

CITY OF THOMPSON

**Consolidated Financial Statements
For the Year Ended December 31, 2012**

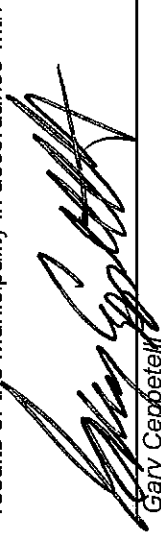
STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the City of Thompson and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Council of the Municipality met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

Kendall & Pandya as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor/Reeve and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector accounting standards.



Gary Ceppetelli
Chief Administrative Officer

KENDALL & PANDYA

Chartered Accountants

300-31 Main St., P.O. Box 175, Flin Flon, MB R8A 1M7 (204) 687-8211 Fax 687-2957
118 Cree Road, Thompson, MB R8N 0C1 (204) 778-7312 Fax 778-7919

Partners.... David Kendall, FCA *
Manisha Pandya, CA *

* Operating as professional corporations

SUPPLEMENTARY AUDIT REPORT SECTION 190(2) MUNICIPAL ACT

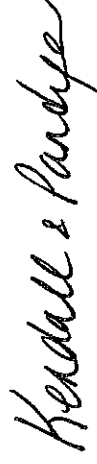
**To the Mayor and Councillors
City of Thompson
Thompson, Manitoba**

We have examined the financial statements of the City of Thompson as at and for the year ended December 31, 2012 and have rendered our Auditor's Report thereon dated June 27, 2013. Our examination was conducted in accordance with Canadian auditing standards to obtain reasonable assurance whether the financial statements are free of material misstatement. This examination was not designed to, and may not, disclose deficiencies or other reportable matters.

Pursuant to our appointment as Municipal Auditors of the City of Thompson, and in accordance with the provisions of Section 190(2) based upon the examination referred to above we wish to report as follows:

- a) In our opinion, the accounting procedures and systems of control employed by the City of Thompson are adequate to preserve and protect its assets.
- b) To the best of our knowledge and belief, based on the scope of examination described above, the funds of the City of Thompson have been paid and disbursed only under authority granted by an Act of the Legislature or under authority of a resolution or by-law passed under the authority of an Act of the Legislature.
- c) In our opinion, there are no other matters which should be brought to the attention of the Minister and Council.
- d) We have no other recommendations regarding the proper performance of duties and the keeping of records and books of accounts by the City Manager, other than those listed in the management report.

Thompson, Manitoba
June 27, 2013



KENDALL & PANDYA
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and members of Council of the CITY OF THOMPSON:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the CITY OF THOMPSON which comprise the consolidated statement of financial position as of December 31, 2012 and the consolidated statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year ended December 31, 2012, 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 consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian 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.

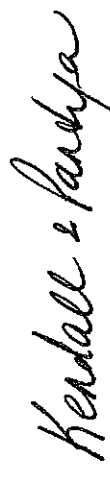
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Thompson, as at December 31, 2012 and its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Thompson, Manitoba
June 27, 2013



Chartered Accountants.

CITY OF THOMPSON
Consolidated Financial Statements
For the Year Ended December 31, 2012


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**CITY OF THOMPSON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2012**


	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 4,918,829	\$ 978,885
Amounts receivable (Note 4)	8,110,454	7,115,376
Portfolio investments (Note 5)	956,789	951,298
Loans and advances	4,784	13,754
Real estate properties held for sale	223,201	171,886
Deferred Asset	<u>201,058</u>	<u>229,780</u>
	<u>14,415,115</u>	<u>9,460,979</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	8,443,569	7,865,021
Deferred revenue	979,616	5,318,422
Land deposits	197,987	181,316
Long-term debt (Note 8)	14,029,044	11,938,557
Obligations under capital lease (Note 9)	<u>28,974</u>	<u>27,518</u>
	<u>23,679,189</u>	<u>25,330,834</u>
	<u>(9,264,074)</u>	<u>(15,869,855)</u>
NET FINANCIAL ASSETS (NET DEBT)		
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	57,409,692	52,799,869
Inventories (Note 6)	343,850	403,583
Prepaid expenses	<u>163,472</u>	<u>157,803</u>
	<u>57,917,014</u>	<u>53,361,255</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 48,652,940</u>	<u>\$ 37,491,400</u>

COMMITMENTS AND CONTINGENCIES (NOTE 9)

Approved on behalf of Council:



Mayor- Tim Johnston



Councillor- Chantal Lafreniere

**CITY OF THOMPSON
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2012**

	<u>2012</u>	<u>2012</u>	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	<u>(Note 13)</u>		
REVENUE			
Property taxes	\$ 8,632,225	\$ 8,644,923	\$ 8,385,455
Grants in lieu of taxation	4,785,765	4,785,765	4,758,016
User fees	4,155,395	3,974,615	3,697,312
Permits, licences and fines	602,823	593,873	382,675
Investment income	2,048	(15,046)	21,402
Other revenue	1,953,364	2,184,067	703,638
Water and sewer	5,547,984	3,936,433	3,038,643
Grants - Province of Manitoba	5,605,700	11,192,828	4,935,086
Grants - other	1,113,864	811,938	740,870
Total revenue (Schedules 2, 4 and 5)	<u>32,399,168</u>	<u>36,109,396</u>	<u>26,663,097</u>
EXPENSES			
General government services	1,922,584	2,952,028	2,796,329
Protective services	9,404,129	8,757,845	8,572,978
Transportation services	4,388,435	3,547,780	3,327,473
Environmental health services	1,808,583	1,712,670	1,815,996
Public health and welfare services	266,728	282,083	249,761
Regional planning and development	427,365	20,894	13,678
Resource conservation and industrial development	765,604	266,006	591,759
Recreation and cultural services	4,717,955	4,508,418	4,227,270
Water and sewer services	3,448,480	2,900,132	2,894,032
Total expenses (Schedules 3, 4 and 5)	<u>27,149,862</u>	<u>24,947,856</u>	<u>24,489,275</u>
ANNUAL SURPLUS (DEFICIT)	5,249,306	11,161,540	2,173,822
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>37,491,400</u>	<u>37,491,400</u>	<u>35,317,578</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ 42,740,706</u>	<u>\$ 48,652,940</u>	<u>\$ 37,491,400</u>

CITY OF THOMPSON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2012

	2012 Budget (Note 13)	2012 Actual	2011 Actual
ANNUAL SURPLUS (DEFICIT)	\$ 5,249,306	\$ 11,161,540	\$ 2,173,822
Acquisition of tangible capital assets	(5,158,150)	(6,869,238)	(12,839,866)
Amortization of tangible capital assets	2,204,943	2,204,943	1,910,563
Loss (Gain) on sale of tangible capital assets	-	14,657	3,076
Proceeds on sale of tangible capital assets	-	39,816	21,000
Decrease (increase) in inventories	-	59,733	815
Decrease (increase) in prepaid expense	-	(5,669)	150,042
	<u>(2,953,207)</u>	<u>(4,555,759)</u>	<u>(10,754,371)</u>
CHANGE IN NET FINANCIAL ASSETS	<u>2,296,099</u>	6,605,781	(8,580,549)
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>(15,869,855)</u>	<u>(7,289,306)</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ (9,264,074)</u>	<u>\$(15,869,855)</u>

CITY OF THOMPSON
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012

	2012	2011
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 11,161,540	\$ 2,173,822
Changes in non-cash items:		
Amounts receivable	(995,078)	(1,248,299)
Inventories	59,733	815
Prepays	(5,669)	150,042
Accounts payable and accrued liabilities	578,548	1,963,183
Deferred Revenue	(4,338,806)	4,040,430
Land deposits	16,671	16,708
Loss (Gain) on sale of tangible capital asset	14,657	3,076
Amortization	2,204,943	1,910,563
Deferred Asset	28,722	28,082
	8,725,259	9,038,421
Cash provided by operating transactions		
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	39,816	21,000
Cash used to acquire tangible capital assets	(6,869,238)	(12,839,866)
	(6,829,422)	(12,818,866)
Cash applied to capital transactions		
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	(5,491)	-
Proceeds on sale of real estate properties	-	-
Loans and advances repaid	8,970	6,880
Purchase of portfolio investments	-	(3,722)
Acquisition of real estate properties	(51,315)	(16,266)
Loans and advances issued	-	-
	(47,836)	(13,108)
Cash applied to investing transactions		
FINANCING TRANSACTIONS		
Proceeds of long-term debt	3,442,113	3,165,208
Debt repayment	(1,351,626)	(856,504)
Obligation under capital lease	-	-
Repayment of obligation under capital lease	1,456	(11,182)
	2,091,943	2,297,522
Cash applied to financing transactions		
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	3,939,944	(1,496,031)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	978,885	2,474,916
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 4,918,829	\$ 978,885

CITY OF THOMPSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

1. Status of the City of Thompson

The incorporated City of Thompson is a municipal government that was created on July 7, 1970 pursuant to the Manitoba Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, urban planning, parks and recreation, library, zoo and other general government operations. The Municipality does not own a utility, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and tourism.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Municipality. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Municipality. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the municipality. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organizations include:

Thompson Planning District
Thompson Public Library
Thompson Zoological Society
Thompson Community Development Corporation
Thompson Recycling Centre

The taxation with respect to the operations of school divisions are not reflected in the Municipal surplus of these financial statements.

Trust funds and their related operations administered by the Municipality are not consolidated in these financial statements. The trust funds administered by the Municipality are presented in Schedule 7 - Schedule of Trust Funds.

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

c) Cash and Temporary Investments

Cash and temporary investments include cash and short-term investments, if any, with maturities of three months or less from the date of acquisition.

d) Investments

Temporary investments, if any, are accounted for at the lower of cost and market.

Portfolio investments, if any, are accounted for at cost.

CITY OF THOMPSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

e) Real Estate Properties Held for Sale

Real estate properties held for sale are recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the balance sheet date.

The estimated cost to close and maintain solid waste landfill sites, if any, are based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used.

f) Non-Financial Assets

Non-financial assets, if any, 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 ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Municipality does not capitalize internal finance charges as part of the cost of its tangible capital assets.

General Tangible Capital Assets

	Amortized Over
Land	
Land improvements	Indefinite
Buildings and leasehold improvements	10 to 30 years
Buildings	25 to 40 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	4 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	20 to 30 years
Road grade	40 years
Bridges	25 to 50 years
Traffic lights and equipment	10 years
Water and Sewer	
Land	Indefinite
Land improvements	30 to 50 years
Buildings	25 to 40 years
Underground networks	40 to 60 years
Machinery and equipment	10 to 20 years
Dams and other surface water structures	40 to 60 years

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the municipality, forests, water, and other natural resources are not recognized as tangible capital assets.

CITY OF THOMPSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

h) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership or property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

i) Inventories

Inventories held for sale are recorded at the lower of cost and net realizable value.

Inventories held for consumption are recorded at the lower of cost and replacement value.

j) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the financial statements in the period which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made.

Deferred revenue, if any, represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

k) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

Measurement uncertainty in these financial statements exists in the accrual of the landfill closure and post closure liabilities. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the financial statement date. The estimate of the future cash flows and the closure date of the landfill are based upon the best estimates by management. The actual future cash flows and closure date may differ significantly.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	2012	2011
Cash	\$ 4,918,829	\$ 978,885
Temporary Investments	-	-
	\$ 4,918,829	\$ 978,885

Temporary investments are comprised mainly of guaranteed investment certificates and term deposits and have a market value approximating cost. The Municipality has designate \$0 (2011 \$0) to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 – Schedule of Change in Reserve Fund Balances.

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	2012	2011
Taxes on roll (Schedule 11)	\$ 1,655,834	\$ 1,309,525
Government grants	2,662,335	2,093,443
Utility customers	1,807,927	1,416,690
Accrued interest	-	-
Organizations and individuals	70,238	219,254
Other governments	8,282,992	7,283,236
Less allowances for doubtful amounts	172,538	167,860
	\$ 8,110,454	\$ 7,115,376

CITY OF THOMPSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

5. Portfolio Investments

	2012	2011
Marketable securities:		
Government of Canada	\$ -	\$ -
Province of Manitoba	-	-
Municipal Debentures	-	-
Other investments	\$ 956,789	951,298
	<u>\$ 956,789</u>	<u>\$ 951,298</u>

The aggregate market value of the marketable securities at December 31, 2012 is \$956,789 (2011- \$951,298). Portfolio investments earned \$5,491 in investment income during the year (2011 - \$24,433).

6. Inventories

Inventories for use:

	2012	2011
Chemicals, herbicides, insecticides	\$ -	\$ -
Fuel	4,970	5,127
Culverts	149,356	178,734
Aggregate	7,738	8,602
Other supplies	181,786	211,121
	<u>\$ 343,850</u>	<u>\$ 403,583</u>

7. Accounts Payable and Accrued Liabilities

	2012	2011
Accounts payable	\$ 7,407,096	\$ 6,971,187
Accrued expenses	1,036,473	893,834
Accrued interest payable	-	-
School levies (Schedule 13)	-	-
Other governments	-	-
	<u>\$ 8,443,569</u>	<u>\$ 7,865,021</u>

8. Long Term Debt

General Authority:

	2012	2011
Debenture, interest at 6.750%, payable at \$84,293 annually including interest, maturing December 1, 2012	\$ -	\$ 78,962
Debenture, interest at 6.750%, payable at \$16,211 annually including interest, maturing December 1, 2012	-	15,185
Debenture, interest at 6.875%, payable at \$233,695 annually including interest, maturing December 1, 2017	961,409	1,118,226
Debenture, interest at 6.625%, payable at \$177,770 annually including interest, maturing December 1, 2017	736,270	867,247
Debenture, interest at 6.625%, payable at \$27,498 annually including interest, maturing December 1, 2018	132,601	150,151
Debenture, interest at 5.500%, payable at \$354,502 annually including interest, maturing December 1, 2024	3,055,285	3,232,026
Debenture, interest at 5.625%, payable at \$147,669 annually including interest, maturing December 1, 2023	1,187,310	1,263,885
Debenture, interest at 5.5%, payable at \$41,351 annually including interest, maturing December 1, 2023	356,380	376,966
Debenture, interest at 5.5%, payable at \$83,167 annually including interest, maturing December 1, 2023	716,773	758,237
Debenture, interest at 5.0%, payable at \$304,943 annually including interest, maturing December 1, 2026	3,018,525	3,165,208
Debenture, interest at 2.875%, payable at \$87,435 annually including interest, maturing December 31, 2016	325,978	

CITY OF THOMPSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

Debtenture, interest at 4%, payable at \$58,198 annually including interest, maturing December 31, 2021	432,722
Debtenture, interest at 4.25%, payable at \$35,693 annually including interest, maturing December 31, 2021	370,882
Debtenture, interest at 3%, payable at \$29,260 annually including interest, maturing December 31, 2016	108,760
Debtenture, interest at 4%, payable at \$51,716 annually including interest, maturing December 31, 2027	575,000
	11,977,895

11,016,094

Utility Fund:

Debtenture, interest at 4.910%, payable at \$84,224 annually including interest, maturing December 1, 2015	\$ 229,314	\$ 298,576
Debtenture, interest at 4.930%, payable at \$161,808 annually including interest, maturing December 1, 2015	440,720	573,887
Debtenture, interest at 4%, payable at \$57,850 annually including interest, maturing December 31, 2021	430,135	-
Debtenture, interest at 4.25%, payable at \$91,520 annually including interest, maturing December 31, 2026	950,980	-
	2,051,148	872,463

Thompson Community Development Corp.:

Loan payable, Province of Manitoba, non-interest	\$ -	\$ 50,000
	\$ 14,029,044	\$ 11,938,557

Principal payments required in each of the next five years are as follows:

2013	\$1,300,047
2014	\$1,368,539
2015	\$1,440,797
2016	\$1,271,006
2017	\$1,222,464

9. Obligation Under Capital Leases

Future minimum lease payments under the capital lease together with the obligation due under the capital lease are as follows:

2013	\$ 15,618
2014	14,712
2015	1,581
2016	-
2017	-
Remainder of lease	-
Total minimum lease payments	\$ 31,911
Less amount representing future interest at 9.25%	2,937
Balance of obligation	\$ 28,974

Interest expense includes **\$2,600** (2011 - \$3,255) with respect to this obligation.

Assets under capital lease includes office equipment.

	2012	2011
Cost of leased tangible capital assets	\$ 48,909	\$ 36,016
Accumulated amortization of leased tangible capital assets	32,162	18,008
	\$ 16,746	\$ 18,008

CITY OF THOMPSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

10. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP requires that employees contribute 6.3% of basic annual earnings up to the CPP ceiling plus 7.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$506,971 (2011 - \$472,997) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2011 indicated the plan was 97.5% funded on a going concern basis and had an unfunded solvency liability of \$161.3 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2011. The valuation also disclosed that the existing contribution rate was insufficient to pay the minimum required contribution being the normal actuarial cost of the annual benefit accrued and the required amortization payment in respect of the going concern unfunded actuarial liability. The Board of Trustees amended the plan to increase the contribution rate by 1% effective July 1, 2012 and by another 1% effective January 1, 2013 to meet the minimum contribution requirement.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

11. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

12. Subsequent Events None

13. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Municipality has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by council.

The reconciliation between the financial plan and the budget figures used in these statements is disclosed in Schedule 10 - Reconciliation of the Financial Plan to the Budget.

14. Accumulated Surplus

Accumulated surplus consists of the following:

	<u>2012</u>	<u>2011</u>
General operating fund - Nominal surplus	\$ 2,310,489	\$ (5,334,023)
Utility operating fund(s) - Nominal surplus	1,180,912	144,611
TCA net of related borrowings	42,411,031	39,962,553
Reserve funds	<u>3,149,953</u>	<u>3,072,414</u>
Accumulated surplus of municipality unconsolidated	49,052,384	37,845,554
Accumulated surpluses of consolidated entities	<u>(399,444)</u>	<u>(354,154)</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 48,652,940</u>	<u>\$ 37,491,400</u>

CITY OF THOMPSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

15. Public Sector Compensation Disclosure

It is a requirement of the *Public Sector Compensation Disclosure Act* that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount exceeding \$50,000 annually to any member of council, officer or employee of the Municipality. For the year ended December 31, 2012:

- a) Compensation paid to members of council amounted to \$110,219 in aggregate.
- b) There were no members of council receiving compensation in excess of \$50,000 individually.

Council Members:

	Compensation	Expenses	Total
Mayor - Tim Johnston	\$ 29,745	\$ 8,078	\$ 37,824
Councillor - Stella Locker	9,915		9,915
Councillor - Charlene Lafreniere	9,915	2,530	12,446
Councillor - Judy Kolada	9,915	795	10,710
Councillor - Erin Hogan	10,107	4,957	15,065
Councillor - Luke Robinson	9,915	2,127	12,042
Councillor - Penelope Byer	9,915	2,577	12,492
Councillor- Dennis Fenske	10,876	2,376	13,252
Councillor- Brad Evenson	9,915	-	9,915
	<u>\$ 110,219</u>	<u>\$ 23,441</u>	<u>\$ 133,661</u>

- c) Officers having received compensation in excess of \$50,000 are listed, audited and reported in a separate audit report.

16. Public Utilities Board

The Public Utilities Board (PUB) regulates the rates charged by all water and sewer utilities, except the City of Winnipeg utility and those utilities operated by the Manitoba Water Services Board. PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. PUB's prescribed accounting policies on tangible capital assets and government transfers do not meet the recommendations of PSAB.

For information purposes, the Municipality has deferred the capital grants it has received in the past for its utilities and amortized them over the useful life of the related tangible capital asset.

No capital grants have been deferred and amortized in these financial statements.

SCHEDULE 1

CITY OF THOMPSON

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2012

	General Capital Assets			Infrastructure		Totals
	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Roads, Streets, and Bridges	Water and Sewer	
Cost						
Opening costs	2,486,778	13,323,461	311,775	19,852,535	37,291,015	97,918,104
Additions during the year	556,234	602,146	42,352	1,103,688	765,832	6,869,238
Disposals and write downs	-	(537,386)	-	-	(17,647)	(555,033)
Closing costs	3,043,012	13,388,221	354,127	20,956,222	38,039,200	104,232,309
Accumulated Amortization						
Opening accum'd amortization	339,165	3,609,735	148,612	8,289,445	25,224,004	45,118,238
Amortization	70,277	407,607	34,783	343,672	598,205	2,204,943
Disposals and write downs	-	(482,917)	-	-	(17,647)	(500,564)
Closing accum'd amortization	409,442	4,017,342	183,395	8,633,117	25,804,562	46,822,617
Net Book Value of Tangible Capital Assets	2,633,570	23,930,327	5,613,462	12,323,105	12,234,638	57,409,692

Water and sewer underground networks contributed to the Municipality totals \$10,498,103 and were capitalized at their fair value at the time of their receipt.

The Municipality has 67 km of roads that are capitalized at a nominal value of \$3,981,315

CITY OF THOMPSON

SCHEDULE 2

CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2012

	2012	2011
	Actual	Actual
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 8,431,528	\$ 7,836,262
Taxes added	213,395	397,697
	<u>8,644,923</u>	<u>8,385,455</u>
Grants in lieu of taxation:		
Federal government	10,918	11,557
Federal government enterprises	-	-
Provincial government	252,737	224,349
Provincial government enterprises	-	-
Other local governments	-	-
Non-government organizations	4,522,109	4,522,109
	<u>4,785,765</u>	<u>4,758,016</u>
User fees		
Parking meters	-	-
Sales of service	2,598,575	2,292,413
Sales of goods	442,843	535,946
Rentals	456,632	413,264
Development charges	22,025	24,483
Facility use fees	454,540	431,206
	<u>3,974,615</u>	<u>3,697,312</u>
Permits, licences and fines		
Permits	367,100	220,866
Licences	109,323	82,847
Aggregate mining and transportation fees	-	-
Fines	117,450	78,962
	<u>593,873</u>	<u>382,675</u>
Investment income:		
Cash and temporary investments	(15,046)	21,402
Marketable securities	-	-
Municipal debentures	-	-
Other (specify):	-	-
	<u>(15,046)</u>	<u>21,402</u>
Other revenue:		
Municipal accomodation tax	521,887	536,970
Miscellaneous other grants and revenue	1,612,279	70,667
Gain on sale of tangible capital assets	14,068	(3,076)
Gain on sale of real estate held for sale	-	-
Penalties and interest	149,891	151,496
Gain on land sales	(114,058)	99,076
	<u>2,184,067</u>	<u>855,134</u>
Water and sewer		
Water and Sewer (Schedule 9)	3,936,433	3,038,643
Grants - Province of Manitoba		
General assistance payment	2,041,297	2,150,299
General support grant	203,377	259,761
VLТ revenues	195,762	193,445
Other unconditional grants	-	-
Conditional grants	8,752,392	2,331,580
	<u>11,192,828</u>	<u>4,935,086</u>
Grants - other		
Federal government - gas tax funding	733,870	733,870
Federal government - other	78,068	7,000
Other local governments	811,938	740,870
	<u>36,109,396</u>	<u>26,663,097</u>
Total revenue		

CITY OF THOMPSON

SCHEDULE 3

CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2012

	2012 Actual	2011 Actual
General government services:		
Legislative	\$ 291,044	\$ 288,106
General administrative	2,183,053	1,808,013
Other	477,931	700,209
	<u>2,952,028</u>	<u>2,796,329</u>
Protective services:		
Police	4,638,715	4,907,530
Fire	1,397,383	1,315,854
Emergency measures	-	46
Other protection	2,721,747	2,349,547
	<u>8,757,845</u>	<u>8,572,978</u>
Transportation services:		
Road transport		
Administration and engineering	672,289	713,039
Road and street maintenance	1,604,499	1,404,413
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	223,953	213,514
Street lighting	252,362	247,837
Other	347,458	320,689
Air transport	-	-
Public transit	447,219	427,981
Other	-	-
	<u>3,547,780</u>	<u>3,327,473</u>
Environmental health services:		
Waste collection and disposal	810,561	890,236
Recycling	828,902	851,822
Other	73,207	73,937
	<u>1,712,670</u>	<u>1,815,996</u>
Public health and welfare services:		
Public health	120,484	88,162
Medical care	-	-
Hospital care	-	-
Social assistance	161,599	161,599
	<u>282,083</u>	<u>249,761</u>
Regional planning and development		
Planning and zoning	4,489	832
Urban renewal	-	-
Beautification and land rehabilitation	16,405	12,846
Urban area weed control	-	-
Other	-	-
	<u>20,894</u>	<u>13,678</u>
Resource conservation and industrial development		
Rural area weed control		
Drainage of land	-	-
Veterinary services	-	-
Water resources and conservation	-	-
Regional development	254,101	577,782
Industrial development		
Tourism	11,884	13,956
Other	21	21
	<u>266,006</u>	<u>591,759</u>
Sub-totals forward	<u>17,539,306</u>	<u>17,367,974</u>

CITY OF THOMPSON

SCHEDULE 3

CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2012

Sub-totals forward	<u>17,539,306</u>	<u>17,367,974</u>
Recreation and cultural services:		
Administration	881,263	923,040
Community centers and halls	748,406	645,810
Swimming pools and beaches	962,352	918,470
Golf courses	-	7,500
Skating and curling rinks	942,976	704,743
Parks and playgrounds	209,768	189,254
Other recreational facilities	142,364	146,129
Museums	53,418	53,281
Libraries	392,232	407,964
Other cultural facilities	175,639	231,079
	<u>4,508,418</u>	<u>4,227,270</u>
Water and sewer services		
Water and sewer services (Schedule 9)	<u>2,900,132</u>	<u>2,894,032</u>
Total expenses	<u>24,947,856</u>	<u>24,489,275</u>

CITY OF THOMPSON

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM

For the Year Ended December 31, 2012

	2012	2011	2012	2011	2012	2011	2012	2011
General Government*	2012	2011	2012	2011	2012	2011	2012	2011
Protective Services	2012	2011	2012	2011	2012	2011	2012	2011
Transportation Services	2012	2011	2012	2011	2012	2011	2012	2011
Environmental Health Services	2012	2011	2012	2011	2012	2011	2012	2011
Public Health and Welfare Services	2012	2011	2012	2011	2012	2011	2012	2011

REVENUE	2012	2011	2012	2011	2012	2011	2012	2011
Property taxes	\$ 8,644,923	\$ 8,385,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	4,785,765	4,758,016	-	-	-	-	-	-
User fees	98,506	133,345	2,182,372	1,925,012	261,539	252,566	743,686	685,286
Grants - other	733,870	733,870	-	-	-	-	-	-
Permits, licenses and fines	109,606	94,891	484,267	287,786	-	-	-	-
Investment income	(15,046)	21,402	-	-	-	-	-	-
Other revenue	2,298,125	604,562	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	2,440,436	2,603,505	-	-	-	-	-	-
Prov of MB - Conditional Grants	-	941,756	797,349	527,349	329,089	415,651	126,708	265,120
Total revenue	\$ 19,096,186	\$ 18,276,802	\$ 3,463,989	\$ 2,740,147	\$ 590,628	\$ 668,217	\$ 870,394	\$ 950,406
EXPENSES								
Personnel services	\$ 1,829,373	\$ 1,674,346	\$ 3,721,187	\$ 3,641,552	\$ 2,271,693	\$ 2,003,242	\$ 795,906	\$ 856,195
Contract services	653,324	419,523	4,301,275	4,257,405	602,446	668,131	553,579	593,435
Utilities	93,163	74,580	121,221	111,201	342,271	334,383	73,681	66,057
Maintenance materials and supplies	(26,479)	169,758	194,549	175,879	(252,391)	(207,017)	103,630	115,092
Grants and contributions	276,220	332,882	-	-	-	-	-	-
Amortization	86,531	85,344	261,165	224,628	581,987	528,734	183,495	185,217
Interest on long term debt	-	-	157,947	162,313	1,773	-	2,379	-
Other	39,897	39,897	-	-	-	-	-	-
Total expenses	\$ 2,952,029	\$ 2,796,329	\$ 8,757,845	\$ 8,572,978	\$ 3,547,780	\$ 3,327,473	\$ 1,712,670	\$ 1,815,996
Surplus (Deficit)	\$ 16,144,158	\$ 15,480,472	\$ (5,293,856)	\$ (5,832,831)	\$ (2,957,151)	\$ (2,659,256)	\$ (842,276)	\$ (865,590)
	\$ 282,083	\$ 249,761						
	\$ (254,941)	\$ (228,086)						

* The general government category includes revenues and expenses that cannot be attributed to a particular sector.

SCHEDULE 4

CITY OF THOMPSON
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
 Year Ended December 31, 2012

	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,385,455	\$ 8,644,923
Grants in lieu of taxation	-	-	-	-	-	-	-	-	4,785,765	4,758,016
User fees	20,204	34,999	47,482	90,295	593,683	554,135	-	-	3,974,615	3,697,312
Grants - other	-	-	-	-	78,068	7,000	-	-	811,938	740,870
Permits, licenses and fines	-	-	-	-	-	-	-	-	593,873	382,676
Investment income	-	-	-	-	-	-	-	-	15,046	21,402
Other revenue	(114,058)	99,076	-	-	-	-	-	-	2,184,067	703,638
Water and sewer	-	-	-	-	-	3,936,433	3,038,643	-	3,936,433	3,038,643
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	2,440,436	2,603,505
Prov of MB - Conditional Grants	-	-	-	-	7,499,245	181,704	-	-	8,752,392	2,331,580
Total revenue	\$ (93,854)	\$ 134,075	\$ 47,482	\$ 90,295	\$ 8,170,997	\$ 742,839	\$ 3,936,433	\$ 3,038,643	\$ 36,109,396	\$ 26,663,098
EXPENSES										
Personnel services	\$ 9,709	\$ 5,033	\$ 297,854	\$ 340,351	\$ 2,424,042	\$ 2,320,496	\$ 680,560	\$ 779,185	\$ 12,102,638	\$ 11,662,832
Contract services	5,922	1,088	89,074	93,578	392,896	440,229	177,867	191,775	6,790,816	6,683,457
Utilities	-	-	1,402	2,868	344,571	330,721	117,172	111,268	1,093,981	1,031,077
Maintenance materials and supplies	5,263	7,557	71,687	79,872	225,790	215,397	1,239,736	1,163,815	1,575,523	1,727,789
Grants and contributions	-	-	(250,000)	807	74,085	79,781	-	-	281,905	595,069
Amortization	-	-	2,811	3,653	529,662	356,961	598,205	554,820	2,243,855	1,939,357
Interest on long term debt	-	-	-	-	485,747	413,330	69,957	53,239	717,803	628,882
Other	-	-	53,178	70,630	31,625	70,357	16,635	39,930	141,335	220,813
Total expenses	\$ 20,894	\$ 13,678	\$ 266,006	\$ 591,759	\$ 4,508,418	\$ 4,227,270	\$ 2,900,133	\$ 2,894,032	\$ 24,947,856	\$ 24,489,276
Surplus (Deficit)	\$ (114,748)	\$ 120,396	\$ (218,524)	\$ (501,464)	\$ 3,662,579	\$ (3,484,431)	\$ 1,036,301	\$ 144,611	\$ 11,161,540	\$ 2,173,822

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2012

	Core Government		Controlled Entities		Government Partnerships		Total
	2012	2011	2012	2011	2012	2011	2012
REVENUE							
Property taxes	\$ 8,644,923	\$ 8,385,455	\$ -	\$ -	\$ -	\$ -	\$ 8,644,923
Grants in lieu of taxation	4,785,765	4,758,016	-	-	-	-	4,785,765
User fees	3,669,237	3,376,929	305,378	320,383	-	-	3,974,615
Grants - other	938,646	1,005,990	-	-	-	-	938,646
Permits, licenses and fines	578,850	370,118	15,023	12,558	-	-	593,873
Investment income	(16,094)	19,866	1,048	1,536	-	-	(15,046)
Other revenue	2,164,912	666,144	19,155	37,494	-	-	2,184,067
Water and sewer	3,936,433	3,038,643	-	-	-	-	3,936,433
Prov of MB - Unconditional Grants	2,440,436	2,603,505	-	-	-	-	2,440,436
Prov of MB - Conditional Grants	8,316,248	1,637,940	309,436	428,520	-	-	8,625,684
Total revenue	\$ 35,459,357	\$ 25,862,606	\$ 650,040	\$ 800,491	\$ -	\$ -	\$ 36,109,396
EXPENSES							
Personnel services	\$ 11,091,912	\$ 10,593,725	\$ 1,010,726	\$ 1,069,107	\$ -	\$ -	\$ 12,102,638
Contract services	6,619,830	6,501,426	170,986	182,031	-	-	6,790,816
Utilities	985,061	935,523	108,920	95,554	-	-	1,093,981
Maintenance materials and supplies	1,467,902	1,588,504	107,621	139,285	-	-	1,575,523
Grants and contributions	281,905	595,069	-	-	-	-	281,905
Amortization	2,080,531	1,769,855	163,324	169,502	-	-	2,243,855
Interest on long term debt	717,803	628,882	-	-	-	-	717,803
Other	56,532	103,305	84,803	117,508	-	-	141,335
Total expenses	\$ 23,301,476	\$ 22,716,289	\$ 1,646,380	\$ 1,772,987	\$ -	\$ -	\$ 24,947,856
Surplus (Deficit)	\$ 12,157,882	\$ 3,146,317	\$ (996,340)	\$ (972,496)	\$ -	\$ -	\$ 11,161,540
	\$ 2,173,822	\$ 2,173,822					\$ 24,489,276

SCHEDULE 6

**CITY OF THOMPSON
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
For the Year Ended December 31, 2012**

	2012	2011
REVENUE		
Investment income	\$ 30,164	\$ 25,779
Grants received		
Other income	35,121	1,683,504
Total revenue	30,164	1,709,283
EXPENSES		
Investment charges	-	-
Other expenses	-	-
Total expenses	-	-
NET REVENUES	30,164	1,709,283
TRANSFERS		
Debt repayments	9,948	11,038
Transfers from (to) operating fund	22,000	(22,440)
Transfers from (to) utility fund	-	-
Transfers from (to) capital fund	-	-
Acquisition of tangible capital assets	(31,220)	(1,223,305)
CHANGE IN RESERVE FUND BALANCES	30,891	474,575
FUND SURPLUS, BEGINNING OF YEAR	1,891,086	2,597,838
FUND SURPLUS, END OF YEAR	\$ 1,921,977	\$ 3,072,414

	2012	2011
General Reserve	\$ 46,620	\$ 25,779
Equipment Reserve	\$ 859	
Infrastructure Reserve	\$ 4,228	\$ 3,025
Building Repairs	\$ 3,730	\$ 832
Gas Tax Reserve	\$ 1,385	\$ 832
Transit Reserve	\$ 832	\$ 832
Affordable Housing Reserve	\$ 104,377	\$ 104,377
Public Safety Reserve	\$ 859	\$ 859
Total	\$ 1,313,732	\$ 1,683,504

SCHEDULE 7

For the Year Ended December 31, 2012

ASSETS	2012		2011	
	2012	2011	2012	2011
Cash and temporary investments	\$ 801	\$ 66,921	\$ 1,548	\$ 2,103,621
Portfolio investments	-	-	-	-
Other	-	-	-	-
LIABILITIES AND FUND BALANCES	\$ 801	\$ 66,921	\$ 1,548	\$ 2,103,621
Due to Municipally	\$ -	\$ -	\$ -	\$ -
Fund balance	\$ 801	\$ 66,921	\$ 1,548	\$ 2,103,621
REVENUES	\$ -	\$ -	\$ -	\$ 1,084,477
Contributions and donations	\$ -	\$ -	\$ -	\$ -
Investment income	\$ 9	\$ 767	\$ 18	\$ 11,635
EXPENDITURES	\$ 9	\$ 767	\$ 18	\$ 1,096,112
Cemetery maintenance	-	-	-	-
Distribution to beneficiaries	-	-	-	-
Other	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ 9	\$ 767	\$ 18	\$ 1,071,041
FUND BALANCE, BEGINNING OF YEAR	\$ 792	\$ 66,155	\$ 1,530	\$ 1,032,580
FUND BALANCE, END OF YEAR	\$ 801	\$ 66,921	\$ 1,548	\$ 2,103,621
Winterfest	\$ 801	\$ 66,921	\$ 1,548	\$ -
Zoo	-	-	-	-
Race Relations	-	-	-	-
Skate Park	\$ -	\$ -	\$ -	\$ -
Trail Breakers	\$ 37,300	\$ 37,300	\$ 55,645	\$ 203,478
NUIC	\$ 2,599	\$ 2,599	\$ 2,599	\$ 2,599
Operation Rednose	\$ 203,478	\$ 203,478	\$ 1,015	\$ 1,015
Spirit Way	\$ -	\$ -	\$ -	\$ -
Ski Club	\$ 1,015	\$ 1,015	\$ 1,015	\$ 1,015
Community Centre	\$ 170,027	\$ 170,027	\$ 1,663	\$ 1,663
Golf Club	\$ -	\$ -	\$ -	\$ -
Golf Club	\$ 1,663	\$ 1,663	\$ 356	\$ 356
Rotary Park	\$ 356	\$ 356	\$ 4,540	\$ 4,540
Our Home Kikanow	\$ 4,540	\$ 4,540	\$ -	\$ -
Total	\$ 545,893	\$ 545,893	\$ 2,103,621	\$ 2,103,621

CITY OF THOMPSON

SCHEDULE OF TRUST FUNDS

SCHEDULE 8

CITY OF THOMPSON

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES

December 31, 2012

	2012	2011
FINANCIAL ASSETS		
Cash and temporary investments	\$ -	\$ -
Amounts receivable	1,807,927	1,416,690
Portfolio investments	-	-
Due from other funds	-	-
	<u>\$ 1,807,927</u>	<u>\$ 1,416,690</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ -
Deferred revenue	387,252	387,252
Long-term debt (Note 9)	2,051,148	872,463
Due to other funds	-	-
	<u>2,438,400</u>	<u>1,259,715</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (630,473)</u>	<u>\$ 156,975</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 12,234,638	\$ 12,067,011
Inventories	-	-
Prepaid expenses	-	-
	<u>12,234,638</u>	<u>12,067,011</u>
FUND SURPLUS (DEFICIT)	<u>\$ 11,604,165</u>	<u>\$ 12,223,986</u>
	<u>\$ 11,604,165</u>	<u>\$ 12,223,986</u>
	Water and Sewer	
	Utility	
	Total	Total
	2012	2011

COMMITMENTS AND CONTINGENCIES (Notes 11 and 12)

CITY OF THOMPSON

SCHEDULE 9

SCHEDULE OF UTILITY OPERATIONS - City of Thompson Water and Waste Water Utility
For the Year Ended December 31, 2012

REVENUE	Budget	2012	2011
Water			
Water fees	\$ 2,458,420	\$ 2,216,114	\$ 1,777,640
Bulk Water fees	-	10,071	6,569
sub-total- water	<u>2,458,420</u>	<u>2,226,185</u>	<u>1,784,210</u>
Sewer			
Sewer fees	2,255,475	1,364,329	751,932
Lagoon tipping fees	-	-	-
sub-total- sewer	<u>2,255,475</u>	<u>1,364,329</u>	<u>751,932</u>
Property taxes	-	-	-
Government transfers			
Operating	785,464	262,718	319,190
Capital	-	-	-
sub-total- government transfers	<u>785,464</u>	<u>262,718</u>	<u>319,190</u>
Other			
Hydrant rentals	84,092	82,000	82,000
Connection charges	-	-	-
Installation service	-	-	-
Penalties	-	-	-
Contributed tangible capital assets	-	-	-
Investment income	-	-	-
Administration fees	-	-	-
Gain on sale of tangible capital assets	-	-	-
Other income	-	1,201	101,311
sub-total- other	<u>35,466</u>	<u>83,201</u>	<u>183,311</u>
Total revenue	<u>5,547,985</u>	<u>3,936,433</u>	<u>3,038,643</u>

CITY OF THOMPSON

SCHEDULE 9

SCHEDULE OF UTILITY OPERATIONS - City of Thompson Water and Waste Water Utility
For the Year Ended December 31, 2012

	Budget	2012	2011
EXPENSES			
General			
Administration	1,076,920	1,147,919	1,124,341
Training costs	-	-	-
Billing and collection	-	5,223	7,610
Utilities (telephone, electricity, etc.)	-	-	-
sub-total- general	<u>1,076,920</u>	<u>1,153,141</u>	<u>1,131,951</u>
Water General			
Purification and treatment	-	453,891	587,607
Water purchases	-	-	-
Transmission and distribution	766,720	-	-
Hydrant maintenance	-	-	-
Transportation services	149,543	-	-
Connection costs	170,525	-	-
sub-total- water general	<u>1,086,788</u>	<u>453,891</u>	<u>587,607</u>
Water Amortization & Interest			
Amortization	363,110	363,110	336,776
Interest on long term debt	96,843	69,957	53,239
sub-total- water amortization & interest	<u>459,953</u>	<u>433,067</u>	<u>390,015</u>
Sewer General			
Collection system costs	226,069	162,175	157,763
Treatment and disposal cost	128,340	301,956	260,611
Lift Station costs	136,650	160,808	148,042
Transportation services	-	-	-
Connection costs	-	-	-
Other sewage & disposal costs	125,191	-	-
sub-total- sewer general	<u>616,250</u>	<u>624,939</u>	<u>566,416</u>
Sewage Amortization & Interest			
Amortization	235,095	235,095	218,044
Interest on long term debt	-	-	-
sub-total- sewer amortization & interest	<u>235,095</u>	<u>235,095</u>	<u>218,044</u>
Total expenses	<u>3,475,005</u>	<u>2,900,133</u>	<u>2,894,032</u>
NET OPERATING SURPLUS	2,072,980	1,036,301	144,611
TRANSFERS			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	85,475	-	-
CHANGE IN UTILITY FUND BALANCE	<u>\$ 2,158,455</u>	1,036,301	144,611
FUND SURPLUS, BEGINNING OF YEAR		<u>144,611</u>	-
FUND SURPLUS, END OF YEAR		<u>\$ 1,180,912</u>	<u>\$ 144,611</u>

SCHEDULE 10

CITY OF THOMPSON
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET

For the Year Ended December 31, 2012

	Financial Plan	Financial Plan	Financial Plan	Amortization	Interest	Long Term	Consolidated	PSAB
	General	Utility(ies)	(TCA)	Expense	Transfers	Accruals	Entities	Budget
REVENUE								
Property taxes	\$ 8,632,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,632,225
Grants in lieu of taxation	4,785,765	-	-	-	-	-	-	4,785,765
User fees	3,850,017	-	-	-	-	-	-	4,155,395
Permits, licences and fines	5,296,264	-	-	-	-	-	-	5,605,700
Investment income	1,113,864	-	-	-	-	-	-	1,113,864
Other revenue	587,800	-	-	-	-	-	-	602,823
Water and sewer	1,000	-	-	-	-	-	-	2,048
Grants - Province of Manitoba	2,413,673	-	-	-	-	-	-	1,953,364
Grants - other	-	5,865,984	-	-	-	-	-	5,547,984
Transfers from accumulated surplus	-	-	-	-	-	-	-	-
Transfers from reserves	1,730,916	-	-	-	-	-	-	-
Total revenue	\$ 28,411,524	\$ 5,865,984	\$ -	\$ -	\$ -	\$ -	\$ 650,040	\$ 32,399,168
EXPENSES								
General government services	\$ 1,795,524	\$ -	\$ 86,531	\$ 40,529	\$ -	\$ -	\$ -	\$ 1,922,584
Protective services	8,890,017	-	261,165	157,947	-	-	-	9,404,129
Transportation services	3,804,675	-	581,987	1,773	-	-	-	4,388,435
Environmental health services	937,816	-	183,495	-	-	-	-	1,808,583
Public health and welfare services	264,349	-	-	2,379	-	-	-	266,728
Regional planning and development	425,924	-	-	-	-	-	-	427,365
Resource cons and industrial dev	365,808	-	-	-	-	-	-	765,604
Recreation and cultural services	3,144,674	-	529,662	485,747	-	-	-	4,717,955
Water and sewer services	-	2,780,318	598,205	69,957	-	-	-	3,448,480
Fiscal services:								
Transfer to capital	5,158,150	2,464,725	(7,622,875)	-	-	-	-	-
Transfer to utility	479,464	-	-	-	-	-	-	-
Debt charges	1,775,724	388,416	-	(2,164,140)	-	-	-	-
Short term interest	632	-	-	-	-	-	-	-
Transfer to reserves	1,233,870	232,525	-	-	-	-	-	-
Transfer to firefighter trust	95,000	-	-	-	-	-	-	-
Allowance for tax assets	39,897	-	-	-	-	-	-	-
Total expenses	\$ 28,411,524	\$ 5,865,984	\$ (5,381,830)	\$ (1,446,337)	\$ (1,945,859)	\$ -	\$ 1,646,380	\$ 27,149,862
Surplus (Deficit)	\$ -	\$ -	\$ 5,381,830	\$ 1,446,337	\$ (582,521)	\$ -	\$ (996,340)	\$ 5,249,306

CITY OF THOMPSON
ANALYSIS OF TAXES ON ROLL
Year Ended December 31, 2012

SCHEDULE 11

	2012	2011
Balance, beginning of year	\$ 1,309,527	\$ 1,380,969
Add:		
Tax levy (Schedule 12)	16,901,077	16,094,791
Taxes added	228,786	441,543
Penalties or interest	149,086	167,216
Other accounts added	16,947	8,791
Tax Adjustments (specify)	-	-
Tax Adjustments (specify)	-	-
Sub-total	17,295,896	16,712,341
Deduct:		
Cash collections - current	14,560,628	14,297,626
Cash collections - arrears	557,090	649,856
Writeoffs	48,502	37,563
Title value of land sales	-	-
Title value of tax titles acquired	-	-
Tax discounts	-	-
M.P.T.C. - cash advance	1,783,038	1,799,083
Other credits (specify)	331	(346)
Sub-total	16,949,589	16,783,783
Balance, end of year	\$ 1,655,834	\$ 1,309,527

CITY OF THOMPSON
ANALYSIS OF TAX LEVY
Year Ended December 31, 2012

SCHEDULE 12

	2012		2011	
	Assessment	Mill Rate	Levy	Levy
Other governments (L.U.D.):				
Name of LUD	-	0.000%	\$ -	\$ -
Name of LUD	-	0.000%	-	-
Name of LUD	-	0.000%	-	-
sub-total- L.U.D.			-	-
Debt charges:				
Frontage	-	0.000%	-	-
L.I.D.	-	0.000%	-	-
Mill Rate (At large)	409,155,720	4.202%	1,719,272	1,178,680
sub-total- Debt charges			1,719,272	1,178,680
General Municipal	409,155,720	14.180%	5,801,828	5,781,665
Reserves:				
Name of reserve	-	0.000%	-	-
Name of reserve	-	0.000%	-	-
Name of reserve	-	0.000%	-	-
sub-total- Reserves			5,801,828	5,781,665
Special levies:				
Name of special levy	409,155,720	0.544%	222,581	222,780
Name of special levy	By-law 1827-2010			
Name of special levy	By-law 1826-2010		242,864	219,432
sub-total- Special levies			465,445	442,212
Business tax (rate%)	0.0449	0.000%	445,683	426,398
Total municipal taxes (Schedule 2)				
Education support levy	98,938,970	11.360%	1,123,947	1,016,746
Special levy:				
Mystery Lake #2355	399,440,010	18.388%	7,344,903	7,249,090
Mystery Lake #2355			-	-
Name of school division	-	0.000%	-	-
sub-total- Special levies			7,344,903	7,249,090
Total education taxes				
			8,468,850	8,265,836
Total tax levy (Schedule 11)				
			\$ 16,901,077	\$ 16,094,791

CITY OF THOMPSON
ANALYSIS OF SCHOOL ACCOUNTS
December 31, 2012

	2012		2011	
	Opening Balance	Current Requirement	Current Payment	Ending Balance
Education support levy	\$ -	\$ 1,244,928	\$ 1,244,928	\$ -
Special levies				
#2355 - Mystery Lake	-	7,594,581	7,549,581	45,000
School division	-	-	-	-
School division	-	-	-	-
School division	-	-	-	-
School division	-	-	-	-
School division	-	-	-	-
School division	-	-	-	-
Sub-total	-	7,594,581	7,549,581	45,000
Total	\$ -	\$ 8,839,509	\$ 8,794,509	\$ 45,000

SCHEDULE 13

CITY OF THOMPSON

SCHEDULE 14

SCHEDULE OF GENERAL OPERATING FUND EXPENSES
For the Year Ended December 31, 2012

	2012 Actual	2011 Actual
General government services:		
Legislative	\$ 291,045	\$ 288,106
General administrative	2,183,053	1,808,013
Other	477,931	700,209
	<u>2,952,029</u>	<u>2,796,329</u>
Protective services:		
Police	4,638,715	4,907,530
Fire	1,397,383	1,315,854
Emergency measures	-	46
Other	2,721,747	2,349,547
	<u>8,757,845</u>	<u>8,572,978</u>
Transportation services:		
Road transport		
Administration and engineering	672,289	713,039
Road and street maintenance	1,604,499	1,404,413
Bridge maintenance	-	-
Sidewalk and boulevard maintenance	223,953	213,514
Street lighting	252,362	247,837
Other	347,458	320,689
Air transport	-	-
Public transit	447,219	427,981
Other	-	-
	<u>3,547,780</u>	<u>3,327,473</u>
Environmental health services:		
Waste collection and disposal	810,561	890,236
Recycling	141,630	95,169
Other	73,207	73,937
	<u>1,025,398</u>	<u>1,059,343</u>
Public health and welfare services:		
Public health	120,484	88,162
Medical care	-	-
Social assistance	-	-
Other	161,599	161,599
	<u>282,083</u>	<u>249,761</u>
Regional planning and development		
Planning and zoning	3,048	332
Urban renewal	-	-
Beautification and land rehabilitation	16,405	12,846
Urban area weed control	-	-
Other	-	-
	<u>19,453</u>	<u>13,178</u>
Resource conservation and industrial development		
Rural area weed control	-	-
Drainage of land	-	-
Veterinary services	-	-
Water resources and conservation	-	-
Regional development	(145,695)	167,512
Industrial development	-	-
Tourism	11,884	13,956
Other	21	21
	<u>(133,790)</u>	<u>181,489</u>
Sub-totals forward	<u>16,450,797</u>	<u>16,200,551</u>

CITY OF THOMPSON

SCHEDULE 14

SCHEDULE OF GENERAL OPERATING FUND EXPENSES

For the Year Ended December 31, 2012

	2012 Actual	2011 Actual
Sub-totals forward	<u>16,450,797</u>	<u>16,200,551</u>
Recreation and cultural services:		
Administration	881,263	923,040
Community centers and halls	748,406	645,810
Swimming pools and beaches	962,352	918,470
Golf courses	-	7,500
Skating and curling rinks	942,976	704,743
Parks and playgrounds	209,768	189,254
Other recreational facilities	142,364	146,129
Museums	53,418	53,281
Libraries	-	23,479
Other cultural facilities	10,000	10,000
	<u>3,950,547</u>	<u>3,621,706</u>
Total expenses	<u><u>20,401,343</u></u>	<u><u>19,822,257</u></u>

SCHEDULE 16

CITY OF THOMPSON

RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

December 31, 2012

MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT			
2012	2011		
General	Utility	Total	Total
\$ 470,251	\$ 578,144	\$ 1,048,395	\$ 176,925
Adjustments for reporting under public sector accounting standards			
-	-	-	-
1,312,879	1,312,879	1,698,842	1,698,842
(1,235,341)	(1,235,341)	(1,224,265)	36,818
58,692	58,692	58,692	-
250,000	250,000	250,000	-
-	-	-	-
(1,645,650)	(598,205)	(2,243,855)	(1,910,563)
1,061,096	290,530	1,351,626	856,504
9,853,314	765,832	10,619,146	2,539,562
\$ 10,125,241	\$ 1,036,301	\$ 11,161,542	\$ 2,173,822

NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS

- Eliminate expense - transfers to reserves
- Eliminate revenue - transfers from reserves
- Increase revenue - reserve funds interest
- Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities
- Eliminate revenue - transfer from nominal surplus(es)
- Increase expense - amortization of tangible capital assets
- Decrease expense - principal portion of debenture debt
- Eliminate expense - acquisitions of tangible capital assets

