328,487	332,250	330,439
Interfund Allocations	<u>450,407</u>	<u>387,497</u>	<u>378,172</u>
	<u>2,638,317</u>	<u>2,465,961</u>	2,388,073
Financing and Transfers			
Debt Principal Repayments	<u>242,091</u>	<u>442,300</u>	<u>453,431</u>
Expenses, Financing and Transfers	<u>2,880,408</u>	<u>2,908,261</u>	<u>2,841,504</u>
Change in Sewer Utility Revenue Fund Balance	16,360	16,360	(16,360)
Opening Fund Balance	<u>(16,360)</u>	<u>(16,360)</u>	-
Closing Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(16,360)</u>



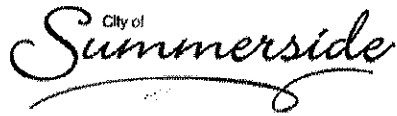
Water and Sewer Utilities
Non-Consolidated Combined Revenue Fund Statement of
Financial Position
(Unaudited)
December 31

	2013	2012
Financial Assets		
Receivables	\$ 940,705	\$ 900,323
Sinking Fund Investments, at Market Value	386,095	357,994
Receivable from Other Funds		
Water Utility Capital Fund	1,121,025	1,031,139
Sewer Utility Capital Fund	<u>567,003</u>	<u>1,084,507</u>
	<u>3,014,828</u>	<u>3,373,963</u>
Liabilities		
Payables and Accruals		
Trade and Customer Deposits	151,165	97,680
Payable to Other Funds		
General Revenue Fund	2,828,719	3,137,999
Sick Leave	352,795	312,945
Future Pension Payments	<u>33,300</u>	<u>45,049</u>
	<u>3,365,979</u>	<u>3,593,673</u>
NET FINANCIAL ASSETS (LIABILITIES)	(351,151)	(219,710)
Non-Financial Assets		
Inventories of Materials and Supplies, at Cost	<u>176,975</u>	<u>163,407</u>
NET ASSETS	\$ <u>(174,176)</u>	\$ <u>(56,303)</u>
Fund Balances		
Reserve for Future Expenditures	\$ -	\$ -
Fund Balance	<u>(174,176)</u>	<u>(56,303)</u>
	\$ <u>(174,176)</u>	\$ <u>(56,303)</u>



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

	2013	2012
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)	6,038,008	6,009,185
Payable to Other Funds		
Water and Sewer Utilities	<u>1,121,025</u>	<u>1,031,139</u>
	<u>7,159,033</u>	<u>7,040,324</u>
NET DEBT	<u>(6,814,367)</u>	<u>(6,695,658)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	14,989,921	14,744,283
Intangible Assets, Net of Amortization	-	3,473
	<u>14,989,921</u>	<u>14,747,756</u>
NET ASSETS	\$ <u>8,175,554</u>	\$ <u>8,052,098</u>
Fund Balances		
Investment in Tangible Capital Assets	\$ <u>8,175,554</u>	\$ <u>8,052,098</u>



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

	2013	2012
Long Term Debt Retirement	\$ 406,178	\$ 334,509
Deduct:		
Amortization	282,722	284,482
Disposal of Assets, Net of Amortization	-	-
	<u>282,722</u>	<u>284,842</u>
Change in Investment in Tangible Capital Assets	123,456	49,667
Balance, Beginning of Year	<u>8,052,098</u>	<u>8,101,765</u>
Balance, End of Year	<u>\$ 8,175,554</u>	<u>\$ 8,052,098</u>



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

	<u>2013</u>	<u>2012</u>
Liabilities		
Long Term Debt (Note 3)	\$ 11,219,532	\$ 10,781,024
Payable to Other Funds		
Water Utility Capital Fund	344,666	344,666
Water and Sewer Utilities Revenue Funds	<u>567,003</u>	<u>1,084,507</u>
	<u>12,131,201</u>	<u>12,210,197</u>
NET DEBT	<u>(12,131,201)</u>	<u>(12,210,197)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 5)	<u>28,034,154</u>	<u>28,205,370</u>
NET ASSETS	<u>\$ 15,902,953</u>	<u>\$ 15,995,173</u>
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ 15,902,953</u>	<u>\$ 15,995,173</u>



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

	2013	2012
Government Transfers	\$ 462,724	\$ -
Long Term Debt Retirement	<u>242,091</u>	<u>453,431</u>
	704,815	453,431
Deduct:		
Amortization	797,035	789,116
Disposal of Assets, Net of Amortization	<u>-</u>	<u>-</u>
	<u>797,035</u>	<u>789,116</u>
Change in Investment in Tangible Capital Assets	(92,220)	(335,685)
Balance, Beginning of Year	<u>15,995,173</u>	<u>16,330,858</u>
Balance, End of Year	<u>\$ 15,902,953</u>	<u>\$ 15,995,173</u>



Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2013

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	2013	2012
Loans Repaid During the Year				\$ 847,712
TD Canada Trust	2.65	2014	\$ 51,998	102,640
TD Canada Trust	3.14	2015	126,388	134,787
TD Canada Trust	3.44	2015	375,022	391,024
TD Canada Trust	3.47	2016	29,138	38,203
Bank of Montreal	5.06	2016	896,015	1,014,170
Bank of Montreal	4.92	2017	581,700	623,250
TD Canada Trust	4.51	2019	179,409	191,804
RBC	3.57	2021	862,233	895,795
TD Canada Trust	3.08	2022	1,704,755	1,769,800
TD Canada Trust	2.63	2023	453,357	-
TD Canada Trust	2.97	2023	435,000	-
TD Canada Trust	3.01	2023	342,993	-
Total			\$ <u>6,038,008</u>	\$ <u>6,009,185</u>

Prime rate at December 31, 2013 was 3.00%.

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

2014 - \$436,009; 2015 - \$391,248; 2016 - \$348,765; 2017 - \$346,074; 2018 - \$353,694



Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2013

3. Long Term Debt – Sewer Utility

	Interest Rate %	Maturity Date	2013	2012
Loans Repaid During the Year				\$ 768,622
Royal Bank	P- 0.65%	Demand	\$ 6,450,000	6,450,000
TD Canada Trust	3.44	2015	727,528	758,572
TD Canada Trust	3.41	2015	151,293	161,328
TD Canada Trust	3.47	2016	93,736	122,899
Bank of Montreal	5.06	2016	229,361	247,583
Bank of Montreal	4.92	2017	135,450	145,125
TD Canada Trust	4.66	2019	215,133	223,954
TD Canada Trust	4.51	2019	22,327	23,870
TD Canada Trust	4.51	2019	34,007	36,356
RBC	3.57	2021	947,232	984,115
TD Canada Trust	3.08	2022	827,043	858,600
TD Canada Trust	2.63	2023	44,365	-
TD Canada Trust	2.97	2023	680,600	-
TD Canada Trust	3.01	2023	375,293	-
TD Canada Trust	2.63	2023	286,165	-
Total			\$ 11,219,533	\$10,781,024

Prime rate at December 31, 2013 was 3.00%.

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

2014 - \$459,585; 2015 - \$467,247; 2016 - \$475,306; 2017 - \$450,002; 2018 - \$457,326.



Notes to the Water and Sewer Utilities
(Unaudited)
December 31, 2013

4. Tangible Capital Assets – Water Utility

	2013									
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	Net Book Value	
Water Utility										
Land	\$ 216,322	\$ -	\$ -	\$ 216,322	\$ -	\$ -	\$ -	\$ -	\$ 216,322	
Wells and Springs	1,475,228	-	-	1,475,228	355,309	18,391	-	373,700	1,101,528	
Buildings	939,389	-	-	939,389	538,009	22,123	-	560,131	379,258	
Water Towers	2,441,873	-	-	2,441,873	369,569	29,418	-	399,987	2,042,886	
Distribution System	16,568,117	479,961	(169,354)	16,878,724	5,776,502	199,616	(169,354)	5,806,764	11,071,960	
Equipment and Vehicles	275,116	68,512	(24,349)	319,279	152,285	13,175	(24,349)	141,111	178,168	
Work in Progress	20,113	-	(20,113)	-	-	-	-	-	-	
	\$ 21,935,958	\$ 548,472	\$ (213,815)	\$ 22,270,615	\$ 7,191,674	\$ 282,722	\$ (193,702)	\$ 7,280,694	\$ 14,989,921	

	2012									
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	Net Book Value	
Water Utility										
Land	\$ 216,322	\$ -	\$ -	\$ 216,322	\$ -	\$ -	\$ -	\$ -	\$ 216,322	
Wells and Springs	1,475,228	-	-	1,475,228	336,919	18,391	-	355,309	1,119,918	
Buildings	868,354	51,035	-	939,389	507,964	30,045	-	538,009	401,361	
Water Towers	2,441,873	-	-	2,441,873	340,152	29,418	-	369,569	2,072,104	
Distribution System	16,308,091	317,092	(57,066)	16,568,117	5,637,085	196,463	(57,066)	5,776,502	10,791,615	
Equipment and Vehicles	228,413	46,703	-	275,116	142,139	10,146	-	152,285	122,831	
Work in Progress	-	20,113	-	20,113	-	-	-	-	20,113	
	\$ 21,558,081	\$ 434,943	\$ (57,066)	\$ 21,935,958	\$ 6,964,259	\$ 284,482	\$ (57,066)	\$ 7,191,674	\$ 14,744,283	



Notes to the Water and Sewer Utilities
(Unaudited)

December 31, 2013

5. Tangible Capital Assets – Sewer Utility

2013

	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	25,545,745	296,461	-	25,842,206	3,625,516	650,439	-	21,566,251
Lagoon	246,004	-	-	246,004	49,200	4,920	-	191,885
Distribution System	9,543,029	460,047	(95,075)	9,908,001	3,864,037	114,976	(95,075)	6,024,063
Equipment and Vehicles	444,272	32,064	-	476,336	220,220	26,699	-	229,416
Work in Progress	162,753	-	(162,753)	-	-	-	-	-
	<u>\$ 35,964,344</u>	<u>\$ 788,572</u>	<u>\$ (257,828)</u>	<u>\$ 36,495,088</u>	<u>\$ 7,758,973</u>	<u>\$ 797,035</u>	<u>\$ (95,075)</u>	<u>\$ 8,460,933</u>
								<u>\$ 28,034,154</u>

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	2,977,408	648,108	-	21,920,229
Lagoon	246,004	-	-	246,004	44,280	4,920	-	196,804
Distribution System	9,194,504	379,308	(30,783)	9,543,029	3,784,043	110,777	(30,783)	5,678,992
Equipment and Vehicles	430,383	13,889	-	444,272	194,910	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>\$ 7,000,641</u>	<u>\$ 789,116</u>	<u>\$ (30,783)</u>	<u>\$ 7,758,973</u>
								<u>\$ 28,205,370</u>



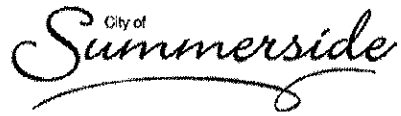
Summerville Community Network
Non-Consolidated Statement of Operations
(Unaudited)
Year Ended December 31

	2013 Actual	2013 Budget	2012 Actual
Revenue	\$ <u>580,615</u>	\$ <u>628,453</u>	\$ <u>607,545</u>
Expenses			
Customer Service Costs	73,484	124,186	123,704
Bandwidth Costs	60,411	62,000	63,777
Installation and Service	138,276	138,029	133,718
Equipment and System Maintenance	107,463	99,764	88,387
Building Maintenance and Operations	91,155	92,367	108,900
Interest on Long Term Debt	<u>17,326</u>	<u>19,607</u>	<u>16,559</u>
	488,115	535,953	535,045
Financing and Transfers			
Debt Principal Repayments	92,500	92,500	69,009
Debt Reduction Allocation	<u>-</u>	<u>-</u>	<u>3,491</u>
Expenses, Financing and Transfers	<u>580,615</u>	<u>628,453</u>	<u>607,545</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>



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

	2013	2012
Financial Assets		
Receivable from Other Funds		
General Revenue Fund	\$ <u>26,270</u>	\$ <u>26,270</u>
NET ASSETS	\$ <u>26,270</u>	\$ <u>26,270</u>
Fund Balances		
Reserve for Debt Reduction	\$ 12,995	\$ 12,995
Fund Balance	<u>13,275</u>	<u>13,275</u>
	\$ <u>26,270</u>	\$ <u>26,270</u>



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

	2013	2012
Liabilities		
Long Term Debt (Note 3)	\$ 524,419	\$ 491,019
Payable to Other Funds		
General Revenue Fund	<u>54,237</u>	<u>146,320</u>
NET DEBT	<u>(578,656)</u>	<u>(637,339)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	<u>311,024</u>	<u>394,589</u>
NET LIABILITIES	\$ <u>(267,632)</u>	\$ <u>(242,750)</u>
Fund Balances		
Investment in Tangible Capital Assets	\$ <u>(267,632)</u>	\$ <u>(242,750)</u>



**Summerside Community Network
Non-Consolidated Statement of Investment in Tangible Capital
Assets**

(Unaudited)

Year Ended December 31

	2013	2012
Long Term Debt Retirement	\$ 92,500	\$ 69,009
Deduct:		
Amortization	<u>117,382</u>	<u>1,016,020</u>
Change in Investment in Tangible Capital Assets	(24,882)	(947,011)
Balance, Beginning of Year	<u>(242,750)</u>	<u>704,261</u>
Balance, End of Year	<u>\$ (267,632)</u>	<u>\$ (242,750)</u>



Notes to the Summerside Community Network
 (Unaudited)
 December 31, 2013

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	2013	2012
Loans Repaid During Year				\$ 109,734
TD Canada Trust	2.94	2014	\$ 13,479	26,407
TD Canada Trust	2.92	2015	52,361	77,453
RBC	2.34	2016	71,348	94,039
Bank of Montreal	5.06	2016	45,765	49,286
Bank of Montreal	4.92	2017	19,320	20,700
TD Canada Trust - 2011	2.17	2017	91,691	113,400
TD Canada Trust - 2012	2.08	2018	125,900	-
TC Canada Trust - 96	3.01	2023	104,555	-
			<u>\$ 524,419</u>	<u>\$ 491,019</u>

Scheduled principal repayments in each of the next five years are as follows:
 2014 - \$119,328; 2015 - \$108,333; 2016 - \$83,533; 2017 - \$60,397; 2018 - \$37,449



Notes to the Summerville Community Network

(Unaudited)

December 31, 2013

4. Tangible Capital Assets

2013

	Cost			Accumulated Amortization			Net Book Value	
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses		Amortization Adjustments
Summerville Community Network								
Distribution System	\$ 6,286,643	\$ -	\$ -	\$ 6,286,643	\$ 6,286,643	\$ -	\$ -	\$ 6,286,643
Vehicles	102,542	-	-	102,542	55,404	-	-	55,404
Equipment	719,283	33,817	-	752,100	370,831	117,382	-	488,213
	<u>\$ 7,107,468</u>	<u>\$ 33,817</u>	<u>\$ -</u>	<u>\$ 7,141,285</u>	<u>\$ 6,712,878</u>	<u>\$ 117,382</u>	<u>\$ -</u>	<u>\$ 6,830,260</u>

2012

	Cost			Accumulated Amortization			Net Book Value	
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses		Amortization Adjustments
Summerville 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	(29,842)	370,831
	<u>\$ 7,011,397</u>	<u>\$ 125,912</u>	<u>\$ (29,842)</u>	<u>\$ 7,107,468</u>	<u>\$ 5,726,700</u>	<u>\$ 1,016,020</u>	<u>\$ (29,842)</u>	<u>\$ 6,712,878</u>



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

	2013 Actual	2013 Budget	2012 Actual
Sales	\$ <u>246,005</u>	\$ <u>261,353</u>	\$ <u>219,306</u>
Expenses			
Cost of Sales	213,248	207,819	226,224
Administration	11,445	23,550	11,875
Wages and Benefits	85,471	77,102	85,768
Interfund Allocations	(72,335)	(55,268)	(104,821)
Interest on Long Term Debt	4,121	4,095	260
	<u>241,950</u>	<u>257,298</u>	<u>219,306</u>
Financing and Transfers			
Debt Principal Repayments	4,055	4,055	-
Expenses, Financing and Transfers	<u>246,005</u>	<u>261,353</u>	<u>219,306</u>
Change in Revenue Fund Balance	-	-	-
Opening Fund Balance	-	-	-
Closing Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>



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

	2013	2012
Financial Assets		
Receivables	\$ 121,046	\$ 44,603
Liabilities		
Payable to Other Funds		
General Revenue Fund	<u>269,781</u>	<u>196,491</u>
NET LIABILITIES	(148,735)	(151,888)
Non-Financial Assets		
Inventories of Materials and Supplies, at Cost	<u>148,735</u>	<u>151,888</u>
NET ASSETS	\$ -	\$ -
Fund Balance	\$ -	\$ -



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

	2013	2012
Liabilities		
Long Term Debt (Note 3)	147,245	46,000
Payable to Other Funds	\$	\$
General Revenue Fund	<u>34,299</u>	<u>105,312</u>
NET DEBT	181,544	(151,312)
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	<u>165,865</u>	<u>146,709</u>
NET ASSETS	\$ (15,679)	\$ (4,603)
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ (15,679)</u>	<u>\$ (4,603)</u>



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

	2013	2012
Long Term Debt Retirement	\$ <u>4,055</u>	\$ <u>-</u>
Deduct:		
Amortization	<u>15,131</u>	<u>4,603</u>
Change in Investment in Tangible Capital Assets	(11,076)	(4,603)
Balance, Beginning of Year	<u>(4,603)</u>	<u>-</u>
Balance, End of Year	\$ <u>(15,679)</u>	\$ <u>(4,603)</u>



Notes to the Electro Thermal Storage Program
 (Unaudited)
 December 31, 2013

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
Equipment	5

3. Long Term Debt

	Interest Rate %	Maturity Date	2013	2012
TD Canada Trust – 2011 Capital	2.74	2022	41,945	46,000
TD Canada Trust – 2012 Capita	2.63	2023	105,300	-
			\$ 147,245	\$ 46,000

Scheduled principal repayments in each of the next five years are as follows:
 2014 - \$13,497; 2015 - \$13,861; 2016 - \$14,235; 2017 - \$14,619; 2018 - \$15,013



Notes to the Electro Thermal Storage Program

(Unaudited)

December 31, 2013

4. Tangible Capital Assets

2013

	Cost			Accumulated Amortization		Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	
Equipment	\$ 151,312	\$ 34,287	\$ -	\$ 185,598	\$ 4,603	\$ 185,865
					\$ 15,131	\$ 19,734
					\$ -	\$ -

2012

	Cost			Accumulated Amortization		Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	
Equipment	\$ 46,033	\$ 105,279	\$ -	\$ 151,312	\$ -	\$ 146,709
					\$ 4,603	\$ 4,603
					\$ -	\$ -