



Financial Statements

December 31, 2010



Table of Contents

	Page
Consolidated Financial Statements	
Independent Auditor's Report	1-2
Consolidated Statement of Operations	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Cash Flows	5
Consolidated Statement of Change in Net Debt	6
Notes to the Consolidated Financial Statements	7-15





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, 2010, the consolidated statements of operations and changes in fund balances, cash flows and changes in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the City of Summerside as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board.

Grant Thornton LLP

Summerside, Prince Edward Island

March 15, 2011

Chartered Accountants



Consolidated Statement of Operations
Year Ended December 31

	2010 Budget (Unaudited)	2010 Actual	2009 Actual
Revenue			
General Fund	\$ 15,995,197	\$ 18,091,001	\$ 15,756,608
Electric Utility	17,809,887	20,554,369	20,297,131
Water Utility	1,559,859	1,561,500	1,559,859
Sewer Utility	2,625,180	2,693,915	2,584,364
Summerville Community Network	<u>588,264</u>	<u>526,087</u>	<u>602,452</u>
	<u>38,578,387</u>	<u>43,426,872</u>	<u>40,800,414</u>
Expenses			
General Fund	15,995,171	17,252,597	14,685,478
Electric Utility	17,700,446	18,053,668	20,214,008
Water Utility	1,559,859	1,502,054	1,513,205
Sewer Utility	2,545,940	2,725,311	2,728,344
Summerville Community Network	<u>588,264</u>	<u>596,260</u>	<u>658,085</u>
	<u>38,389,680</u>	<u>40,129,890</u>	<u>39,799,120</u>
Excess of Revenues over Expenses	\$ <u>188,707</u>	3,296,982	1,001,294
Transfers and Other (Note 6)		<u>(17,040)</u>	<u>153,924</u>
Change in Fund Balances		3,279,942	1,155,218
Opening Fund Balances		<u>43,379,233</u>	<u>42,224,015</u>
Closing Fund Balances		\$ <u>46,659,175</u>	\$ <u>43,379,233</u>

See accompanying notes to the consolidated financial statements.



Consolidated Statement of Financial Position
December 31

	2010	2009
Financial Assets		
Receivables	\$ 12,763,240	\$ 20,347,561
Restricted Short Term Investments	111,394	191,835
Sinking Fund Investments, at Market Value	1,883,779	1,835,669
	<u>14,758,413</u>	<u>22,375,065</u>
Liabilities		
Bank Indebtedness	8,466,464	6,945,288
Payables and Accruals		
Trade and Customer Deposits	8,322,064	7,709,697
Accrued Interest	588,817	302,312
Long Term Debt (Note 10)		
Interim	6,533,782	16,232,032
Long Term	68,267,352	68,865,309
Sick Leave	1,452,677	1,329,335
Future Pension Payments	431,102	506,334
	<u>94,062,258</u>	<u>101,890,307</u>
NET DEBT	<u>(79,303,845)</u>	<u>(79,515,242)</u>
Non-Financial Assets		
Intangibles, Net of Amortization	13,159	18,002
Tangible Capital Assets, Net of Amortization (Note 9)	192,073,801	183,959,981
Deferred Contributions, Net of Amortization (Note 9)	(67,165,929)	(62,273,710)
	<u>124,921,031</u>	<u>121,704,273</u>
Inventory of Materials and Supplies, at Cost	1,041,989	1,190,202
	<u>125,963,020</u>	<u>122,894,475</u>
NET ASSETS	<u>\$ 46,659,175</u>	<u>\$ 43,379,233</u>
Fund Balances		
Reserve Funds	\$ 991,270	\$ 1,252,682
Revenue and Capital Funds (Note 3)	45,667,905	42,126,551
	<u>\$ 46,659,175</u>	<u>\$ 43,379,233</u>

Commitments and Contingencies (Note 4)

On Behalf of the Council

On Behalf of Management

See accompanying notes to the consolidated financial statements.



Consolidated Statement of Cash Flows
Year Ended December 31

	2010	2009
Increase (Decrease) in Cash and Cash Equivalents		
Operating		
Change in Fund Balances	\$ 3,279,942	\$ 1,155,218
Amortization	4,852,362	4,433,082
Change in Non-Cash Operating Working Capital	8,636,250	(3,836,708)
Change in Short Term Investments	80,441	1,667,600
Change in Gas Tax Advances	-	(1,698,811)
Change in Sinking Funds	(48,110)	(84,896)
Change in Sick Leave and Pension Liability	48,110	84,896
	<u>16,848,995</u>	<u>1,720,381</u>
Financing		
Change in Long Term Debt	<u>(10,296,207)</u>	<u>20,951,797</u>
Investing		
Change in Tangible Capital Assets		
Additions, Net of Deferred Contributions	(8,263,306)	(22,657,728)
Reduction of Work in Progress	107,249	2,455,121
Disposals		
Cost	4,213,504	1,277,276
Accumulated Amortization	<u>(4,131,411)</u>	<u>(1,276,369)</u>
	<u>(8,073,964)</u>	<u>(20,201,700)</u>
Net (Decrease) Increase in Bank Indebtedness	(1,521,176)	2,470,478
Bank Indebtedness, Beginning of Year	(6,945,288)	(9,415,766)
Bank Indebtedness, End of Year	<u>\$ (8,466,464)</u>	<u>\$ (6,945,288)</u>

See accompanying notes to the consolidated financial statements.



Consolidated Statement of Change in Net Debt
Year Ended December 31

	2010	2009
Consolidated Change in Fund Balances	\$ 3,279,942	\$ 1,155,218
Change in Intangibles	4,843	4,844
Change in Inventory	148,213	72,823
Change in Net Book Value of Tangible Capital Assets	<u>(3,221,601)</u>	<u>(15,768,618)</u>
Decrease (Increase) in Net Debt	211,397	(14,535,733)
Net Debt, Beginning of Year	<u>(79,515,242)</u>	<u>(64,979,509)</u>
Net Debt, End of Year	\$ <u>(79,303,845)</u>	\$ <u>(79,515,242)</u>

See accompanying notes to the consolidated financial statements.



Notes to the Consolidated Financial Statements

December 31, 2010

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.

e) 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.



Notes to the Consolidated Financial Statements December 31, 2010

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

f) 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. There was no interest capitalized during the year (2009 - \$213,338).

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
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

g) Contributions in aid of construction

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



Notes to the Consolidated Financial Statements
December 31, 2010

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

h) 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.

i) Sick Leave

Accumulated sick leave credits earned up to December 31, 2010 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:

2010			
	Accumulated Credits		
	Early Retirement	Regular Retirement	2010 Liability
General Fund	\$ 1,007,448	\$ 1,463,100	\$ 489,226
Electric Fund	185,325	285,742	666,990
Water and Sewer	93,710	125,094	296,461
	<u>\$ 1,286,483</u>	<u>\$ 1,873,936</u>	<u>\$ 1,452,677</u>

2009			
	Accumulated Credits		
	Early Retirement	Regular Retirement	2009 Liability
General Fund	\$ 964,956	\$ 1,377,692	\$ 447,687
Electric Fund	212,720	341,756	610,359
Water and Sewer	72,497	99,042	271,289
	<u>\$ 1,250,173</u>	<u>\$ 1,818,490</u>	<u>\$ 1,329,335</u>

Fair market value of the sinking funds total \$1,452,677 (2009 - \$1,329,335).



Notes to the Consolidated Financial Statements December 31, 2010

2. Pension Plans

The City maintains a non-contributory defined benefit final average pension plan, which covers employee services prior to November 1966. The plan provides pensions based on length of service and the final five-year average earnings. The most recent actuarial report was completed as of December 31, 1999. 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, 2010 are \$431,102 (2009 - \$506,334).

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, 2009, 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, 2010

2. Pension Plans (cont'd)

The most recent actuarial report was completed in June 2010 for the year ended December 31, 2009 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, 2010 is expected to be completed in mid 2011.

	2009
Accrued Benefit Obligations	\$ <u>20,876,996</u>
Plan Assets	
Fair Value, Beginning of Year	15,836,878
Return on Plan Assets	2,346,733
Administrative and Investment	
Management Fees	(137,627)
Benefits Paid	(684,556)
Employee Contributions	553,299
Employer Contributions	<u>553,299</u>
Fair Value, End of Year	<u>18,468,026</u>
Funded Status – Plan Deficit	(2,408,970)
Investment Valuation Reserve	<u>1,763,450</u>
Actuarial Deficit	<u>\$ (645,520)</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, 2010

3. Revenue and Capital Funds

	2010	2009
Revenue Fund Balances		
General	\$ (648,126)	\$ 1,206
Electric	(1,366,919)	(3,910,883)
Water	-	-
Sewer	-	(79,240)
Summerside Community Network	13,275	13,275
Capital Fund Balances		
Investment in Tangible Capital Assets	47,207,921	45,640,439
Equity Investment in Electric	461,754	461,754
Revenue and Capital Fund Balances	<u>\$ 45,667,905</u>	<u>\$ 42,126,551</u>

4. 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, 2010, certain of these costs have been deferred pending determination of insurability.

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, 2010 was \$190,000.

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, 2010

5. Comparative Figures

Certain of the comparative figures for 2009 have been reclassified to conform to the 2010 financial statement presentation.

6. Transfers and Other

	2010	2009
Donated Assets	\$ -	\$ 16,912
Disposal of Assets	71,601	-
Increase (Decrease) in:		
Parkland Dedication Reserve	82,490	6,800
Parkland Dedication Reserve – Land Purchase	(78,898)	-
World Softball Reserve	942	(8,987)
Accommodation Levy Reserve	(2,485)	33,398
PeeWee Baseball Reserve	(17,208)	-
Venture Centre Reserve	(60,000)	-
Community Access Reserve	(13,482)	-
Summerside Raceway Reserve	-	105,801
Total Eliminations, Transfer and Other	\$ (17,040)	\$ 153,924

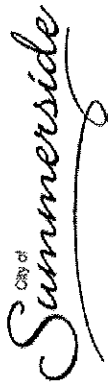
7. Internally Generated Revenues

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

	2010	2009
Electric	\$ 1,935,705	\$ 2,080,849
Fire Alarm Monitoring	7,420	7,105
Fire Protection	483,000	483,000
IT Services	261,333	112,513
Internet Services	26,644	23,860
Storage Rental – Venture Centre	40,530	31,144
Water & Sewer	29,212	29,185
Wind Farm Energy	2,419,161	78,626
Wind Farm Royalties	45,359	2,250
Total Eliminations, Transfer and Other	\$ 5,248,364	\$ 2,848,532

8. Budget

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



Notes to the Consolidated Financial Statements

December 31, 2010

9. Tangible Capital Assets and Deferred Contributions

2010

	Cost			Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expense	
Land	\$ 4,378,491	\$ 45,168	\$ -	\$ 4,423,659	\$ -	\$ -	\$ 4,423,659
Plants, Buildings and Structures	113,636,269	7,169,723	(1,137,843)	119,668,149	2,642,629	(1,094,735)	99,889,896
Equipment and Vehicles	7,248,049	846,591	(645,363)	7,349,277	512,572	(506,378)	3,980,313
Distribution and Collection Systems	39,498,889	2,152,709	(219,176)	41,432,422	1,426,086	(1,950,631)	23,446,632
Streets	32,445,519	2,116,890	(1,950,631)	32,611,768	1,856,656	(1,950,631)	18,070,034
Sidewalks	5,251,114	582,511	(236,121)	5,607,504	131,278	(236,121)	3,582,886
Stormlines	14,110,528	1,594,359	(124,370)	15,580,515	168,508	(124,370)	10,589,982
Wind Farm	27,357,438	548,272	-	27,905,710	683,936	-	27,221,774
Summerside Raceway Inc.	-	-	-	-	-	-	868,614
Work in Progress	107,248	858,615	(107,249)	858,614	-	-	182,073,801
	244,033,543	15,724,828	(4,320,753)	255,437,618	7,421,665	(4,131,411)	(97,165,929)
Deferred Contributions	(73,339,588)	(7,461,622)	-	(80,801,110)	(2,569,303)	-	124,907,872
	\$ 170,693,955	\$ 8,263,306	\$ (4,320,753)	\$ 174,636,508	\$ 4,852,362	\$ (4,131,411)	\$ -

2009

	Cost			Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Amortization Expense	
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	2,718,362	(9,584)	95,405,910
Equipment and Vehicles	6,883,841	364,208	-	7,248,049	472,775	-	3,885,279
Distribution and Collection Systems	38,481,956	1,098,280	(91,347)	39,498,889	1,304,238	(90,439)	22,720,009
Streets	29,245,965	3,199,564	-	32,445,519	1,607,647	(150,719)	17,809,810
Sidewalks	5,027,941	373,897	(150,724)	5,251,114	128,699	-	3,121,653
Stormlines	11,282,778	2,817,748	-	14,110,528	136,058	-	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)	-
Work in Progress	2,465,120	107,249	(2,455,121)	107,248	-	-	107,248
	198,986,175	48,779,771	(3,732,403)	244,033,543	6,364,779	(1,276,371)	183,989,981
Deferred Contributions	(47,217,543)	(26,122,045)	-	(73,339,588)	(1,931,700)	-	(62,273,710)
	\$ 151,768,632	\$ 22,657,726	\$ (3,732,403)	\$ 170,693,955	\$ 4,433,079	\$ (1,276,371)	\$ 121,886,271



Notes to the Consolidated Financial Statements
December 31, 2010

10. Long Term Debt

	Interest Rate %	Maturity Date	2010	2009
Interim				
National Bank	P-.77%	Interim	\$ 6,533,782	\$12,519,599
Consolidated Credit Union	P-1.00%	Interim	-	1,349,793
Royal Bank	P-.75%	Interim	-	2,362,640
Total Interim Financing			<u>6,533,782</u>	<u>16,232,032</u>
Long Term				
Loans Repaid During Year			-	9,031,760
Bank of Montreal	5.76	2012	246,849	364,347
Bank of Montreal	5.76	2012	2,113,630	2,238,690
Bank of Montreal	5.69	2013	3,243,616	3,414,725
Pacific & Western	5.73	2013	225,215	292,301
Bank of Montreal	4.99	2014	1,307,331	1,372,603
Bank of Montreal	5.06	2016	4,186,400	4,664,300
Bank of Montreal	4.92	2017	1,675,795	1,774,370
C.I.B.C	4.96	2027	27,128,824	28,132,568
Royal Bank	3.57	2013	1,915,081	1,989,645
TD Canada Trust	4.51	2019	684,524	719,000
TD Canada Trust	3.47	2016	592,555	680,000
TD Canada Trust	4.66	2019	240,257	248,000
TD Canada Trust	2.94	2014	51,123	63,000
TD Canada Trust	4.51	2019	2,856,152	3,000,000
CMHC – Wind Farm	4.28	2030	8,000,000	-
Royal Bank	P-.65%	Demand	6,900,000	7,100,000
Metro Credit Union	P-.50%	Demand	3,500,000	3,500,000
CCU Capital Line of Credit	P+0%	Demand	77,500	280,000
TD Canada Trust	3.41	2015	401,775	-
TD Canada Trust	3.41	2015	150,750	-
TD Canada Trust	3.41	2015	180,375	-
TD Canada Trust	2.65	2014	200,000	-
TD Canada Trust	1.66	2011	501,200	-
TD Canada Trust	3.41	2015	524,000	-
TD Canada Trust	2.92	2015	125,500	-
TD Canada Trust	3.44	2015	421,400	-
TD Canada Trust	3.44	2015	817,500	-
Total Long Term			<u>68,267,352</u>	<u>68,865,309</u>
Total Long Term Debt			<u>\$ 74,801,134</u>	<u>\$ 85,097,341</u>

Prime rate at December 31, 2010 was 3.00 % (Prime rate December 31, 2009 was 2.25%).

Scheduled principal repayments in each of the next five years are due as follows:
 2011 - \$3,767,934; 2012 - \$3,234,662; 2013 - \$3,191,987; 2014 - \$3,228,678;
 2015 - \$3,283,060.

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.





Supplemental Information
December 31, 2010

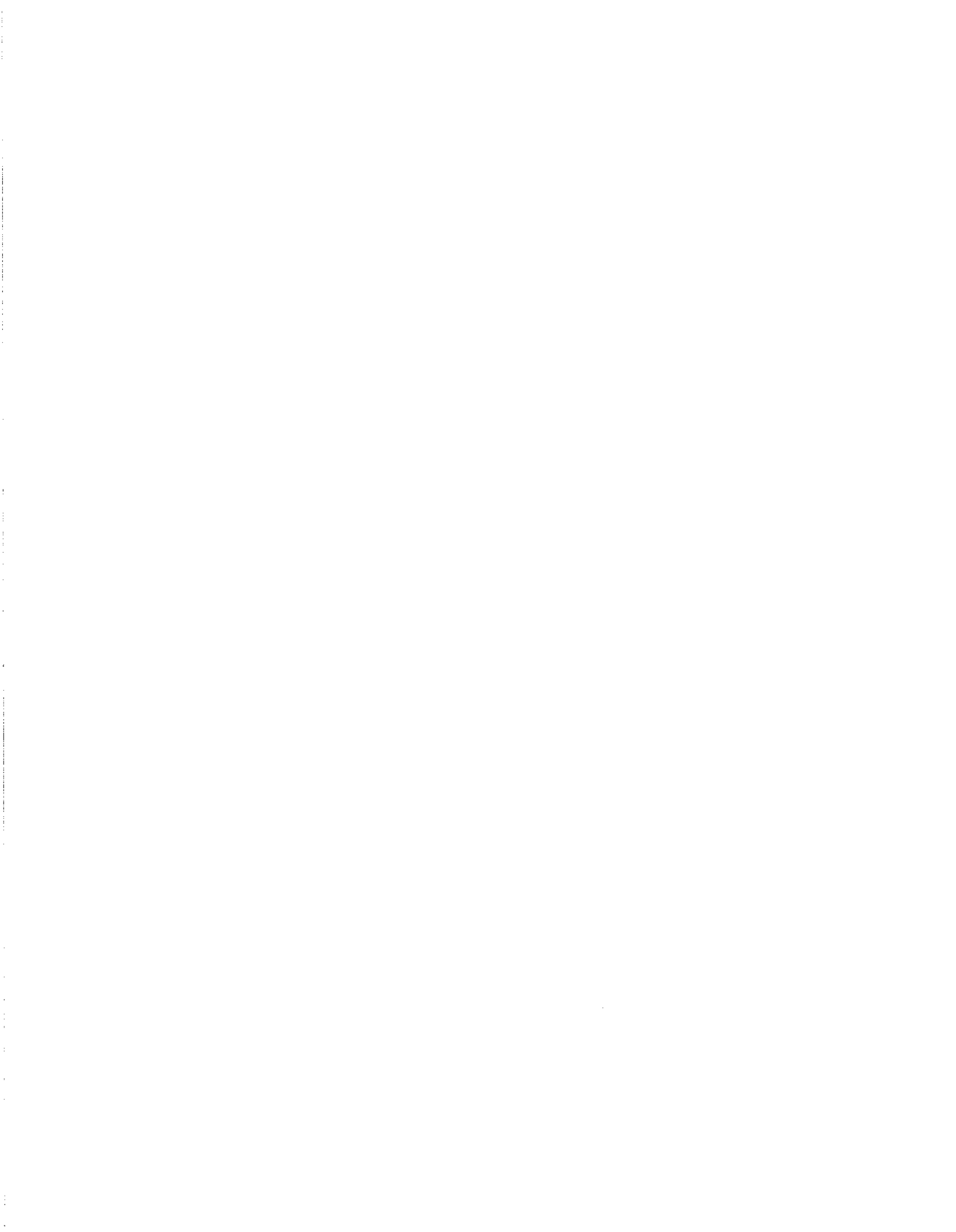




Table of Contents

Supplemental Schedules	Page
Management Report	1
Non-Consolidated Summary Statement of Revenue Fund Operations	2
General Fund	
Non-Consolidated Statement of Operations	3
Non-Consolidated Revenue Fund Statement of Financial Position	4
Non-Consolidated Capital Fund Statement of Financial Position	5
Non-Consolidated Statement of Investment in Tangible Capital Assets	6
Notes to the General Fund	7-11
Electric Utility	
Non-Consolidated Statement of Operations	12
Non-Consolidated Revenue Fund Statement of Financial Position	13
Non-Consolidated Capital Fund Statement of Financial Position	14
Notes to the Electric Utility	15-17
Water and Sewer Utilities	
Water Utility – Non-Consolidated Statement of Operations	18
Sewer Utility – Non-Consolidated Statement of Operations	19
Non-Consolidated Combined Revenue Fund – Statement of Financial Position	20
Water Utility – Non-Consolidated Capital Fund Statement of Financial Position	21
Sewer Utility – Non-Consolidated Capital Fund Statement of Financial Position	22
Notes to the Water and Sewer Utilities	23-26
Summerville Community Network	
Non-Consolidated Statement of Operations	27
Non-Consolidated Revenue Fund Statement of Financial Position	28
Non-Consolidated Capital Fund Statement of Financial Position	29
Notes to the Summerville Community Network	30-31





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.

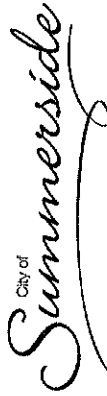
To augment the consolidated financial statements, this supplemental information provides specific details about the various funds included in the City's operations. The finances of each individual fund are combined to form the foundation for the overall financial administration of the City including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

A handwritten signature in black ink, appearing to read "M. Millar", is written over the printed name "Malcolm Millar, CA".

Malcolm Millar, CA

Director of Financial Services



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

	Per Consolidated Financial Statements	Adjustments			Non-Consolidated		Page	
		Capital Spending	Debt Repayment	Amortization	Gain/Loss on Disposal	2010 Actual		2010 Budget
General Revenue Fund								
Revenue	\$ 18,091,001	-	-	-	-	\$ 18,091,001	\$ 15,995,197	3
Expenses	17,252,597	3,223,138	1,757,306	(3,449,600)	(43,108)	18,740,333	15,995,171	3
Surplus (Deficit)	838,404	3,223,138	1,757,306	(3,449,600)	(43,108)	(649,332)	26	27
Utility Revenue Funds								
Revenue	20,554,369	-	-	-	-	20,554,369	17,809,887	12
Electric Utility	1,561,500	-	-	-	-	1,561,500	1,559,859	18
Water Utility	2,693,915	-	-	-	-	2,693,915	2,625,180	19
Sewer Utility	526,087	-	-	-	-	526,087	588,264	27
Summerside Community Network	25,335,871	-	-	-	-	25,335,871	22,583,190	25,043,806
Expenses, Financing and Transfers								
Electric Utility	18,053,668	-	594,277	(645,422)	7,883	18,010,405	17,700,446	12
Water Utility	1,502,054	-	283,140	(223,694)	-	1,561,500	1,559,859	18
Sewer Utility	2,725,311	-	331,406	(442,042)	-	2,614,675	2,545,940	19
Summerside Community Network	596,260	-	21,430	(91,603)	-	526,087	588,264	27
	22,877,293	-	1,230,253	(1,402,761)	7,883	22,712,667	22,394,509	25,039,924
Combined Utility Surplus	2,458,578	-	1,230,253	(1,402,761)	7,883	2,623,204	188,681	3,882
Total Surplus	\$ 3,296,982	\$ 3,223,138	\$ 2,987,559	\$ (4,852,361)	\$ (35,226)	\$ 1,973,873	\$ 188,707	\$ 3,909

See accompanying notes to the General Fund.



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

	2010 Actual	2010 Budget	2009 Actual
Revenue	\$ 18,091,001	\$ 15,995,197	\$ 15,756,608
Expenses, Net of Recoveries			
General Government	796,340	358,416	389,475
Financial Services	1,730,935	1,715,674	1,720,035
Human Resources and Legal Affairs	179,140	187,418	174,296
Economic Development and Heritage	662,407	583,199	697,851
Technical Services	431,138	433,106	232,060
Fire Services	547,760	537,756	541,508
Police Services	3,013,402	3,132,929	2,912,162
Municipal Services	2,070,434	1,908,589	2,095,922
Community Services	2,627,821	1,775,043	2,118,897
Major Concert	1,391,033	-	-
Capital Spending			
Tangible Capital Assets	3,223,138	3,749,441	2,721,765
Other Projects	309,479	-	609,350
	<u>16,983,027</u>	<u>14,381,571</u>	<u>14,213,321</u>
Financing and Transfers			
Debt Principal Repayments	<u>1,757,306</u>	<u>1,613,600</u>	<u>1,543,257</u>
Expenses, Financing and Transfers	<u>18,740,333</u>	<u>15,995,171</u>	<u>15,756,578</u>
Change in General Revenue Fund Balance	(649,332)	26	30
Opening Fund Balance	<u>1,206</u>	<u>1,206</u>	<u>1,176</u>
Ending Fund Balance	\$ <u>(648,126)</u>	\$ <u>1,232</u>	\$ <u>1,206</u>



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

	2010	2009
Financial Assets		
Receivables	\$ 3,422,822	\$ 4,758,688
Restricted Short Term Investments	109,191	110,734
Receivable from Other Funds		
General Capital Fund	3,332,952	3,418,323
Electricity Revenue Fund	2,622,679	3,744,707
Water and Sewer Revenue Fund	3,440,286	-
Summerville Community Network Capital Fund	136,647	145,971
Electric Utility Equity	461,754	461,754
Sinking Fund Investments, at Market Value	489,226	465,210
	<u>14,015,557</u>	<u>13,105,387</u>
Liabilities		
Bank Indebtedness (Note 2)	5,143,989	3,207,813
Payables and Accruals		
Trade	7,637,026	7,286,915
Accrued Interest	588,817	302,312
Payable to Other Funds		
Summerville Community Network Revenue Fund	22,778	14,749
Water and Sewer Revenue Fund		853,769
Sick Leave	489,226	447,688
Future Pension Payments	-	17,522
	<u>13,881,836</u>	<u>12,130,768</u>
NET FINANCIAL ASSETS	133,721	974,619
Non-Financial Assets		
Inventory of Materials and Supplies, at Cost	<u>21,698</u>	<u>28,166</u>
NET ASSETS	\$ 155,419	\$ 1,002,785
Fund Balances		
Reserves for Future Expenditures (Note 5)	\$ 341,791	\$ 539,825
Appropriated Surplus for Electric Utility Equity	461,754	461,754
Fund Balance	(648,126)	1,206
	<u>\$ 155,419</u>	<u>\$ 1,002,785</u>



General Fund

Non-Consolidated Capital Fund Statement of Financial Position

(Unaudited)

December 31

	2010	2009
Financial Assets		
Government Grants Receivable	\$ 4,923,797	\$ 5,442,558
Restricted Short Term Investments	2,203	81,101
Investment in		
Electric Utility	7,260,394	7,267,588
Water Utility	6,776,699	6,717,248
Sewer Utility	5,496,709	5,607,345
Summerville Community Network	(138,597)	(68,424)
Summerville Regional Development Corporation, at Cost	375	375
	<u>24,321,580</u>	<u>25,047,791</u>
Liabilities		
Bank Indebtedness (Note 2)	2,422,500	1,937,500
Long Term Debt (Note 3)	41,583,013	42,839,119
Payable to Other Funds		
General Revenue Fund	3,332,952	3,418,323
Electric Capital Fund	12,224,152	12,999,965
	<u>59,562,617</u>	<u>61,194,907</u>
NET DEBT	<u>(35,241,037)</u>	<u>(36,147,116)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	135,067,582	129,275,326
Deferred Contributions, Net of Amortization (Note 4)	(52,616,421)	(47,406,679)
	<u>82,451,161</u>	<u>81,868,647</u>
NET ASSETS	<u>\$ 47,210,124</u>	<u>\$ 45,721,531</u>
Fund Balances		
Reserves (Note 5)	\$ 2,203	\$ 81,101
Investment in Tangible Capital Assets (Page 6)	<u>47,207,921</u>	<u>45,640,430</u>
	<u>\$ 47,210,124</u>	<u>\$ 45,721,531</u>



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

	2010	2009
Capital Additions	\$ 4,116,943	\$ 21,140,968
Less Capital Additions Financed by		
Long Term Debt	(1,080,124)	(12,012,467)
Government Contributions	436,337	(3,951,615)
Work in Progress	(5,648)	(2,455,121)
Reserves	(244,370)	-
 Tangible Capital Asset Expenditures From Revenue Fund (Page 3)	 3,223,138	 2,721,765
Long Term Debt Retired	1,757,306	1,543,257
Increase (Decrease) in Investment in		
Electric Utility	(7,194)	422,001
Water Utility	59,451	378,652
Sewer Utility	(110,636)	(64,740)
Summerville Community Network	(70,173)	(11,330)
Use of Parkland Dedication Reserve	72,490	-
Use of Raceway Reserve	171,880	-
Donated Land	-	16,903
	<u>5,096,262</u>	<u>5,006,508</u>
Deduct:		
Amortization	3,449,600	3,193,921
Loss on Disposal	43,108	-
Transfer of Asset to Electric Utility	36,063	-
	<u>3,528,771</u>	<u>3,193,921</u>
Change in Investment in Tangible Capital Assets	1,567,491	1,812,587
Balance, Beginning of Year	45,640,430	43,827,843
Balance, End of Year	<u>\$ 47,207,921</u>	<u>\$ 45,640,430</u>



Notes to the General Fund

(Unaudited)

December 31, 2010

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 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. 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 \$4,802,094 advance on an operating line of credit and \$341,895 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 \$856,011 was unused at December 31, 2010.

Capital Fund bank indebtedness consists of a \$2,422,500 advance on an authorized capital line of credit of \$2,500,000, which was used as interim funding for 2010 capital expenditures. The interest rate is prime less .50%.

At December 31, 2010 prime was 3.00%.



Notes to the General Fund
 (Unaudited)
December 31, 2010

3. Long Term Debt

	Interest Rate %	Maturity Date	2010	2009
Loans				
Bank of Montreal	5.76	2012	\$ 246,849	\$ 364,347
Bank of Montreal	5.76	2012	2,113,630	2,238,690
Bank of Montreal	5.69	2013	2,290,868	2,411,638
Pacific & Western	5.73	2013	45,043	58,460
Bank of Montreal	4.99	2014	1,307,331	1,372,603
Bank of Montreal	5.06	2016	1,515,616	1,640,812
C.I.B.C	4.96	2027	27,128,824	28,132,569
Metro Credit Union	P-.50%	Demand	3,500,000	3,500,000
CCU Capital Line of Credit	P-0%	Demand	77,500	120,000
TD Canada Trust – 2009	1.66	2011	<u>501,200</u>	<u>-</u>
			38,726,861	39,839,119
Loan Excluded from City's Debt Limit				
Summerside Raceway				
TD Canada Trust	4.51	2019	<u>2,856,152</u>	<u>3,000,000</u>
Total Payable			<u>\$ 41,583,013</u>	<u>\$ 42,839,119</u>

Prime rate at December 31, 2010 was 3.00%.

Scheduled principal repayments in each of the next five years are due as follows:
 2011 - \$2,340,264; 2012 - \$1,875,550; 2013 - \$1,800,105; 2014 - \$1,869,647;
 2015 - \$1,959,377.



Notes to the General Fund
(Unaudited)

December 31, 2010

4. Tangible Capital Assets

	2010					Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Accumulated Amortization Expense	
General Fund						
Land	\$ 3,848,516	\$ 45,168	\$ -	\$ 3,893,684	\$ -	\$ 3,893,684
Parks, Gardens and Trails	6,960,860	2,643,809	-	9,304,669	166,522	8,554,407
Parking Lots	87,888	24,398	-	112,286	-	24,398
Buildings	55,768,550	269,491	(358,240)	55,699,801	1,154,831	47,921,338
Sports and Events Fields	2,684,070	971,110	-	3,655,180	49,000	3,474,427
Equipment and Vehicles	5,598,595	447,751	(370,014)	5,676,332	349,318	3,008,758
Streets	32,445,519	2,116,980	(1,960,631)	32,611,768	1,866,666	16,070,034
Sidewalks	5,251,114	592,511	(236,121)	5,607,504	131,278	3,582,892
Stormlines	14,110,526	1,894,359	(124,370)	15,880,515	168,508	10,599,992
Wind Farm	27,357,436	548,272	-	27,905,708	683,936	27,221,772
Summerside Raceway						
Raceway	226,778	-	-	226,778	-	226,778
Buildings	7,213,973	880,966	-	8,094,939	180,351	7,914,588
Work in Progress	5,847	574,522	(5,648)	574,521	-	574,521
Deferred Contributions	161,289,472	10,700,237	(3,046,024)	168,943,685	4,823,163	33,876,088
	(84,277,357)	(6,593,239)	-	(60,860,682)	(1,373,553)	(52,616,421)
	\$ 107,012,115	\$ 4,116,943	\$ (3,046,024)	\$ 108,083,034	\$ 3,449,600	\$ 82,451,161

	2009					Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Accumulated Amortization Expense	
General Fund						
Land	\$ 3,387,864	\$ 450,622	\$ -	\$ 3,848,516	\$ -	\$ 3,848,516
Parks, Gardens and Trails	5,087,133	1,575,727	-	6,660,860	127,178	6,077,120
Parking Lots	87,888	-	-	87,888	-	87,888
Buildings	55,157,343	641,207	-	55,798,550	1,609,359	48,858,784
Sports and Events Fields	49,000	2,635,070	-	2,684,070	49,000	2,635,070
Equipment and Vehicles	5,359,918	238,677	-	5,598,595	334,627	2,946,392
Streets	28,245,965	3,199,554	-	32,445,519	1,807,647	17,809,810
Sidewalks	6,027,941	373,897	(150,724)	6,251,114	125,699	3,121,659
Stormlines	11,292,778	2,817,748	-	14,110,526	136,056	9,174,141
Wind Farm	-	27,357,436	-	27,357,436	-	27,357,436
Summerside Raceway						
Raceway	148,912	79,866	-	226,778	-	226,778
Buildings	361,919	7,213,973	(361,919)	7,213,973	(361,919)	7,213,973
Work in Progress	2,455,120	5,648	(2,455,121)	5,647	-	5,647
Deferred Contributions	117,689,811	46,587,425	(2,967,764)	161,289,472	3,940,568	129,275,326
	(28,830,900)	(25,445,457)	-	(54,277,357)	(746,650)	(47,406,679)
	\$ 88,838,911	\$ 21,140,968	\$ (2,967,764)	\$ 107,012,115	\$ 3,193,918	\$ 81,868,647



Notes to the General Fund

(Unaudited)

December 31, 2010

5. Reserves for Future Expenditures

	2010	2009
<u>General Revenue Fund</u>		
Funded Through Restricted Short Term Investments		
Accumulated Funds – World Softball	\$ 54,119	\$ 53,177
Accommodation Levy	<u>55,072</u>	<u>57,557</u>
Total General Revenue Funded Reserves	<u>109,191</u>	<u>110,734</u>
Unfunded		
Community Access	-	13,482
Peewee Baseball	-	17,208
Venture Centre	-	60,000
Business Park Fund	177,600	177,600
Attraction Fund	55,000	55,000
Summerside Raceway	-	<u>105,801</u>
Total General Revenue Unfunded Reserves	<u>232,600</u>	<u>429,091</u>
Total General Revenue Reserves	<u>\$ 341,791</u>	<u>\$ 539,825</u>
<u>General Capital Fund</u>		
Funded Through Restricted Short Term Investments		
Parkland Dedication	<u>\$ 2,203</u>	<u>\$ 81,101</u>



Notes to the General Fund
(Unaudited)
December 31, 2010

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. During 2010, the City received \$1,390,814. The monies received in 2007, 2008, 2009 and 2010 have been applied against the wind generation project.



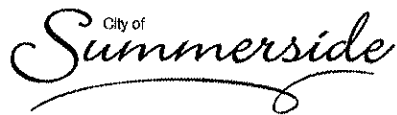
Electric Utility

Non-Consolidated Statement of Operations

(Unaudited)

Year Ended December 31

	2010 Actual	2010 Budget	2009 Actual
Distribution and Generation Revenue	\$ <u>20,554,369</u>	\$ <u>17,809,887</u>	\$ <u>20,297,131</u>
Expenses			
Power Purchased	10,928,810	11,503,864	13,138,942
Generation	291,674	380,803	333,195
Operations	149,242	176,539	209,882
Substation	91,680	41,783	4,475
Underground Conduit and Cables	6,995	7,873	6,561
Overhead Conductors	90,489	101,558	80,817
Poles and Fixtures	90,994	87,636	74,712
Transformers	7,526	41,841	43,965
Services	29,760	45,107	43,511
Street Lighting	78,528	51,994	48,338
Meters	70,097	53,910	53,362
Customer Service	31,220	43,822	41,628
Administration	761,547	782,639	725,936
Fiscal and Other	736,989	822,500	860,007
Interfund Allocations	<u>4,050,577</u>	<u>3,050,577</u>	<u>4,040,677</u>
	<u>17,416,128</u>	<u>17,192,446</u>	<u>19,706,008</u>
Financing and Transfers			
Debt Principal Repayments	594,277	-	-
Amortization	-	<u>508,000</u>	<u>508,000</u>
Expenses, Financing and Transfers	<u>18,010,405</u>	<u>17,700,446</u>	<u>20,214,008</u>
Change in Electric Utility Revenue Fund Balance	2,543,964	\$ <u>109,441</u>	83,123
Opening Fund Balance	<u>(3,910,883)</u>		<u>(3,994,006)</u>
Ending Fund Balance	\$ <u>(1,366,919)</u>		\$ <u>(3,910,883)</u>



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

	2010	2009
Financial Assets		
Receivables	\$ 1,122,262	\$ 1,332,217
Receivable from Other Funds		
Electric Utility Capital Fund	1,224,217	313,976
Sinking Fund Investments, at Market Value	<u>1,028,459</u>	<u>1,013,665</u>
	<u>3,374,938</u>	<u>2,659,858</u>
Liabilities		
Bank Indebtedness (Note 2)	899,975	1,799,975
Payables and Accruals		
Trade and Customer Deposits	133,328	114,602
Payable to Other Funds		
General Revenue Fund	2,622,679	3,744,707
Sick Leave	666,990	610,358
Future Pension Payments	<u>361,469</u>	<u>403,307</u>
	<u>4,684,441</u>	<u>6,672,949</u>
NET DEBT	(1,309,503)	(4,013,091)
Non-Financial Assets		
Inventories, at Cost	<u>900,388</u>	<u>1,060,012</u>
NET DEFICIENCY	\$ <u>(409,115)</u>	\$ <u>(2,953,079)</u>
Fund Balances		
Reserve for Deferred Line Maintenance	\$ 53,748	\$ 53,748
Reserve for Deferred Engine Maintenance	50,000	50,000
Reserve for Future Capital Expenditure	392,302	392,302
Equity Investment from General Revenue Fund	461,754	461,754
Fund Balance	<u>(1,366,919)</u>	<u>(3,910,883)</u>
	<u>\$ (409,115)</u>	<u>\$ (2,953,079)</u>



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

	2010	2009
Financial Assets		
Receivables	\$ 2,309,631	\$ 7,519,634
Due from General Capital Fund	<u>12,224,152</u>	<u>12,999,965</u>
	<u>14,533,783</u>	<u>20,519,599</u>
Liabilities		
Long Term Debt (Note 3)		
Interim	6,533,782	12,519,599
Long Term	<u>12,648,313</u>	<u>12,718,589</u>
	19,182,095	25,238,188
Payable to Other Funds		
Electric Utility Revenue Fund	<u>1,224,217</u>	<u>313,976</u>
	<u>20,406,312</u>	<u>25,552,164</u>
NET DEBT	(5,872,529)	(5,032,565)
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	13,448,363	12,622,031
Deferred Contributions, Net of Amortization (Note 4)	<u>(315,440)</u>	<u>(321,878)</u>
NET ASSETS	<u>\$ 7,260,394</u>	<u>\$ 7,267,588</u>
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ 7,260,394</u>	<u>\$ 7,267,588</u>



Notes to the Electric Utility

(Unaudited)

December 31, 2010

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 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.

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

2. Bank Indebtedness

Bank indebtedness consists of a \$900,000 advance on an operating line of credit at December 31, 2010 with an interest rate of prime less .50%. At December 31, 2010 prime was 3.00%.



Notes to the Electric Utility
 (Unaudited)
December 31, 2010

3. Long Term Debt

	Interest Rate %	Maturity Date	2010	2009
Interim				
National Bank – Wind Farm	P-.77%	Interim	<u>\$ 6,533,782</u>	<u>\$ 12,519,599</u>
Long Term				
Bank of Montreal	3.87	2010	-	428,560
Pacific & Western	5.73	2013	126,120	163,688
Bank of Montreal	5.06	2016	1,079,957	1,292,767
Bank of Montreal	4.92	2017	781,510	827,480
Royal Bank	3.57	2013	974,060	1,011,994
TD Canada Trust – 84	4.51	2019	402,051	422,300
TD Canada Trust – 85	3.47	2016	358,840	411,800
National Bank	P-.77%	Demand	-	8,000,000
Metro Credit Union Capital Line	2.50	Demand	-	160,000
CMHC – Wind Farm	4.28	2030	8,000,000	-
TD Canada Trust – 87	3.41	2015	401,775	-
TD Canada Trust – 2009	3.41	2015	524,000	-
Total Long Term			<u>12,648,313</u>	<u>12,718,589</u>
Total Long Term Debt			<u>\$ 19,182,095</u>	<u>\$ 25,238,188</u>

Prime rate at December 31, 2010 was 3.00%.

Scheduled principal repayments in each of the next five years are as follows:
 2011 - \$723,056; 2012 - \$642,412; 2013 - \$662,595; 2014 - \$636,690; 2015 - \$655,940.

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



Notes to the Electric Utility
(Unaudited)

December 31, 2010

4. Tangible Capital Assets

2010

	Cost			Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Expense	Amortization Adjustments	
Electric Utility							
Land	\$ 64,334	\$ -	\$ -	64,334	\$ -	\$ -	64,334
Buildings	597,927	-	-	597,927	14,258	-	127,589
Substation	3,403,497	-	-	3,403,497	85,841	-	1,804,519
Generating Equipment	8,110,290	564,033	-	8,674,323	243,392	-	3,439,030
Distribution System	10,963,523	634,930	-	11,598,453	274,088	-	7,454,805
Equipment and Vehicles	495,623	59,194	(149,428)	405,389	34,281	(146,510)	273,991
Work in Progress	61,142	284,093	(61,142)	284,093	-	-	284,093
	23,696,336	1,542,250	(210,570)	25,028,016	651,860	(146,510)	13,448,363
	(321,878)	-	-	(321,878)	(6,438)	-	(315,440)
Deferred Contributions	\$ 23,374,458	\$ 1,542,250	\$ (210,570)	\$ 24,706,138	\$ 645,422	\$ (146,510)	\$ 13,132,923

2009

	Cost			Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Expense	Amortization Adjustments	
Electric Utility							
Land	\$ 64,334	\$ -	\$ -	64,334	\$ -	\$ -	64,334
Buildings	597,927	-	-	597,927	14,258	-	141,847
Substation	3,390,661	12,836	-	3,403,497	85,283	-	1,890,360
Generating Equipment	8,065,956	44,334	-	8,110,290	237,058	-	3,118,389
Distribution System	10,593,708	369,815	-	10,963,523	137,120	-	7,093,963
Equipment and Vehicles	495,623	-	-	495,623	34,281	-	251,996
Work in Progress	-	61,142	-	61,142	-	-	61,142
	23,208,209	488,127	-	23,696,336	508,000	-	12,622,031
	(321,878)	(321,878)	-	(321,878)	-	-	(321,878)
Deferred Contributions	\$ 23,208,209	\$ 166,249	\$ -	\$ 23,374,458	\$ 508,000	\$ -	\$ 12,300,153



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

	2010 Actual	2010 Budget	2009 Actual
Revenue			
Sales to Customers	\$ 1,068,367	\$ 1,065,319	\$ 1,065,320
Fire Protection	483,000	483,000	483,000
Other	10,133	11,540	11,539
	<u>1,561,500</u>	<u>1,559,859</u>	<u>1,559,859</u>
Expenses			
Distribution Expenses	430,566	474,512	449,955
Pumping	174,576	147,549	165,606
Administration and Other	47,445	43,786	38,756
Overhead	195,714	194,200	196,935
Interfund Allocations	422,568	416,612	427,809
	<u>1,270,869</u>	<u>1,276,659</u>	<u>1,279,061</u>
Financing and Transfers			
Debt Principal Repayments	283,140	283,200	280,798
Reserve for Future Capital Expenditure	7,491	-	-
Expenses, Financing and Transfers	<u>1,561,500</u>	<u>\$ 1,559,859</u>	<u>1,559,859</u>
Change in Water Utility Revenue Fund Balance	-	<u>\$ -</u>	-
Opening Fund Balance	-		-
Ending Fund Balance	<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

	2010 Actual	2010 Budget	2009 Actual
Revenue	\$ <u>2,693,915</u>	\$ <u>2,625,180</u>	\$ <u>2,584,364</u>
Expenses			
Distribution - Sewer	327,971	311,377	398,617
Operations – Pollution	1,316,400	1,202,927	1,287,279
Administration and Other	56,224	43,150	43,840
Overhead	272,009	340,265	273,130
Interfund Allocations	<u>310,665</u>	<u>316,621</u>	<u>294,958</u>
	2,283,269	2,214,340	2,297,824
Financing and Transfers			
Debt Principal Repayments	<u>331,406</u>	<u>331,600</u>	<u>365,780</u>
Expenses, Financing and Transfers	<u>2,614,675</u>	<u>2,545,940</u>	<u>2,663,604</u>
Change in Sewer Utility Revenue Fund Balance	79,240	79,240	(79,240)
Opening Fund Balance	<u>(79,240)</u>	<u>(79,240)</u>	<u>-</u>
Closing Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(79,240)</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

	2010	2009
Financial Assets		
Receivables	\$ 859,121	\$ 940,379
Sinking Fund Investments, at Market Value	366,094	356,794
Receivable from Other Funds		
Water Utility Capital Fund	1,594,449	426,524
Sewer Utility Capital Fund	1,560,246	-
General Revenue Fund	<u> </u>	<u>853,768</u>
	<u>4,379,910</u>	<u>2,577,465</u>
Liabilities		
Payables and Accruals		
Trade and Customer Deposits	551,709	308,186
Payable to Other Funds		
General Revenue Fund	3,440,287	-
Sewer Utility Capital Fund	-	1,959,517
Sick Leave	296,461	271,289
Future Pension Payments	<u>69,633</u>	<u>85,505</u>
	<u>4,358,090</u>	<u>2,624,497</u>
NET FINANCIAL ASSETS (LIABILITIES)	21,820	(47,032)
Non-Financial Assets		
Inventories of Materials and Supplies, at Cost	<u>119,903</u>	<u>102,024</u>
NET ASSETS	\$ <u>141,723</u>	\$ <u>54,992</u>
Fund Balances		
Reserve for Future Capital Expenditure	\$ 141,723	\$ 134,232
Fund Balance	<u> </u>	<u>(79,240)</u>
	<u>\$ 141,723</u>	<u>\$ 54,992</u>

See accompanying notes to the Water and Sewer Utilities.



Water Utility

Non-Consolidated Capital Fund Statement of Financial Position

(Unaudited)

December 31

	2010	2009
Financial Assets		
Receivables	\$ 60,586	\$ -
Receivable from Other Funds		
Sewer Utility Capital Fund	<u>344,666</u>	<u>344,666</u>
	<u>405,252</u>	<u>344,666</u>
Liabilities		
Long Term Debt (Note 2)	3,942,594	4,409,927
Payable to Other Funds		
Water and Sewer Utilities	<u>1,594,449</u>	<u>426,524</u>
	<u>5,537,043</u>	<u>4,836,451</u>
NET DEBT	<u>(5,131,791)</u>	<u>(4,491,785)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 3)	13,083,622	12,333,200
Deferred Contributions, Net of Amortization	(1,188,291)	(1,142,169)
Intangible Assets, Net of Amortization	<u>13,159</u>	<u>18,002</u>
	<u>11,908,490</u>	<u>11,209,033</u>
NET ASSETS	<u>\$ 6,776,699</u>	<u>\$ 6,717,248</u>
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ 6,776,699</u>	<u>\$ 6,717,248</u>

See accompanying notes to the Water and Sewer Utilities.



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

	2010	2009
Financial Assets		
Receivables	\$ 64,646	\$ 353,707
Water and Sewer Utilities Revenue Funds	<u>-</u>	<u>1,959,517</u>
	<u>64,646</u>	<u>2,313,224</u>
Liabilities		
Long Term Debt (Note 2)		
Interim	-	3,106,840
Long Term	<u>9,717,470</u>	<u>9,231,375</u>
	<u>9,717,470</u>	12,338,215
Payable to Other Funds		
Water Utility Capital Fund	344,666	344,666
Water and Sewer Utilities Revenue Funds	<u>1,560,246</u>	<u>-</u>
	<u>11,622,382</u>	<u>12,682,881</u>
NET DEBT	<u>(11,557,736)</u>	<u>(10,369,657)</u>
Non-Financial Assets		
Tangible Capital Assets Sewer, Net of Amortization (Note 4)	28,304,038	26,685,710
Deferred Contributions, Net of Amortization	<u>(11,249,593)</u>	<u>(10,708,708)</u>
	<u>17,054,445</u>	<u>15,977,002</u>
NET ASSETS	<u>\$ 5,496,709</u>	<u>\$ 5,607,345</u>
Fund Balances		
Investment in Tangible Capital Assets	<u>\$ 5,496,709</u>	<u>\$ 5,607,345</u>

See accompanying notes to the Water and Sewer Utilities.



Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2010

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 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.

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

	Interest Rate %	Maturity Date	2010	2009
Water Utility				
Consolidated CU	P-1.00%	Demand	\$ -	\$ 605,593
Bank of Montreal	3.87	2010	-	160,800
Bank of Montreal	3.85	2010	-	250,000
Bank of Montreal	5.69	2013	551,018	580,132
Bank of Montreal	5.06	2016	1,250,480	1,368,635
Bank of Montreal	4.92	2017	706,350	747,900
Royal Bank	3.57	2013	392,201	407,467
TD Canada Trust – 84	4.51	2019	214,973	225,800
TD Canada Trust – 85	3.47	2016	55,422	63,600
TD Canada Trust – 87	3.14	2015	150,750	-
TD Canada Trust – 88	2.65	2014	200,000	-
TD Canada Trust – 2009	3.44	2015	421,400	-
			<u>\$ 3,942,594</u>	<u>\$ 4,409,927</u>



Notes to the Water and Sewer Utilities

(Unaudited)

December 31, 2010

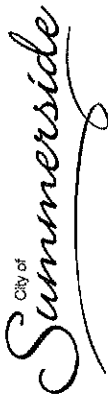
2. Long Term Debt (cont'd)

	Interest Rate %	Maturity Date	2010	2009
Sewer Utility				
Interim				
Consolidated CU	P-1.00%	Interim	\$ -	\$ 744,200
Royal Bank	P- 0.65%	Interim	-	2,362,640
Total Interim Financing			-	3,106,840
Long Term				
Bank of Montreal	5.69	2013	53,921	56,770
Pacific & Western	5.73	2013	54,052	70,152
Bank of Montreal	5.06	2016	284,023	302,243
Bank of Montreal	4.92	2017	164,475	174,150
Royal Bank	3.57	2013	429,265	445,975
TD Canada Trust – 84	4.51	2013	26,753	28,100
TD Canada Trust – 85	3.47	2016	178,292	204,600
TD Canada Trust – 2008	4.66	2019	240,257	248,000
TD Canada Trust – 2009	3.44	2015	817,500	-
Bank of Montreal	3.87	2010	-	192,400
Bank of Montreal	5.69	2013	347,809	366,185
Royal Bank	P- 0.65%	Demand	6,900,000	7,100,000
TD Canada Trust – 84	4.51	2019	40,748	42,800
TD Canada Trust – 87	3.41	2015	180,375	-
Total Long Term			9,717,470	9,231,375
Total Long Term Debt			\$ 9,717,470	\$12,338,215

Prime rate at December 31, 2010 was 3.00%.

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

2011 - \$658,943; 2012 - \$669,829; 2013 - \$681,181; 2014 - \$672,960; 2015 - \$630,725.



Notes to the Water and Sewer Utilities
(Unaudited)

December 31, 2010

4. Tangible Capital Assets – Sewer Utility

	2010							
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Accumulated Amortization Expense	End of Year	Net Book Value
Sewer Utility								
Land	\$ 22,541	\$ -	\$ -	22,541	\$ -	\$ -	\$ -	\$ 22,541
Buildings	23,831,096	1,719,715	(407,900)	25,142,911	2,151,046	595,358	2,338,504	22,804,407
Lagoon	246,004	-	-	246,004	34,440	4,920	39,360	206,644
Distribution System	8,130,515	634,404	(39,200)	8,725,719	3,653,804	92,901	3,707,505	5,018,214
Equipment and Vehicles	433,524	23,470	(25,921)	431,073	179,139	25,625	178,843	252,230
Work in Progress	40,459	-	(40,459)	-	-	-	-	-
	32,704,139	2,377,589	(513,480)	34,568,248	6,018,429	718,804	6,264,212	28,304,038
Deferred Contributions	(11,253,708)	(817,647)	-	(12,071,355)	(545,000)	(276,762)	(821,762)	(11,249,593)
	\$ 21,450,431	\$ 1,559,942	\$ (513,480)	\$ 22,496,893	\$ 5,473,429	\$ 442,042	\$ 5,442,450	\$ 17,054,445

	2009							
	Beginning of Year	Additions	Disposals	End of Year	Beginning of Year	Accumulated Amortization Expense	End of Year	Net Book 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
	31,548,906	1,156,142	(909)	32,704,139	5,315,409	703,020	6,018,429	26,685,710
Deferred Contributions	(10,900,000)	(353,708)	-	(11,253,708)	(272,500)	(272,500)	(545,000)	(10,708,708)
	\$ 20,648,906	\$ 802,434	\$ (909)	\$ 21,450,431	\$ 5,042,909	\$ 430,520	\$ 5,473,429	\$ 15,977,002



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

	2010 Actual	2010 Budget	2009 Actual
Revenue	\$ <u>526,087</u>	\$ <u>588,264</u>	\$ <u>602,452</u>
Expenses			
Customer Service Costs	59,886	67,389	69,526
Contracted Services	36,000	60,000	72,000
Bandwidth Costs	61,594	80,000	64,698
Installation and Service	113,467	112,489	152,741
Equipment and System Maintenance	98,199	110,986	96,481
Building Maintenance and Operations	113,635	123,500	125,387
Debt Servicing	<u>13,847</u>	<u>12,400</u>	<u>10,755</u>
	496,628	566,764	591,588
Financing and Transfers			
Debt Principal Repayments	21,430	21,500	9,390
Debt Reduction Allocation	<u>8,029</u>	<u>-</u>	<u>1,474</u>
Expenses, Financing and Transfers	<u>526,087</u>	<u>588,264</u>	<u>602,452</u>
Change in Summerville Community Network Revenue Fund Balance	-	\$ <u>-</u>	-
Opening Fund Balance	<u>13,275</u>		<u>13,275</u>
Closing Fund Balance	\$ <u>13,275</u>		\$ <u>13,275</u>



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

	2010	2009
Financial Assets		
Receivable from Other Funds		
General Revenue Fund	\$ <u>22,778</u>	\$ <u>14,749</u>
NET ASSETS	\$ <u>22,778</u>	\$ <u>14,749</u>
Fund Balances		
Reserve for Debt Reduction	\$ 9,503	\$ 1,474
Fund Balance	<u>13,275</u>	<u>13,275</u>
	\$ <u>22,778</u>	\$ <u>14,749</u>



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

	2010	2009
Liabilities		
Long Term Debt (Note 3)	\$ 375,962	\$ 271,892
Payable to Other Funds		
General Revenue Fund	<u>136,647</u>	<u>145,970</u>
NET DEBT	<u>(512,609)</u>	<u>(417,862)</u>
Non-Financial Assets		
Tangible Capital Assets, Net of Amortization (Note 4)	2,170,196	3,043,714
Deferred Contributions, Net of Amortization	<u>(1,796,184)</u>	<u>(2,694,276)</u>
	<u>374,012</u>	<u>349,438</u>
NET LIABILITIES	\$ <u>(138,597)</u>	\$ <u>(68,424)</u>
Fund Balances		
Investment in Tangible Capital Assets	\$ <u>(138,597)</u>	\$ <u>(68,424)</u>



Notes to the Summerside Community Network

(Unaudited)

December 31, 2010

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 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.

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.

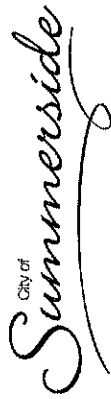
Asset Useful Lives (In Years)

Distribution System	7
Vehicles	10
Equipment	5

3. Long Term Debt

	Interest Rate %	Maturity Date	2010	2009
Bank of Montreal	5.06	2016	\$ 56,324	\$ 59,843
Bank of Montreal	4.92	2017	23,460	24,840
Royal Bank	3.57	2013	119,555	124,209
TD Canada Trust – 2008	2.94	2014	51,123	63,000
TD Canada Trust – 2009	2.92	2015	125,500	-
			<u>\$ 375,962</u>	<u>\$ 271,892</u>

Scheduled principal repayments in each of the next five years are as follows:
2011 - \$45,670; 2012 - \$46,871; 2013 - \$48,106; 2014 - \$49,381; 2015 - \$37,019.



Notes to the Summerville Community Network

(Unaudited)

December 31, 2010

4. Tangible Capital Assets

2010

	Cost			Accumulated Amortization			Net Book Value
	Beginning of Year	Additions	Disposals	End of Year	Amortization Expense	Amortization Adjustments	
Summerville Community Network							
Distribution System							
Vehicles	\$ 6,286,643	\$ -	\$ -	\$ 6,286,643	\$ 898,092	\$ -	\$ 4,490,460
Equipment	102,542	-	-	102,542	10,254	-	34,895
	406,744	116,176	-	522,920	81,349	-	216,555
	6,795,929	116,176	-	6,912,105	989,695	-	4,741,910
Deferred Contributions	(6,286,644)	-	-	(6,286,644)	(898,092)	-	(4,490,460)
	509,285	116,176	\$ -	625,461	91,603	\$ -	251,450
							\$ 374,012

2009

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