



Financial Statements

December 31, 2009



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Auditors' report

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To His Worship the Mayor and
Members of the City Council

We have audited the consolidated statement of financial position of the City of Summerside at December 31, 2009, and the consolidated statements of operations, cash flow and change in net debt for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Grant Thornton LLP

Summerside, Prince Edward Island

March 29, 2010

Chartered accountants



Consolidated Statement of Operations
Year Ended December 31

	2009 Budget (Unaudited)	2009 Actual	2008 Actual (Restated) (Note 2)
Revenue			
General Fund	\$ 14,783,058	\$ 15,756,608	\$ 14,332,999
Electric Utility	22,118,982	20,297,131	19,505,994
Water Utility	1,586,924	1,559,859	1,541,752
Sewer Utility	2,728,463	2,584,364	2,338,181
Summerville Community Network	661,129	602,452	573,218
	<u>41,878,556</u>	<u>40,800,414</u>	<u>38,292,144</u>
Expenses			
General Fund	14,782,243	14,685,478	14,050,673
Electric Utility	22,039,743	20,214,008	20,819,051
Water Utility	1,586,924	1,513,205	1,558,994
Sewer Utility	2,728,463	2,728,344	2,647,076
Summerville Community Network	661,129	658,085	572,651
	<u>41,798,502</u>	<u>39,799,120</u>	<u>39,648,445</u>
Excess of Revenues over Expenses	<u>\$ 80,054</u>	1,001,294	(1,356,301)
Transfers and Other (Note 8)		<u>153,924</u>	<u>414,753</u>
Change in Fund Balances		<u>1,155,218</u>	<u>(941,548)</u>
Opening Fund Balances, as Previously Stated		135,226,439	129,186,309
Change in Accounting Policy (Note 2)		<u>(93,002,424)</u>	<u>(86,020,746)</u>
Opening Fund Balances, as Restated		<u>42,224,015</u>	<u>43,165,563</u>
Closing Fund Balances		<u>\$ 43,379,233</u>	<u>\$ 42,224,015</u>



Consolidated Statement of Financial Position
December 31

	2009	2008 (Restated) (Note 2)
Financial Assets		
Receivables	\$ 20,347,561	\$ 11,582,872
Restricted Short Term Investments	191,835	1,859,435
Sinking Fund Investments, at Market Value	<u>1,835,669</u>	<u>1,750,773</u>
	<u>22,375,065</u>	<u>15,193,080</u>
Liabilities		
Bank Indebtedness	6,945,288	9,415,766
Payables and Accruals		
Trade and Customer Deposits	7,709,697	2,791,761
Accrued Interest	302,312	369,935
Deferred Revenue – Gas Tax	-	1,698,811
Long Term Debt (Note 12)		
Interim	16,232,032	3,712,433
Long Term	68,865,309	60,433,110
Sick Leave	1,329,335	1,187,103
Future Pension Payments	<u>506,334</u>	<u>563,670</u>
	<u>101,890,307</u>	<u>80,172,589</u>
NET DEBT	<u>(79,515,242)</u>	<u>(64,979,509)</u>
Non-Financial Assets		
Intangibles, Net of Amortization	18,002	22,846
Tangible Capital Assets, Net of Amortization (Note 11)	183,959,981	144,001,018
Deferred Contributions, Net of Amortization (Note 11)	<u>(62,273,710)</u>	<u>(38,083,365)</u>
	<u>121,704,273</u>	<u>105,940,499</u>
Inventory of Materials and Supplies, at Cost	<u>1,190,202</u>	<u>1,263,025</u>
	<u>122,894,475</u>	<u>107,203,524</u>
NET ASSETS	<u>\$ 43,379,233</u>	<u>\$ 42,224,015</u>
Fund Balances		
Reserve Funds	\$ 1,252,682	\$ 1,913,971
Revenue and Capital Funds (Note 4)	<u>42,126,551</u>	<u>40,310,044</u>
	<u>\$ 43,379,233</u>	<u>\$ 42,224,015</u>

Commitments and Contingencies (Note 5)

On Behalf of the Council

On Behalf of Management



Consolidated Statement of Cash Flows
Year Ended December 31

	2009	2008 (Restated)
Increase (Decrease) in Cash and Cash Equivalents		
Operating		
Change in Fund Balances	\$ 1,155,218	\$ (941,548)
Amortization	4,433,082	4,042,880
Change in Non-Cash Operating Working Capital	(3,836,708)	6,872,696
Change in Short Term Investments	1,667,600	(768,993)
Change in Gas Tax Advances	(1,698,811)	728,286
Change in Sinking Funds	(84,896)	380,392
Change in Sick Leave and Pension Liability	84,896	(380,392)
	<u>1,720,381</u>	<u>9,933,321</u>
Financing		
Change in Long Term Debt	<u>20,951,797</u>	<u>(7,231,168)</u>
Investing		
Change in Tangible Capital Assets		
Proceeds from Disposition, Net of Expenses	-	53,079
Additions, Net of Deferred Contributions	(22,657,728)	(5,441,829)
Reduction of Work in Progress	2,455,121	-
Disposals		
Cost	1,277,276	220,890
Accumulated Amortization	(1,276,369)	(192,027)
	<u>(20,201,700)</u>	<u>(5,359,887)</u>
Net Decrease (Increase) in Bank Indebtedness	2,470,478	(2,657,734)
Bank Indebtedness, Beginning of Year	<u>(9,415,766)</u>	<u>(6,758,032)</u>
Bank Indebtedness, End of Year	\$ <u>(6,945,288)</u>	\$ <u>(9,415,766)</u>



Consolidated Statement of Change in Net Debt
Year Ended December 31

	2009	2008 (Restated)
Consolidated Change in Fund Balances	\$ 1,155,218	\$ (941,548)
Change in Intangibles	4,844	4,843
Change in Inventory	72,823	(191,578)
Change in Net Book Value of Tangible Capital Assets, Net of Deferred Contributions	<u>(15,768,618)</u>	<u>(1,317,033)</u>
Increase in Net Debt	(14,535,733)	(2,445,316)
Net Debt, Beginning of Year	<u>(64,979,509)</u>	<u>(62,534,193)</u>
Net Debt, End of Year	\$ <u>(79,515,242)</u>	\$ <u>(64,979,509)</u>



Notes to the Consolidated Financial Statements

December 31, 2009

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 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

c) Revenue Recognition

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) 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, 2009

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

e) Tangible Capital Assets

Effective January 1, 2009, the City changed their accounting policy with regards to tangible capital assets and adopted Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook of the Canadian Institute of Chartered Accountants ("CICA"). Tangible Capital Assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Tangible capital assets and projects in progress are recorded at cost. During construction, the City capitalizes interest as part of the costs of its capital assets. Interest capitalized during the year was \$213,338.

In compliance with Section 3150 the City records amortization on 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, in 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
Distribution and Collection Systems	
Electric	40
Water	83
Sewer	83
Summerside Community Network	7
Streets	
Local	25
Collector	10
Sidewalks	40
Stormlines	83
Wind Farm	25

f) Management Estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those reported.



Notes to the Consolidated Financial Statements
December 31, 2009

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

g) Sick Leave

Accumulated sick leave credits earned up to December 31, 2009 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:

2009			
	Accumulated Credits		
	Early Retirement	Regular Retirement	2009 Liability
General Fund	\$ 964,956	\$ 1,377,692	\$ 447,687
Electric Fund	212,720	341,756	610,358
Water and Sewer	<u>72,497</u>	<u>99,042</u>	<u>271,289</u>
	<u>\$ 1,250,173</u>	<u>\$ 1,818,490</u>	<u>\$ 1,329,334</u>

2008			
	Accumulated Credits		
	Early Retirement	Regular Retirement	2008 Liability
General Fund	\$ 907,070	\$ 1,300,028	\$ 399,787
Electric Fund	218,476	345,479	545,053
Water and Sewer	<u>87,521</u>	<u>120,249</u>	<u>242,263</u>
	<u>\$ 1,213,067</u>	<u>\$ 1,765,756</u>	<u>\$ 1,187,103</u>

Fair market value of the sinking funds total \$1,329,334 (2008 - \$1,187,103).



Notes to the Consolidated Financial Statements

December 31, 2009

2. Change in Accounting Policy

Effective January 1, 2009, the city has restated its financial statements to comply with the provisions of Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook. This section has established standards on how to account for and report tangible capital assets. Tangible capital assets are a significant economic resource managed by government and a key component in the delivery of many government programs. The standard requires tangible capital assets to be recorded at historical cost on the balance sheet and to allocate their costs to future accounting periods through annual amortization expenses based on the tangible capital asset's estimated useful life. The city was required to record the historical cost of their tangible capital assets and accumulated amortization on a retrospective basis with restatement of prior years. The city determined historical cost based on historical accounting records, discounted replacement cost or discounted appraisal costs. If historical cost could not be determined, the asset was recorded at a nominal value. Under previous accounting standards, the city had different options on how to record their tangible capital assets which included; expense as incurred in the statement of operations, record as an addition in the capital fund without annual amortization, or capitalize and amortize over their estimated useful lives. Previous standards also permitted the city to expense debt repayments as incurred in the statement of operations. This is no longer an option under section 3150, Tangible Capital Assets.

Effective January 1, 2009 the City has changed its accounting policy regarding the classification of unspent funding received under the New Deal Gas Tax Funding for Incorporated Communities. In previous years, amounts received were disclosed as a reserve until they were applied to fund an eligible project. Under the new accounting policy the balances are disclosed as deferred revenue, under financial liabilities. The 2008 balances have been restated to reflect this change in accounting policy.

Effective January 1, 2009 the City has changed its accounting policy regarding the classification of future expected expenditures for sick leave and pension benefits. In previous years these balances have been disclosed as a reserve. Under the new accounting policy the balances are classified as a liability.



Notes to the Consolidated Financial Statements December 31, 2009

2. Change in Accounting Policy (Cont'd)

The December 31, 2008 figures presented for comparative purposes have been restated from those previously reported. The following adjustments were made to the prior periods:

Adjustments to opening fund balances:	2009	2008
As previously reported	\$ <u>135,226,439</u>	\$ <u>129,186,309</u>
Adjustment to net book value of tangible capital assets	(51,469,475)	(45,311,437)
Adjustment to Deferred Contributions	(38,083,365)	(37,607,619)
Adjustment to Gas Tax Reserves	(1,698,811)	(970,525)
Adjustment of Sick Leave and Pension Reserves	<u>(1,750,773)</u>	<u>(2,131,165)</u>
	<u>(93,002,424)</u>	<u>(86,020,746)</u>
As restated	\$ <u>42,224,015</u>	\$ <u>43,165,563</u>
Adjustments to excess of revenues over expenses:		
As previously reported		\$ (1,312,803)
Tangible capital assets recorded but previously expensed		2,005,436
Principal debt repayments previously expensed		1,901,082
Change in annual amortization expense		(3,587,928)
Reserves for future expenditure		<u>(362,088)</u>
As restated		\$ <u>(1,356,301)</u>
Adjustments to tangible capital assets:		
As previously reported		\$ 195,470,492
Adjustment to historical cost of tangible capital assets		3,515,681
Accumulated amortization recorded		<u>(54,985,155)</u>
As restated		\$ <u>144,001,018</u>



Notes to the Consolidated Financial Statements December 31, 2009

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. Based upon information provided by the actuaries, the actuarial present value of accrued pension benefits as at December 31, 1999 is \$1,471,075. The actuarial unfunded liability as at December 31, 1999 is \$251,681. The net assets available for benefits at December 31, 2009 are \$506,333.

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. The plan was amended effective October 1, 2003 to increase contributions by both the City and members to 9% of pensionable earnings. The amendment did not directly increase liabilities under the plan. Under the terms of the plan, should the required contributions exceed 18%, 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. As at December 31, 2008, the actuary determined that the pension plan's surplus was not in excess of the maximum surplus permitted.



Notes to the Consolidated Financial Statements December 31, 2009

3. Pension Plans (cont'd)

The most recent actuarial report was completed in June 2009 for the year ended December 31, 2008 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, 2009 is expected to be completed in mid 2010.

	2008
Accrued Benefit Obligations	<u>\$ 19,743,969</u>
Plan Assets	
Fair Value, Beginning of Year	17,823,447
Return on Plan Assets	(2,199,794)
Administrative and Investment Management Fees	(157,689)
Benefits Paid	(659,994)
Employee Contributions	542,743
Employer Contributions	<u>542,743</u>
 Fair Value, End of Year	 <u>15,891,456</u>
 Funded Status – Plan Deficit	 (3,852,513)
Investment Valuation Reserve	<u>3,275,420</u>
 Actuarial Deficit	 <u>\$ (577,093)</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	6.5%
Inflation rate	2.5%



Notes to the Consolidated Financial Statements December 31, 2009

4. Revenue and Capital Funds

	2009	2008
Revenue Fund Balances		
General	\$ 1,206	\$ 1,176
Electric	(3,910,883)	(3,994,006)
Water	-	-
Sewer	(79,240)	-
Summerside Community Network	13,275	13,275
Capital Fund Balances		
Investment in Tangible Capital Assets	45,640,439	43,827,845
Equity Investment in Electric	461,754	461,754
Revenue and Capital Fund Balances	<u>\$ 42,126,551</u>	<u>\$ 40,310,044</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, will terminate on August 31, 2012.

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 incurred costs of defending itself and its executives from certain actions. As at December 31, 2009, certain of these costs have been deferred pending the outcome of the related legal actions.

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, 2009 was \$215,000.

The City agreed to provide financial support in the form of a loan guarantee and operational funding to the Harbourfront Theatre. The City has provided a loan guarantee of \$150,000, which has a principal balance of \$15,000 at December 31, 2009.



Notes to the Consolidated Financial Statements

December 31, 2009

6. Financial Instruments

The City's financial instruments consist of cash, receivables, investments, bank indebtedness, payables and accruals, and long-term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The City's financial instruments that are exposed to credit risk include accounts receivable. The City mitigates credit risk associated with its trade receivables through establishing credit approval limits and a regular monitoring process. The City generally considers the credit quality of its financial assets that are neither past due nor impaired to be solid. Credit risk is mitigated due to the large number of customers.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Financial instruments that potentially subject the City to interest rate risk include financial liabilities with floating interest rates. The City currently has lines of credit and demand notes which are exposed to interest rate risk due to floating rates.

Foreign exchange

The City's foreign currency exchange risk relates to electrical purchases made in U.S. dollars. As at December 31, 2009, the City did not have any foreign exchange contracts to mitigate its foreign exchange risk as they feel that the likely hood of potential gains is equal to potential losses.

7. Comparative Figures

Certain of the comparative figures for 2008 have been reclassified to conform to the 2009 financial statement presentation.



Notes to the Consolidated Financial Statements December 31, 2009

8. Transfers and Other

	2009	2008 (Restated)
Donated Assets	\$ 16,912	\$ 350,000
Increase in Business Park Reserve	-	57,600
Increase in Parkland Dedication Reserve	6,800	16,383
World Softball Reserve	(8,987)	164
Accommodation Levy	33,398	24,159
Disposal of Assets	-	(6,003)
Reversal of Red Bridge Reserve	-	(27,550)
Increase in Summerside Raceway Reserve	-	105,801
	-	-
Total Transfer and Other	<u>\$ 153,924</u>	<u>\$ 414,753</u>

9. 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 and have not been eliminated from the consolidated statement of operations:

Electric	\$ 2,080,849
Water & Sewer	29,185
Fire Alarm Monitoring	7,105
Internet Service	<u>23,860</u>
Total Internal Billings	<u>\$ 2,140,999</u>

10. 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, 2009

11. Tangible Capital Assets and Deferred Contributions

2009									
	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	\$ 3,848,003	\$ 530,488	\$ -	\$ 4,378,491	\$ -	\$ -	\$ -	\$ -	\$ 4,378,491
Plants, Buildings and Structures	100,714,942	12,930,909	(9,582)	113,636,269	15,521,581	2,718,362	(9,584)	18,230,359	95,405,910
Equipment and Vehicles	6,883,841	364,208	-	7,248,049	2,889,995	472,775	-	3,362,770	3,885,279
Distribution and Collection Systems	38,481,956	1,098,280	(81,347)	39,498,889	15,555,081	1,304,238	(80,439)	16,778,880	22,720,009
Streets	29,245,965	3,199,554	-	32,445,519	13,028,062	1,607,647	-	14,635,709	17,809,810
Sidewalks	5,027,941	373,897	(150,724)	5,251,114	2,154,481	125,699	(150,719)	2,129,461	3,121,653
Stormlines	11,292,778	2,817,748	-	14,110,526	4,800,327	136,058	-	4,936,385	9,174,141
Wind Farm	-	27,357,438	-	27,357,438	-	-	-	-	27,357,438
Summerside Raceway Inc.	1,035,629	-	(1,035,629)	-	1,035,629	-	(1,035,629)	-	-
Work in Progress	2,455,120	107,249	(2,455,121)	107,248	-	-	-	-	107,248
	198,986,175	48,779,771	(3,732,403)	244,033,543	54,985,156	6,364,779	(1,276,371)	60,073,564	183,959,981
Deferred Contributions	(47,217,543)	(26,122,045)	-	(73,339,588)	(9,134,178)	(1,931,700)	-	(11,065,878)	(62,273,710)
	<u>\$ 151,768,632</u>	<u>\$ 22,657,726</u>	<u>\$ (3,732,403)</u>	<u>\$ 170,693,955</u>	<u>\$ 45,850,978</u>	<u>\$ 4,433,079</u>	<u>\$ (1,276,371)</u>	<u>\$ 49,007,686</u>	<u>\$ 121,686,271</u>
2008									
	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	\$ 3,526,869	\$ 350,000	\$ (28,866)	\$ 3,848,003	\$ -	\$ -	\$ -	\$ -	\$ 3,848,003
Plants, Buildings and Structures	97,984,495	2,869,423	(138,976)	100,714,942	13,240,919	2,419,637	(138,975)	15,521,581	85,193,361
Equipment and Vehicles	6,610,282	273,559	-	6,883,841	2,426,739	463,256	-	2,889,995	3,993,846
Distribution and Collection Systems	37,644,016	837,940	-	38,481,956	14,260,166	1,294,915	-	15,555,081	22,926,875
Streets	28,211,176	1,034,789	-	29,245,965	11,503,243	1,524,819	-	13,028,062	16,217,903
Sidewalks	4,954,929	126,060	(53,048)	5,027,941	2,083,660	123,873	(53,052)	2,154,481	2,873,460
Stormlines	11,248,662	44,116	-	11,292,778	4,664,801	135,526	-	4,800,327	6,492,451
Summerside Raceway Inc.	1,035,629	-	-	1,035,629	1,035,629	-	-	1,035,629	-
Work in Progress	207,336	2,247,784	-	2,455,120	-	-	-	-	2,455,120
	191,423,394	7,783,671	(220,890)	198,986,175	49,215,157	5,962,026	(192,027)	54,985,156	144,001,018
Deferred Contributions	(44,875,701)	(2,341,842)	-	(47,217,543)	(7,268,082)	(1,866,096)	-	(9,134,178)	(38,083,365)
	<u>\$ 146,547,693</u>	<u>\$ 5,441,829</u>	<u>\$ (220,890)</u>	<u>\$ 151,768,632</u>	<u>\$ 41,947,075</u>	<u>\$ 4,095,930</u>	<u>\$ (192,027)</u>	<u>\$ 45,850,978</u>	<u>\$ 105,917,653</u>



Notes to the Consolidated Financial Statements

December 31, 2009

12. Long Term Debt

	Interest Rate %	Maturity Date	2009	2008
Interim				
National Bank	P-.77%	Interim	\$12,519,599	\$ -
Consolidated Credit Union	P-1.00%	Interim	1,349,793	1,349,793
Royal Bank	P-.75%	Interim	2,362,640	2,362,640
Total Interim Financing			<u>16,232,032</u>	<u>3,712,433</u>
Long Term				
Loans Repaid During Year			-	1,574,062
Bank of Montreal	5.76	2012	364,347	475,438
Bank of Montreal	5.76	2012	2,238,690	2,357,044
Bank of Montreal	5.69	2013	3,414,725	3,577,139
Pacific & Western	5.73	2013	292,301	355,751
Bank of Montreal	4.99	2014	1,372,603	1,434,931
Bank of Montreal	3.87	2010	781,760	830,620
Bank of Montreal	3.85	2010	250,000	300,000
Bank of Montreal	5.06	2016	4,664,300	5,142,200
Bank of Montreal	4.92	2017	1,774,370	1,872,945
C.I.B.C	4.96	2027	28,132,568	29,088,880
Royal Bank	3.57	2013	1,989,645	2,624,100
TD Canada Trust	4.51	2019	719,000	-
TD Canada Trust	3.47	2016	680,000	-
TD Canada Trust	4.66	2019	248,000	-
TD Canada Trust	2.94	2014	63,000	-
TD Canada Trust	4.51	2019	3,000,000	-
National Bank	P-.77%	Demand	8,000,000	-
Royal Bank	P-.75%	Demand	7,100,000	7,300,000
Metro Credit Union	P-.5%	Demand	3,500,000	3,500,000
CCU Capital Line of Credit	P-.65%	Demand	280,000	-
Total Long Term			<u>68,865,309</u>	<u>60,433,110</u>
Total Long Term Debt			<u>\$ 85,097,341</u>	<u>\$ 64,145,543</u>

Prime rate at December 31, 2009 was 2.25 % (Prime rate December 31, 2008 was 3.5%).

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

2010 - \$3,076,077; 2011 - \$3,429,971; 2012 - \$3,376,441; 2013 - \$3,311,782; 2014 - \$3,345,994.

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



Supplemental Information

December 31, 2009



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Management Report

The City is required to present annual audited consolidated financial statements prepared in accordance with the 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,

Malcolm Millar, CA

Director of Financial Services



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

	Per Consolidated Financial Statements	Add: Capital Spending	Add: Debt Repayment	Deduct: Amortization	Non-Consolidated			Page
					2009 Actual As Adjusted	2009 Budget	2008 Actual As Adjusted	
General Revenue Fund								
Revenue	\$ 15,756,608	-	-	-	\$ 15,756,608	\$ 14,783,058	\$ 14,332,999	3
Expenses	14,685,478	\$ 2,721,765	\$ 1,543,257	\$ (3,193,919)	<u>15,756,581</u>	<u>14,782,243</u>	14,332,745	3
General Revenue Fund Surplus					<u>27</u>	<u>815</u>	<u>254</u>	
Utility Revenue Funds								
Revenue								
Electric Utility	\$ 20,297,131	-	-	-	20,297,131	22,118,982	19,505,994	12
Water Utility	1,559,859	-	-	-	1,559,859	1,586,924	1,541,752	18
Sewer Utility	2,584,364	-	-	-	2,584,364	2,728,463	2,338,181	19
Summerside Community Network	602,452	-	-	-	602,452	661,129	573,218	27
					<u>25,043,806</u>	<u>27,095,498</u>	<u>23,959,145</u>	
Expenses, Financing and Transfers								
Electric Utility	\$ 20,214,008	\$ -	-	-	20,214,008	22,039,743	20,819,051	
Water Utility	1,513,205	-	\$ 280,798	(234,143)	1,559,860	1,586,924	1,541,752	
Sewer Utility	2,728,344	-	365,780	(430,520)	2,663,604	2,728,463	2,338,181	
Summerside Community Network	658,085	-	10,864	(66,497)	602,452	661,129	573,218	
					<u>25,039,924</u>	<u>27,016,259</u>	<u>25,272,202</u>	
Combined Utility Revenue Fund Surplus (Deficit)					<u>3,882</u>	<u>79,239</u>	<u>(1,313,057)</u>	
Total Revenue Funds Surplus (Deficit)					\$ <u>3,909</u>	\$ <u>80,054</u>	\$ <u>(1,312,803)</u>	

See accompanying notes to the General Fund.



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

	2009 Actual	2009 Budget	2008 Actual
Revenue	\$ 15,756,608	\$ 14,783,058	\$ 14,332,999
Expenses, Net of Recoveries			
General Government	389,475	356,970	360,744
Financial Services	1,720,035	1,806,482	1,820,869
Human Resources and Legal Affairs	174,296	170,374	148,216
Economic Development and Heritage	697,851	549,535	604,478
Technical Services	232,060	205,897	180,098
Fire Services	541,508	542,690	534,563
Police Services	2,912,162	2,922,669	2,861,944
Municipal Services	2,095,922	1,806,063	2,032,973
Community Services	2,118,897	1,612,556	2,093,807
Capital Spending			
Tangible Capital Assets	2,721,765	2,549,736	2,005,436
Other Projects	609,350	716,571	489,431
	<u>14,213,321</u>	<u>13,239,543</u>	<u>13,132,559</u>
Financing and Transfers			
Debt Principal Repayments	1,543,257	1,542,700	1,414,186
Reserve for Future Expenditures	-	-	(214,000)
	<u>15,756,578</u>	<u>14,782,243</u>	<u>14,332,745</u>
Change in General Revenue Fund Balance	30	815	254
Opening Fund Balance	1,176	1,176	922
Ending Fund Balance	\$ 1,206	\$ 1,991	\$ 1,176



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

	2009	2008
Financial Assets		
Receivables	\$ 4,758,688	\$ 4,009,926
Restricted Short Term Investments	110,734	86,323
Receivable from Other Funds		
General Capital Fund	3,418,323	-
Electricity Revenue Fund	3,744,707	3,067,899
Water and Sewer Revenue Fund	-	1,038,183
Summerville Community Network Capital Fund	145,971	129,216
Electric Utility Equity	461,754	461,754
Sinking Fund Investments, at Market Value	465,210	465,999
	<u>13,105,387</u>	<u>9,259,300</u>
Liabilities		
Bank Indebtedness (Note 2)	3,207,813	4,778,292
Payables and Accruals		
Trade	7,286,915	2,429,407
Accrued Interest	302,312	369,935
Payable to Other Funds		
Summerville Community Network Revenue Fund	14,749	59,050
General Capital Fund	-	313,846
Water and Sewer Revenue Fund	853,769	-
Sick Leave	447,688	399,787
Future Pension Payments	17,522	66,212
	<u>12,130,768</u>	<u>8,416,529</u>
NET FINANCIAL ASSETS	974,619	842,771
Non-Financial Assets		
Inventory of Materials and Supplies, at Cost	28,166	29,772
NET ASSETS	\$ 1,002,785	\$ 872,543
Fund Balances		
Reserves for Future Expenditures (Note 5)	\$ 539,825	\$ 409,613
Appropriated Surplus for Electric Utility Equity	461,754	461,754
Fund Balance	1,206	1,176
	<u>\$ 1,002,785</u>	<u>\$ 872,543</u>



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

	2009	2008
Financial Assets		
Government Grants Receivable	\$ 5,442,558	\$ 1,657,606
Restricted Short Term Investments	81,101	1,773,112
Investment in		
Electric Utility	7,267,588	6,845,587
Water Utility	6,717,248	6,338,596
Sewer Utility	5,607,345	5,672,085
Summerville Community Network	(68,424)	(57,094)
Summerville Regional Development Corporation, at Cost	375	375
Receivable from Other Funds		
General Revenue Fund		313,846
	<u>25,047,791</u>	<u>22,544,113</u>
Liabilities		
Bank Indebtedness (Note 2)	1,937,500	1,937,500
Long Term Debt (Note 3)	42,839,119	41,382,376
Deferred Revenues – Gas Tax	-	1,698,811
Payable to Other Funds		
General Revenue Fund	3,418,323	-
Electric Capital Fund	12,999,965	-
	<u>61,194,907</u>	<u>45,018,687</u>
NET DEBT	(36,147,116)	(22,474,574)
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	129,275,326	89,083,588
Deferred Contributions, Net of Amortization (Note 4)	(47,406,679)	(22,706,870)
NET ASSETS	\$ <u>45,721,531</u>	\$ <u>43,902,144</u>
Fund Balances		
Reserves (Note 5)	\$ 81,101	\$ 74,301
Investment in Tangible Capital Assets (Page 6)	<u>45,640,430</u>	<u>43,827,843</u>
	\$ <u>45,721,531</u>	\$ <u>43,902,144</u>



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

	2009	2008
Add:		
Long Term Debt Retired	\$ 1,543,257	\$ 1,414,186
Increase (Decrease) in Investment in		
Electric Utility	422,001	-
Water Utility	378,652	70,970
Sewer Utility	(64,740)	528,670
Summerside Community Network	(11,330)	(45,207)
Disposal of Assets	-	(6,002)
Donated Land	16,903	350,000
Tangible Capital Assets Expenditures		
From Revenue Fund	2,721,765	2,005,436
	<u>5,006,508</u>	<u>4,318,053</u>
Deduct:		
Amortization	3,193,921	2,923,550
Reduction of Reserve for Plant Upgrade	-	1,068,083
	<u>(3,193,921)</u>	<u>(3,991,633)</u>
Change in Investment in Tangible Capital Assets	1,812,587	326,420
Balance, Beginning of Year	<u>43,827,843</u>	<u>43,501,423</u>
Balance, End of Year	<u>\$ 45,640,430</u>	<u>\$ 43,827,843</u>



Notes to the General Fund
(Unaudited)
December 31, 2009

1. Summary of Significant Accounting Policies

Tangible Capital Assets

Effective January 1, 2009, the City changed their accounting policy with regards to tangible capital assets and adopted Section 3150, Tangible Capital Assets, of Public Sector Accounting Board Handbook of the Canadian Institute of Chartered Accountants (“CICA”). Tangible Capital Assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Tangible capital assets and projects in progress are recorded at cost. During construction, the City capitalizes interest as part of the costs of its capital assets. Interest capitalized during the year was \$213,338.

In compliance with Section 3150 the City records amortization on 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, in 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
Stormlines	83
Wind Farm	25

2. Bank Indebtedness

Bank indebtedness consists of a \$3,095,550 advance on an operating line of credit and \$112,263 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% of which, \$2,792,187 was unused at December 31, 2009.

The City also has an authorized capital line of credit of \$2,500,000, which was used as interim funding for the 2009 capital expenditures. The interest rate is prime less .50%.

At December 31, 2009 prime was 2.25%.



Notes to the General Fund
(Unaudited)
December 31, 2009

3. Long Term Debt

	Interest Rate %	Maturity Date	2009	2008
Loans				
Bank of Montreal	5.76	2012	\$ 364,347	\$ 475,438
Bank of Montreal	5.76	2012	2,238,690	2,357,044
Bank of Montreal	5.69	2013	2,411,638	2,526,425
Pacific & Western	5.73	2013	58,460	71,150
Bank of Montreal	4.99	2014	1,372,603	1,434,931
Bank of Montreal	5.06	2016	1,640,812	1,766,008
C.I.B.C	4.96	2027	28,132,569	29,088,880
Metro Credit Union	P-1.00%	Demand	3,500,000	3,500,000
CCU Capital Line of Credit	P-.65%	Demand	120,000	162,500
			<u>39,839,119</u>	<u>41,382,376</u>
Loan Excluded from City's Debt Limit				
Summerside Raceway				
TD Canada Trust	4.51	2019	<u>3,000,000</u>	-
Total Payable			<u>\$ 42,839,119</u>	<u>\$ 41,382,376</u>

Prime rate at December 31, 2009 was 2.25%.

Scheduled principal repayments in each of the next five years are due as follows:
2010 - \$1,757,901; 2011 - \$1,976,079; 2012 - \$2,015,990; 2013 - \$1,944,057; 2014 - \$2,017,197



Notes to the General Fund
(Unaudited)
December 31, 2009

4. Tangible Capital Assets

2009									
	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
General Fund									
Land	\$ 3,397,894	\$ 450,622	\$ -	\$ 3,848,516	\$ -	\$ -	\$ -	\$ -	\$ 3,848,516
Parks, Gardens and Trails	5,087,133	1,573,727	-	6,660,860	456,562	127,178	-	583,740	6,077,120
Parking Lots	87,888	-	-	87,888	87,888	-	-	87,888	-
Buildings	55,157,343	641,207	-	55,798,550	5,330,407	1,609,359	-	6,939,766	48,858,784
Sports and Events Fields	49,000	2,635,070	-	2,684,070	49,000	-	-	49,000	2,635,070
Equipment and Vehicles	5,359,918	238,677	-	5,598,595	2,317,576	334,627	-	2,652,203	2,946,392
Streets	29,245,965	3,199,554	-	32,445,519	13,028,062	1,607,647	-	14,635,709	17,809,810
Sidewalks	5,027,941	373,897	(150,724)	5,251,114	2,154,485	125,699	(150,729)	2,129,455	3,121,659
Stormlines	11,292,778	2,817,748	-	14,110,526	4,800,327	136,058	-	4,936,385	9,174,141
Wind Farm	-	27,357,436	-	27,357,436	-	-	-	-	27,357,436
Summerside Raceway									
Raceway	146,912	79,866	-	226,778	-	-	-	-	226,778
Buildings	361,919	7,213,973	(361,919)	7,213,973	361,919	-	(361,919)	-	7,213,973
Work in Progress	2,455,120	5,648	(2,455,121)	5,647	-	-	-	-	5,647
Deferred Contributions	117,669,811	46,587,425	(2,967,764)	161,289,472	28,586,226	3,940,568	(512,648)	32,014,146	129,275,326
	(28,830,900)	(25,446,457)	-	(54,277,357)	(6,124,028)	(746,650)	-	(6,870,678)	(47,406,679)
	<u>\$ 88,838,911</u>	<u>\$ 21,140,968</u>	<u>\$ (2,967,764)</u>	<u>\$ 107,012,115</u>	<u>\$ 22,462,198</u>	<u>\$ 3,193,918</u>	<u>\$ (512,648)</u>	<u>\$ 25,143,468</u>	<u>\$ 81,868,647</u>
2008									
	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
General Fund									
Land	\$ 3,076,760	\$ 350,000	\$ (28,866)	\$ 3,397,894	\$ -	\$ -	\$ -	\$ -	\$ 3,397,894
Parks, Gardens and Trails	4,303,296	783,837	-	5,087,133	351,180	105,382	-	456,562	4,630,571
Parking Lots	87,888	-	-	87,888	87,888	-	-	87,888	-
Buildings	54,024,650	1,132,693	-	55,157,343	3,957,330	1,373,077	-	5,330,407	49,826,936
Sports and Events Fields	49,000	-	-	49,000	49,000	-	-	49,000	-
Equipment and Vehicles	5,241,002	118,916	-	5,359,918	1,975,657	341,919	-	2,317,576	3,042,342
Streets	28,211,176	1,034,789	-	29,245,965	11,503,243	1,524,819	-	13,028,062	16,217,903
Sidewalks	4,954,929	126,060	(53,048)	5,027,941	2,083,660	123,873	(53,051)	2,154,482	2,873,459
Stormlines	11,248,662	44,116	-	11,292,778	4,664,801	135,526	-	4,800,327	6,492,451
Wind Farm	-	-	-	-	-	-	-	-	-
Summerside Raceway									
Raceway	146,912	-	-	146,912	-	-	-	-	146,912
Buildings	361,919	-	-	361,919	361,919	-	-	361,919	-
Work in Progress	207,336	2,247,784	-	2,455,120	-	-	-	-	2,455,120
Deferred Contributions	111,913,530	5,838,195	(81,914)	117,669,811	25,034,678	3,604,596	(53,051)	28,586,223	89,083,588
	(26,489,058)	(2,341,840)	-	(28,830,898)	(5,442,982)	(681,046)	-	(6,124,028)	(22,706,870)
	<u>\$ 85,424,472</u>	<u>\$ 3,496,355</u>	<u>\$ (81,914)</u>	<u>\$ 88,838,913</u>	<u>\$ 19,591,696</u>	<u>\$ 2,923,550</u>	<u>\$ (53,051)</u>	<u>\$ 22,462,195</u>	<u>\$ 66,376,718</u>



Notes to the General Fund
(Unaudited)
December 31, 2009

5. Reserves for Future Expenditures	2009	2008
<u>General Revenue Fund</u>		
Funded Through Restricted Short Term Investments		
Accumulated Funds – World Softball	\$ 53,177	\$ 62,164
Accommodation Levy	<u>57,557</u>	<u>24,159</u>
Total General Revenue Funded Reserves	<u>110,734</u>	<u>86,323</u>
Unfunded		
Community Access	13,482	13,482
Peewee Baseball	17,208	17,208
Venture Centre	60,000	60,000
Business Park Fund	177,600	177,600
Attraction Fund	55,000	55,000
Summerside Raceway	<u>105,801</u>	<u>-</u>
Total General Revenue Unfunded Reserves	<u>429,091</u>	<u>323,290</u>
Total General Revenue Reserves	<u>\$ 539,825</u>	<u>\$ 409,613</u>
<u>General Capital Fund</u>		
Funded Through Restricted Short Term Investments		
Parkland Dedication	<u>\$ 81,101</u>	<u>\$ 74,301</u>



Notes to the General Fund
(Unaudited)
December 31, 2009

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. During 2009, the City received \$1,374,774. The monies received in 2007, 2008 and 2009 have been applied against the wind generation project.



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

	2009 Actual	2009 Budget	2008 Actual
Distribution and Generation Revenue	\$ <u>20,297,131</u>	\$ <u>22,118,982</u>	\$ <u>19,505,994</u>
Expenses			
Distribution			
Power Purchased	13,138,942	15,934,813	14,492,778
Operations	209,882	225,664	218,231
Substation	4,475	45,515	43,769
Underground Conduit and Cables	6,561	6,659	8,143
Overhead Conductors	80,817	112,408	168,440
Poles and Fixtures	74,712	93,802	58,089
Transformers	43,965	11,050	15,176
Services	43,511	37,492	39,000
Street Lighting	48,338	44,737	68,977
Meters	53,362	49,415	47,879
Customer Service	41,628	47,186	45,374
Administration	725,936	757,905	771,506
Fiscal and Other	5,160,684	4,065,277	4,283,284
	<u>19,632,813</u>	<u>21,431,923</u>	<u>20,260,646</u>
Generation			
Salaries and Benefits	203,795	222,195	198,691
Material and Supplies	129,400	137,625	111,714
Fiscal and Other	248,000	248,000	248,000
	<u>581,195</u>	<u>607,820</u>	<u>558,405</u>
	<u>20,214,008</u>	<u>22,039,743</u>	<u>20,819,051</u>
Change in Electric Utility Revenue Fund Balance	83,123	\$ <u>79,239</u>	(1,313,057)
Opening Fund Balance	<u>(3,994,006)</u>		<u>(2,680,949)</u>
Ending Fund Balance	\$ <u>(3,910,883)</u>		\$ <u>(3,994,006)</u>



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

	2009	2008
Financial Assets		
Receivables	\$ 1,332,217	\$ 1,718,310
Receivable from Other Funds		
Electric Utility Capital Fund	313,976	399,314
Sinking Fund Investments, at Market Value	<u>1,013,665</u>	<u>960,932</u>
	<u>2,659,858</u>	<u>3,078,556</u>
Liabilities		
Bank Indebtedness (Note 2)	1,799,975	2,699,975
Payables and Accruals		
Trade and Customer Deposits	114,602	94,425
Payable to Other Funds		
General Revenue Fund	3,744,707	3,067,899
Sick Leave	610,358	545,053
Future Pension Payments	<u>403,307</u>	<u>415,879</u>
	<u>6,672,949</u>	<u>6,823,231</u>
NET DEBT	(4,013,091)	(3,744,675)
Non-Financial Assets		
Inventories, at Cost	<u>1,060,012</u>	<u>1,130,473</u>
NET DEFICIENCY	\$ <u>(2,953,079)</u>	\$ <u>(2,614,202)</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	814,302
Equity Investment from General Revenue Fund	461,754	461,754
Fund Balance	<u>(3,910,883)</u>	<u>(3,994,006)</u>
	<u>\$ (2,953,079)</u>	<u>\$ (2,614,202)</u>



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

	2009	2008
Financial Assets		
Receivables	\$ 7,519,634	\$ -
Due from General Capital Fund	<u>12,999,965</u>	<u>-</u>
	<u>20,519,599</u>	<u>-</u>
Liabilities		
Long Term Debt (Note 3)		
Interim	12,519,599	-
Long Term	<u>12,718,589</u>	<u>5,397,003</u>
	25,238,188	5,397,003
Payable to Other Funds		
Electric Utility Revenue Fund	<u>313,976</u>	<u>399,314</u>
	<u>25,552,164</u>	<u>5,796,317</u>
NET FINANCIAL LIABILITIES	<u>(5,032,565)</u>	<u>(5,796,317)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	12,622,031	12,641,904
Deferred Contributions, Net of Amortization (Note 4)	<u>(321,878)</u>	<u>-</u>
NET ASSETS	<u>\$ 7,267,588</u>	<u>\$ 6,845,587</u>
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ 7,267,588</u>	<u>\$ 6,845,587</u>



Notes to the Electric Utility

(Unaudited)

December 31, 2009

1. Summary of Significant Accounting Policies

Tangible Capital Assets

Effective January 1, 2009, the City changed their accounting policy with regards to tangible capital assets and adopted Section 3150, Tangible Capital Assets, of Public Sector Accounting Board Handbook of the Canadian Institute of Chartered Accountants ("CICA"). Tangible Capital Assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

In compliance with Section 3150 the City records amortization on 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, in 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

2. Bank Indebtedness

Bank indebtedness consists of a \$1,800,000 advance on an operating line of credit at December 31, 2009 with an interest rate of prime less .50%. At December 31, 2009 prime was 2.25%.



Notes to the Electric Utility
(Unaudited)
December 31, 2009

3. Long Term Debt

	Interest Rate %	Maturity Date	2009	2008
Interim				
National Bank – Wind Farm	P-.77%	Interim	<u>\$ 12,519,599</u>	\$ -
Long Term				
Bank of Montreal	4.82	2009	-	442,371
Pacific & Western	4.63	2009	-	472,439
Bank of Montreal	3.87	2010	428,560	455,345
Pacific & Western	5.73	2013	163,688	199,220
Bank of Montreal	5.06	2016	1,292,767	1,505,578
Bank of Montreal	4.92	2017	827,480	873,450
Royal Bank	3.57	2013	1,011,994	1,048,600
TD Canada Trust – 84	4.51	2019	422,300	-
TD Canada Trust – 85	3.47	2016	411,800	-
National Bank	P-.77%	Demand	8,000,000	-
Metro Credit Union Capital Line	2.5	Demand	<u>160,000</u>	400,000
Total Long Term			<u>12,718,589</u>	<u>5,397,003</u>
Total Long Term Debt			<u>\$ 25,238,188</u>	<u>\$ 5,397,003</u>

Prime rate at December 31, 2009 was 2.25%.

Scheduled principal repayments in each of the next five years are as follows:
2010 - \$594,454; 2011 - \$727,853; 2012 - \$645,551; 2013 - \$664,019; 2014 - \$636,340.

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



Notes to the Electric Utility

(Unaudited)

December 31, 2009

4. Tangible Capital Assets

2009									
	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
Electric Utility									
Land	\$ 64,334	\$ -	\$ -	\$ 64,334	\$ -	\$ -	\$ -	\$ -	\$ 64,334
Buildings	597,927	-	-	597,927	441,822	14,258	-	456,080	141,847
Substation	3,390,661	12,836	-	3,403,497	1,427,854	85,283	-	1,513,137	1,890,360
Generating Equipment	8,065,956	44,334	-	8,110,290	4,754,843	237,058	-	4,991,901	3,118,389
Distribution System	10,593,708	369,815	-	10,963,523	3,732,440	137,120	-	3,869,560	7,093,963
Equipment and Vehicles	495,623	-	-	495,623	209,346	34,281	-	243,627	251,996
Work in Progress	-	61,142	-	61,142	-	-	-	-	61,142
	<u>23,208,209</u>	<u>488,127</u>	<u>-</u>	<u>23,696,336</u>	<u>10,566,305</u>	<u>508,000</u>	<u>-</u>	<u>11,074,305</u>	<u>12,622,031</u>
Deferred Contributions	-	(321,878)	-	(321,878)	-	-	-	-	(321,878)
	<u>\$ 23,208,209</u>	<u>\$ 166,249</u>	<u>\$ -</u>	<u>\$ 23,374,458</u>	<u>\$ 10,566,305</u>	<u>\$ 508,000</u>	<u>\$ -</u>	<u>\$ 11,074,305</u>	<u>\$ 12,300,153</u>
2008 As Restated									
	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
Electric Utility									
Land	\$ 64,334	\$ -	\$ -	\$ 64,334	\$ -	\$ -	\$ -	\$ -	\$ 64,334
Buildings	597,927	-	-	597,927	427,565	14,257	-	441,822	156,105
Substation	3,359,658	31,003	-	3,390,661	1,343,863	83,991	-	1,427,854	1,962,807
Generating Equipment	8,204,932	-	(138,976)	8,065,956	4,656,759	237,059	(138,975)	4,754,843	3,311,113
Distribution System	10,202,753	390,955	-	10,593,708	3,595,877	136,563	-	3,732,440	6,861,268
Equipment and Vehicles	495,623	-	-	495,623	173,216	36,130	-	209,346	286,277
	<u>22,925,227</u>	<u>421,958</u>	<u>(138,976)</u>	<u>23,208,209</u>	<u>10,197,280</u>	<u>508,000</u>	<u>(138,975)</u>	<u>10,566,305</u>	<u>12,641,904</u>



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

	2009 Actual	2009 Budget	2008 Actual
Revenue			
Sales to Customers	\$ 1,065,320	\$ 1,091,424	\$ 1,046,404
Fire Protection	483,000	483,000	483,000
Other	<u>11,539</u>	<u>12,500</u>	<u>12,348</u>
	<u>1,559,859</u>	<u>1,586,924</u>	<u>1,541,752</u>
Expenses			
Distribution Expenses	449,955	436,463	432,246
Pumping	165,606	158,493	154,181
Administration and Other	38,756	44,953	39,946
Overhead	196,935	228,143	260,880
Interfund Allocations	<u>427,809</u>	<u>437,072</u>	<u>442,687</u>
	<u>1,279,061</u>	<u>1,305,124</u>	<u>1,329,940</u>
Financing and Transfers			
Debt Principal Repayments	280,798	281,800	300,024
Reserve for Future Capital Expenditure	<u>-</u>	<u>-</u>	<u>(88,212)</u>
Expenses, Financing and Transfers	<u>1,559,859</u>	<u>\$ 1,586,924</u>	<u>1,541,752</u>
Change in Water Utility Revenue Fund Balance	-	-	-
Opening Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

See accompanying notes to the Water and Sewer Utilities.



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

	2009 Actual	2009 Budget	2008 Actual
Revenue	\$ 2,584,364	\$ 2,728,463	\$ 2,338,181
Expenses			
Distribution - Sewer	398,617	314,051	345,294
Operations – Pollution	1,287,279	1,299,703	1,232,229
Administration and Other	43,840	44,650	45,668
Overhead	273,130	418,164	370,968
Interfund Allocations	294,958	285,695	267,698
	<u>2,297,824</u>	<u>2,362,263</u>	2,261,857
Financing and Transfers			
Debt Principal Repayments	365,780	366,200	181,973
Reserve for Future Capital Expenditure	-	-	(105,649)
Expenses, Financing and Transfers	<u>2,663,604</u>	<u>\$ 2,728,463</u>	<u>2,338,181</u>
Change in Sewer Utility Revenue Fund Balance	(79,240)		-
Opening Fund Balance	-		-
Closing Fund Balance	<u>\$ (79,240)</u>		<u>\$ -</u>

See accompanying notes to the Water and Sewer Utilities.



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

	2009	2008
Financial Assets		
Receivables	\$ 940,379	\$ 933,168
Sinking Fund Investments, at Market Value	356,794	323,842
Receivable from Other Funds		
Water Utility Capital Fund	426,524	541,947
Sewer Utility Capital Fund	-	194,449
General Revenue Fund	<u>853,768</u>	<u>-</u>
	<u>2,577,465</u>	<u>1,993,406</u>
Liabilities		
Payables and Accruals		
Trade and Customer Deposits	308,186	267,928
Payable to Other Funds		
General Revenue Fund	-	1,038,184
Sewer Utility Capital Fund	1,959,517	-
Sick Leave	271,289	242,263
Future Pension Payments	<u>85,505</u>	<u>81,579</u>
	<u>2,624,497</u>	<u>1,629,954</u>
NET FINANCIAL ASSETS (LIABILITIES)	(47,032)	363,452
Non-Financial Assets		
Inventories of Materials and Supplies, at Cost	<u>102,024</u>	<u>102,780</u>
NET ASSETS	\$ <u>54,992</u>	\$ <u>466,232</u>
Fund Balances		
Reserve for Future Capital Expenditure	\$ 134,232	\$ 466,232
Fund Balance	<u>(79,240)</u>	<u>-</u>
	\$ <u>54,992</u>	\$ <u>466,232</u>

See accompanying notes to the Water and Sewer Utilities.



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

	2009	2008
Financial Assets		
Receivables	\$ -	\$ 202,090
Receivable from Other Funds		
Sewer Utility Capital Fund	<u>344,666</u>	<u>344,666</u>
	<u>344,666</u>	<u>546,756</u>
Liabilities		
Long Term Debt (Note 2)	4,409,927	4,691,689
Payable to Other Funds		
Water and Sewer Utilities	<u>426,524</u>	<u>541,947</u>
	<u>4,836,451</u>	<u>5,233,636</u>
NET DEBT	(4,491,785)	(4,686,880)
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 3)	12,333,200	12,159,257
Deferred Contributions, Net of Amortization	(1,142,169)	(1,156,627)
Intangible Assets, net of Amortization	<u>18,002</u>	<u>22,846</u>
	<u>11,209,033</u>	<u>11,025,476</u>
NET ASSETS	\$ <u>6,717,248</u>	\$ <u>6,338,596</u>
Fund Balances		
Investment in Tangible Capital Assets	\$ <u>6,717,248</u>	\$ <u>6,338,596</u>

See accompanying notes to the Water and Sewer Utilities.



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

	2009	2008
Financial Assets		
Receivables	\$ 353,707	\$ 3,061,397
Water and Sewer Utilities Revenue Funds	<u>1,959,517</u>	<u>-</u>
	<u>2,313,224</u>	<u>3,061,397</u>
Liabilities		
Long Term Debt (Note 2)		
Interim	3,106,840	3,106,840
Long Term	<u>9,231,375</u>	<u>9,349,354</u>
	<u>12,338,215</u>	<u>12,456,194</u>
Payable to Other Funds		
Water Utility Capital Fund	344,666	344,666
Water and Sewer Utilities Revenue Funds	<u>-</u>	<u>194,449</u>
	<u>12,682,881</u>	<u>12,995,309</u>
NET FINANCIAL LIABILITIES	(10,369,657)	(9,933,912)
Non-Financial Assets		
Tangible Capital Assets Sewer, Net of Amortization (Note 4)	26,685,710	26,233,497
Deferred Contributions, Net of Amortization	<u>(10,708,708)</u>	<u>(10,627,500)</u>
NET ASSETS	\$ <u>5,607,345</u>	\$ <u>5,672,085</u>
Fund Balances		
Investment in Tangible Capital Assets	\$ <u>5,607,345</u>	\$ <u>5,672,085</u>

See accompanying notes to the Water and Sewer Utilities.



Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2009

1. Summary of Significant Accounting Policies

Tangible Capital Assets

Effective January 1, 2009, the City changed their accounting policy with regards to tangible capital assets and adopted Section 3150, Tangible Capital Assets, of Public Sector Accounting Board Handbook of the Canadian Institute of Chartered Accountants ("CICA"). Tangible Capital Assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

In compliance with Section 3150 the City records amortization on 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, in 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

	Interest Rate %	Maturity Date	2009	2008
Water Utility				
Bank of Montreal	4.82	2009	\$ -	\$ 236,202
Pacific & Western	4.63	2009	-	72,927
Consolidated CU	P-1.00%	Demand	605,593	605,593
Bank of Montreal	3.87	2010	160,800	170,850
Bank of Montreal	3.85	2010	250,000	300,000
Bank of Montreal	5.69	2013	580,132	607,677
Bank of Montreal	5.06	2016	1,368,635	1,486,790
Bank of Montreal	4.92	2017	747,900	789,450
Royal Bank	3.57	2013	407,467	422,200
TD Canada Trust – 84	4.51	2019	225,800	-
TD Canada Trust – 85	3.47	2016	63,600	-
			\$ 4,409,927	\$ 4,691,689



Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2009

2. Long Term Debt (cont'd)

	Interest Rate %	Maturity Date	2009	2008
Sewer Utility				
Interim				
Consolidated CU	P-1.00%	Interim	\$ 744,200	\$ 744,200
Royal Bank	P- 0.65%	Interim	<u>2,362,640</u>	<u>2,362,640</u>
Total Interim Financing			<u>3,106,840</u>	<u>3,106,840</u>
Long Term				
Bank of Montreal	3.63	2009	-	41,400
Pacific & Western	4.63	2009	-	234,635
Bank of Montreal	4.82	2009	-	29,341
Bank of Montreal	4.82	2009	-	44,748
Bank of Montreal	5.69	2013	56,770	59,465
Pacific & Western	5.73	2013	70,152	85,380
Bank of Montreal	5.06	2016	302,243	320,462
Bank of Montreal	4.92	2017	174,150	183,825
Royal Bank	3.57	2013	445,975	462,100
TD Canada Trust – 84	4.51	2013	28,100	-
TD Canada Trust – 85	3.47	2016	204,600	-
TD Canada Trust – 2008	4.66	2019	248,000	-
Bank of Montreal	3.87	2010	192,400	204,425
Bank of Montreal	5.69	2013	366,185	383,573
Royal Bank	P- 0.65%	Demand	7,100,000	7,300,000
TD Canada Trust – 84	4.51	2019	<u>42,800</u>	<u>-</u>
Total Long Term			<u>9,231,375</u>	<u>9,349,354</u>
Total Long Term Debt			<u>\$12,338,215</u>	<u>\$12,456,194</u>

Prime rate at December 31, 2009 was 2.25%.

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

2010 - \$702,269; 2011 - \$680,195; 2012 - \$667,934; 2013 - \$655,587; 2014 - \$643,151.

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



Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2009

3. Tangible Capital Assets – Water Utility

2009									
	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
Water Utility									
Land	\$ 216,322	\$ -	\$ -	\$ 216,322	\$ -	\$ -	\$ -	\$ -	\$ 216,322
Wells and Springs	1,340,984	-	-	1,340,984	295,980	16,051	-	312,031	1,028,953
Buildings	867,120	-	(9,582)	857,538	457,359	20,320	(9,583)	468,096	389,442
Water Towers	2,441,673	-	-	2,441,673	251,898	29,418	-	281,316	2,160,357
Distribution System	13,776,102	422,544	(80,438)	14,118,208	5,572,519	171,068	(80,438)	5,663,149	8,455,059
Equipment and Vehicles	211,021	-	-	211,021	116,209	11,745	-	127,954	83,067
	18,853,222	422,544	(90,020)	19,185,746	6,693,965	248,602	(90,021)	6,852,546	12,333,200
Deferred Contributions	(1,200,000)	-	-	(1,200,000)	(43,373)	(14,458)	-	(57,831)	(1,142,169)
	<u>\$ 17,653,222</u>	<u>\$ 422,544</u>	<u>\$ (90,020)</u>	<u>\$ 17,985,746</u>	<u>\$ 6,650,592</u>	<u>\$ 234,144</u>	<u>\$ (90,021)</u>	<u>\$ 6,794,715</u>	<u>\$ 11,191,031</u>

2008 As Restated									
	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
Water Utility									
Land	\$ 216,322	\$ -	\$ -	\$ 216,322	\$ -	\$ -	\$ -	\$ -	\$ 216,322
Wells and Springs	1,340,984	-	-	1,340,984	279,929	16,051	-	295,980	1,045,004
Buildings	867,120	-	-	867,120	437,038	20,321	-	457,359	409,761
Water Towers	2,441,673	-	-	2,441,673	222,480	29,418	-	251,898	2,189,775
Distribution System	13,443,847	332,255	-	13,776,102	5,406,542	165,977	-	5,572,519	8,203,583
Equipment and Vehicles	211,021	-	-	211,021	104,464	11,745	-	116,209	94,812
	18,520,967	332,255	-	18,853,222	6,450,453	243,512	-	6,693,965	12,159,257
Deferred Contributions	(1,200,000)	-	-	(1,200,000)	(28,915)	(14,458)	-	(43,373)	(1,156,627)
	<u>\$ 17,320,967</u>	<u>\$ 332,255</u>	<u>\$ -</u>	<u>\$ 17,653,222</u>	<u>\$ 6,421,538</u>	<u>\$ 229,054</u>	<u>\$ -</u>	<u>\$ 6,650,592</u>	<u>\$ 11,002,630</u>



Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2009

4. Tangible Capital Assets – Sewer Utility

		2009									
		Cost				Accumulated Amortization				Net Book	
		Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	Value	
Sewer Utility											
Land	\$	22,541	-	-	22,541	-	-	-	-	-	22,541
Buildings		23,021,334	809,762	-	23,831,096	1,576,529	574,517	-	2,151,046		21,680,050
Lagoon		246,004	-	-	246,004	29,520	4,920	-	34,440		211,564
Distribution System		7,825,503	305,921	(909)	8,130,515	3,555,846	97,958	-	3,653,804		4,476,711
Equipment and Vehicles		433,524	-	-	433,524	153,514	25,625	-	179,139		254,385
Work in Progress		-	40,459	-	40,459	-	-	-	-		40,459
		<u>31,548,906</u>	<u>1,156,142</u>	<u>(909)</u>	<u>32,704,139</u>	<u>5,315,409</u>	<u>703,020</u>	<u>-</u>	<u>6,018,429</u>		<u>26,685,710</u>
Deferred Contributions		(10,900,000)	(353,708)	-	(11,253,708)	(272,500)	(272,500)	-	(545,000)		(10,708,708)
	\$	<u>20,648,906</u>	<u>802,434</u>	<u>(909)</u>	<u>21,450,431</u>	<u>5,042,909</u>	<u>430,520</u>	<u>-</u>	<u>5,473,429</u>	\$	<u>15,977,002</u>

		2008									
		Cost				Accumulated Amortization				Net Book	
		Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	Value	
Sewer Utility											
Land	\$	22,541	-	-	22,541	-	-	-	-	-	22,541
Buildings		22,099,444	921,890	-	23,021,334	1,041,368	535,161	-	1,576,529		21,444,805
Lagoon		246,004	-	-	246,004	24,600	4,920	-	29,520		216,484
Distribution System		7,710,773	114,730	-	7,825,503	3,461,563	94,283	-	3,555,846		4,269,657
Equipment and Vehicles		388,125	45,399	-	433,524	130,159	23,355	-	153,514		280,010
		<u>30,466,887</u>	<u>1,082,019</u>	<u>-</u>	<u>31,548,906</u>	<u>4,657,690</u>	<u>657,719</u>	<u>-</u>	<u>5,315,409</u>		<u>26,233,497</u>
Deferred Contributions		(10,900,000)	-	-	(10,900,000)	-	(272,500)	-	(272,500)		(10,627,500)
	\$	<u>19,566,887</u>	<u>1,082,019</u>	<u>-</u>	<u>20,648,906</u>	<u>4,657,690</u>	<u>385,219</u>	<u>-</u>	<u>5,042,909</u>	\$	<u>15,605,997</u>



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

	2009 Actual	2009 Budget	2008 Actual
Revenue	\$ <u>602,452</u>	\$ <u>661,129</u>	\$ 573,218
Expenses			
Customer Service Costs	69,526	82,816	54,691
Contracted Services	72,000	72,000	72,001
Bandwidth Costs	64,698	80,000	66,943
Installation and Service	152,741	164,036	130,763
Equipment and System Maintenance	96,481	75,360	82,388
Building Maintenance and Operations	125,387	117,400	107,922
Debt Servicing	<u>10,755</u>	<u>11,025</u>	<u>7,836</u>
	591,588	602,637	522,544
Financing and Transfers			
Debt Principal Repayments	9,390	9,400	4,899
Debt Reduction Allocation	<u>1,474</u>	<u>49,092</u>	<u>45,775</u>
Expenses, Financing and Transfers	<u>602,452</u>	\$ <u>661,129</u>	<u>573,218</u>
Change in Summerville Community Network Revenue Fund Balance	-		-
Opening Fund Balance	<u>13,275</u>		<u>13,275</u>
Closing Fund Balance	\$ <u>13,275</u>		\$ <u>13,275</u>



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

	2009	2008
Financial Assets		
Receivable from Other Funds		
General Revenue Fund	\$ <u>14,749</u>	\$ <u>59,050</u>
NET ASSETS	\$ <u>14,749</u>	\$ <u>59,050</u>
Fund Balances		
Reserve for Debt Reduction	\$ 1,474	\$ 45,775
Fund Balance	<u>13,275</u>	<u>13,275</u>
	\$ <u>14,749</u>	\$ <u>59,050</u>



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

	2009	2008
Liabilities		
Long Term Debt (Note 3)	\$ 271,892	\$ 218,282
Payable to Other Funds		
General Revenue Fund	<u>145,970</u>	<u>129,216</u>
NET FINANCIAL LIABILITIES	(417,862)	(347,498)
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	3,043,714	3,882,772
Deferred Contributions, Net of Amortization	<u>(2,694,276)</u>	<u>(3,592,368)</u>
NET LIABILITIES	\$ (68,424)	\$ (57,094)
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ (68,424)</u>	<u>\$ (57,094)</u>



Notes to the Summerside Community Network

(Unaudited)

December 31, 2009

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

Effective January 1, 2009, the City changed their accounting policy with regards to tangible capital assets and adopted Section 3150, Tangible Capital Assets, of Public Sector Accounting Board Handbook of the Canadian Institute of Chartered Accountants ("CICA"). Tangible Capital Assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

In compliance with Section 3150 the City records amortization on 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, in 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	2009	2008
Bank of Montreal	5.06	2016	\$ 59,843	\$ 63,362
Bank of Montreal	4.92	2017	24,840	26,220
Royal Bank	3.57	2013	124,209	128,700
TD Canada Trust – 2008	2.94	2014	63,000	-
			<u>\$ 271,892</u>	<u>\$ 218,282</u>

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

2010 – \$21,452; 2011 - \$45,843; 2012 - \$46,965; 2013 - \$48,119; 2014 - \$49,307.



Notes to the Summerville Community Network

(Unaudited)

December 31, 2009

4. Tangible Capital Assets

2009									
	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
Summerville Community Network									
Distribution System	\$ 6,286,643	\$ -	\$ -	\$ 6,286,643	\$ 2,694,276	\$ 898,092	\$ -	\$ 3,592,368	\$ 2,694,275
Vehicles	102,542	-	-	102,542	14,387	10,254	-	24,641	77,901
Equipment	281,213	125,531	-	406,744	78,963	56,243	-	135,206	271,538
	6,670,398	125,531	-	6,795,929	2,787,626	964,589	-	3,752,215	3,043,714
Deferred Contributions	(6,286,644)	-	-	(6,286,644)	(2,694,276)	(898,092)	-	(3,592,368)	(2,694,276)
	<u>\$ 383,754</u>	<u>\$ 125,531</u>	<u>\$ -</u>	<u>\$ 509,285</u>	<u>\$ 93,350</u>	<u>\$ 66,497</u>	<u>\$ -</u>	<u>\$ 159,847</u>	<u>\$ 349,438</u>

2008									
	Cost				Accumulated Amortization				Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expenses	Amortization Adjustments	End of Year	
Summerville Community Network									
Distribution System	\$ 6,286,643	\$ -	\$ -	\$ 6,286,643	\$ 1,796,184	\$ 898,092	\$ -	\$ 2,694,276	\$ 3,592,367
Vehicles	47,955	54,587	-	102,542	9,591	4,796	-	14,387	88,155
Equipment	226,556	54,657	-	281,213	33,652	45,311	-	78,963	202,250
	6,561,154	109,244	-	6,670,398	1,839,427	948,199	-	2,787,626	3,882,772
Deferred Contributions	(6,286,644)	-	-	(6,286,644)	(1,796,184)	(898,092)	-	(2,694,276)	(3,592,368)
	<u>\$ 274,510</u>	<u>\$ 109,244</u>	<u>\$ -</u>	<u>\$ 383,754</u>	<u>\$ 43,243</u>	<u>\$ 50,107</u>	<u>\$ -</u>	<u>\$ 93,350</u>	<u>\$ 290,404</u>