
FINANCE & CORPORATE
SERVICES DEPARTMENT

Statement of Administrative Responsibility

The management of The Corporation of the City of Thunder Bay have prepared the accompanying financial statements and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the Canadian Institute of Chartered Accountants [CICA].

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that the Corporation's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The City Manager and General Manager – Finance & Corporate Services review the financial statements before such statements are submitted to Council and published for the residents of Thunder Bay. The external auditors have access to, and meet with Administration and Council to discuss their audit and the results of their examination.

The 2013 Financial Statements have been reported on by The Corporation of the City of Thunder Bay's external auditors, BDO Canada LLP, the auditors appointed by Council. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Carol A. Pollard, CGA, CMMIII
City Treasurer and General Manager
- Finance & Corporate Services



Tim Commisso, City Manager

May 26, 2014



Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Thunder Bay

We have audited the accompanying consolidated financial statements of The Corporation of the City of Thunder Bay, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2013 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario
May 26, 2014

**THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31,	2013	2012
	\$	\$
Financial assets		
Cash	4,963,469	6,742,473
Investments (note 5)	82,189,691	110,023,819
Taxes receivable	11,432,377	10,415,178
Accounts receivable	66,794,018	74,926,427
User charges receivable	11,671,888	10,625,015
Other assets	2,408,494	1,891,895
Long term receivable	550,000	400,000
Investment in bonds and own debentures	9,163	28,603
Investment in Thunder Bay Hydro Corporation (note 6)	91,707,163	89,059,409
	271,726,263	304,112,819
Liabilities		
Bank indebtedness (note 7)	3,069,000	6,412,000
Accounts payable and accrued liabilities	55,216,731	54,907,174
Tbaytel long term payable (note 8)	33,566,000	37,991,000
Deferred revenue (note 9)	11,016,376	11,648,031
Employee future benefits (notes 10, 11)	96,050,735	88,740,782
Municipal debenture debt (note 12)	168,939,737	177,572,046
Landfill closure and post-closure liability (note 13)	5,098,784	7,447,000
	372,957,363	384,718,033
Net debt	(101,231,100)	(80,605,214)
Non-financial assets		
Tangible capital assets (note 14)	985,083,041	958,906,469
Supplies inventory	3,925,977	4,040,811
Prepaid expenses	3,118,629	3,933,088
	992,127,647	966,880,368
Accumulated Surplus	890,896,547	886,275,154

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31,	Budget 2013	2013	2012
	\$	\$	\$
Revenues			
Taxation, net (note 3)	159,559,100	161,099,411	157,237,900
Fees and service charges	85,794,441	86,563,728	87,942,202
Government of Canada grants (note 15)	8,849,800	7,695,740	7,787,978
Province of Ontario grants (note 15)	71,476,671	73,273,194	77,030,224
Contributed tangible capital assets	-	781,693	3,882,328
Investment income	1,425,600	4,400,203	4,880,285
Other	11,106,056	31,608,871	21,319,677
Tbaytel fees and service charges	173,084,000	166,657,000	165,057,000
	511,295,668	532,079,840	525,137,594
Expenses (note 20)			
General government	20,142,837	26,948,892	27,370,794
Protection to persons and property	74,713,879	80,341,799	72,100,184
Transportation services	45,421,764	63,849,504	61,605,054
Environmental services	56,432,023	59,899,042	60,221,064
Health services	23,663,992	25,373,069	23,892,586
Social and family services	66,904,068	65,100,432	64,431,205
Recreation and cultural services	43,257,304	47,586,755	43,333,180
Planning and development	8,308,365	8,889,117	9,209,155
Telephone	141,157,000	150,227,000	141,283,000
	480,001,232	528,215,610	503,446,222
Net revenues before the following	31,294,436	3,864,230	21,691,372
Loss on disposal of tangible capital assets	(168,000)	(1,890,591)	(3,318,112)
Write-down of tangible capital assets (notes 14, 22)	-	-	(1,127,823)
Earnings from Thunder Bay Hydro Corporation (note 6)	-	2,647,754	2,168,444
Annual surplus	31,126,436	4,621,393	19,413,881
Accumulated surplus, beginning of year	886,275,154	886,275,154	866,861,273
Accumulated surplus, end of year	917,401,590	890,896,547	886,275,154

The accompanying notes are an integral part of these financial statements.

**THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**

As at December 31,	2013	2012
	\$	\$
Annual surplus	4,621,393	19,413,881
Acquisition of tangible capital assets	(95,769,257)	(73,239,834)
Amortization of tangible capital assets	67,758,576	65,087,344
Contributed tangible capital assets	(781,693)	(3,882,328)
Proceeds on disposal of tangible capital assets	725,211	1,599,851
Loss on disposal of tangible capital assets	1,890,591	3,318,112
Write-down of tangible capital assets	-	1,127,823
	(26,176,572)	(5,989,032)
Net (increase)/decrease in prepaid expenses	814,459	(238,448)
Net (increase)/decrease in inventories	114,834	(261,777)
	929,293	(500,225)
Change in net debt	(20,625,886)	12,924,624
Net debt, beginning of year	(80,605,214)	(93,529,838)
Net debt, end of year	(101,231,100)	(80,605,214)

The accompanying notes are an integral part of these financial statements.

**THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year Ended December 31,	2013	2012
	\$	\$
Operating Activities		
Annual surplus	4,621,393	19,413,881
Non-cash charges to operations:		
Earnings from Thunder Bay Hydro Corporation (note 6)	(2,647,754)	(2,168,444)
Amortization of tangible capital assets	67,758,576	65,087,344
Contributed tangible capital assets	(781,693)	(3,882,328)
Loss on disposal of tangible capital assets	1,890,591	3,318,112
Write-down of tangible capital assets	-	1,127,823
Landfill closure and post closure liability	(2,348,216)	217,000
Employment benefits	7,309,953	1,762,555
Change in non-cash working capital balances		
Taxes receivable	(1,017,199)	411,208
Accounts receivable	8,132,409	(19,785,769)
User charges receivable	(1,046,873)	(306,408)
Other assets	(516,599)	625,628
Accounts payable and accrued liabilities	309,557	(3,441,607)
Deferred revenue	(631,655)	1,111,512
Supplies inventory	114,834	(261,777)
Prepaid expenses	814,459	(238,448)
Cash provided by operating activities	81,961,783	62,990,282
Capital Activities		
Acquisition of tangible capital assets	(95,769,257)	(73,239,834)
Proceeds on disposal of tangible capital assets	725,211	1,599,851
Cash used in capital activities	(95,044,046)	(71,639,983)
Financing Activities		
Increase/(decrease) in bank indebtedness	(3,343,000)	6,412,000
Decrease in Tbaytel long term payable	(4,425,000)	(4,241,000)
Proceeds from municipal debenture debt	11,049,800	26,149,099
Repayment of municipal debenture debt	(19,682,109)	(17,792,699)
Cash provided by (used in) financing activities	(16,400,309)	10,527,400
Investing Activities		
Reduction of investment in own debentures	19,440	18,427
Net decrease/(increase) in investments	27,834,128	(8,554,701)
Decrease/(increase) in long term receivable	(150,000)	170,272
Cash provided by (used in) investing activities	27,703,568	(8,366,002)
Decrease in cash	(1,779,004)	(6,488,303)
Cash, beginning of year	6,742,473	13,230,776
Cash, end of year	4,963,469	6,742,473

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF THUNDER BAY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

GENERAL

The Corporation of the City of Thunder Bay (the "City") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as established by the Public Sector Accounting Board [PSAB] of the Chartered Professional Accountants Canada [CPAC]. Significant accounting policies adopted by the City are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These financial statements include:

Thunder Bay Public Library Board
Parking Authority
Simpson Street Business Improvement Area
Victoria Avenue Business Improvement Area
Waterfront District Business Improvement Area
Victoriaville Centre Board of Management
Thunder Bay Community Auditorium Inc.
Tbaytel (A Municipal Service Board established by the Corporation of the City of Thunder Bay)
Thunder Bay Community Economic Development Commission Inc.
Thunder Bay Police Services Board

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

The financial activities of certain entities associated with the City are not consolidated. The City's contributions to these entities are recorded in the Consolidated Statement of Operations and Accumulated Surplus. The entities that are not consolidated are as follows:

Lakehead Region Conservation Authority
Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board

Government Business Enterprise

Thunder Bay Hydro Corporation is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises [note 6]. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City's, and inter-organizational transactions and balances are not eliminated.

Accounting for School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards, are not reflected in these consolidated financial statements [note 3].

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trust Funds

Trust funds and their related operations administered by the City are not included in the consolidated financial statements but are reported separately in the Trust Fund Financial Statements [note 4].

Basis of Accounting

The City follows the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized in the period in which the transactions or events that give rise to the revenues occurred. Expenses are recognized in the period in which the goods or services are acquired, whether or not payment has been made or invoices received.

Employment Benefits

The City has adopted the following policies with respect to employment benefit plans:

The costs of vacation entitlements are charged as expenses when earned;

The costs of post-employment benefits, sick leave entitlements and WSIB entitlements are recognized when the event that obligates the City occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;

The costs of post-employment benefits, sick leave entitlements and WSIB entitlements are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance;

Accrued obligations and related costs of funded benefits are net of plan assets;

Past service costs from plan amendments are amortized on a straight-line basis over the expected average remaining service period of employees active at the date of amendment.

The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligations and the fair value of plan assets are amortized on a straight-line basis over the average remaining service period for active employees.

The contributions to a defined benefit pension plan are expensed when contributions are due.

Government Transfers

Government transfers which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Investments

The City accounts for its investments at cost plus accrued earnings. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Income

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue or reserve fund balances.

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 ordinary course of operations.

[i] Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

General capital

Land improvements	5 to 50 years
Buildings	10 to 60 years
Machinery and equipment	2 to 30 years
Vehicles	3 to 20 years
Network assets	6 to 48 years
Library collection	10 years

Infrastructure

Land improvements	5 to 50 years
Buildings	30 to 60 years
Linear assets	10 to 50 years
Machinery and equipment	2 to 30 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate they no longer contribute to the City's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their book value. The net write-downs are accounted for as expenses in the statement of operations.

[ii] Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

THE CORPORATION OF THE CITY OF THUNDER BAY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-financial Assets (continued)

[iii] Leases

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

[iv] Inventories

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

Taxation Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recorded as deferred revenue and are recognized as revenue in the year the related expenses are incurred or services are performed.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for uncollectible accounts, employee benefit liabilities, property tax assessment appeals, landfill closure and post-closure liabilities, amortization of tangible capital assets and other accrued liabilities. These estimates are based on management's best information and judgment. Actual amounts, which are accounted for as they become known, may differ significantly from these estimates.

2. CHANGE IN ACCOUNTING POLICY

On January 1, 2013, the City adopted Public Sector Accounting Handbook Section 3410, Government Transfers. This change has been applied prospectively from the date of adoption. This section revises and replaces existing Section PS 3410 of the same name and can be applied either retrospectively or prospectively. Section PS 3410 establishes guidance on the recognition, presentation and disclosure of government transfers made to individuals, organizations and other governments.

3. OPERATIONS OF SCHOOL BOARDS

Taxation, other revenues and requisitions for the school boards amounting to **\$28,678,033** [2012 - \$28,004,171] are not reflected in these consolidated financial statements

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

4. TRUST FUNDS

Trust funds administered by the City amounting to **\$15,719,956** [2012 - \$15,121,830] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

Trust fund balances at December 31 are as follows:

	2013 \$	2012 \$
Older Adults Centre	13,689	8,760
Cemetery	1,017,281	994,636
Cemetery Marker Maintenance	334,934	317,318
Dawson Court Home for Aged	53,994	33,870
Grandview Lodge Home for Aged	46,927	45,643
Pioneer Ridge Home for Aged	21,303	21,083
Lake Superior Regiment Memorial Hillcrest Park	27,431	26,503
Employee Disability	14,107,316	13,568,699
Civic Employees Pension Trust Committee	1,998	1,998
Community Auditorium Repairs	669	646
Art in Public Places	7,643	7,384
Provincial Land Tax	86,771	95,290
	15,719,956	15,121,830

5. INVESTMENTS

Investments are recorded at cost. The total market value of the City's investments at December 31, 2013 was approximately **\$81,304,440** [2012 - \$113,946,274]. The City's investments are comprised of federal, provincial, corporate and municipal bonds, the ONE Equity Fund, money market funds, and treasury bills. The bonds have varying maturities and interest rates.

	2013		2012	
	Cost	Market Value	Cost	Market Value
Federal Government	22,313,897	20,759,880	17,069,126	18,012,073
Provincial Government	11,067,241	10,413,683	23,995,523	25,362,871
Corporate	24,493,044	23,851,439	38,457,347	39,124,675
Municipal	-	-	1,061,370	1,167,583
Equity	7,198,578	9,816,005	8,278,268	9,532,450
Other	17,116,931	16,463,433	21,162,185	20,746,622
	82,189,691	81,304,440	110,023,819	113,946,274

The weighted average yield on the cost of the investment portfolio during the year was **3.50%** (2012 3.90%). Maturity dates on investments in the portfolio range from August 2014 to June 2042.

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

6. INVESTMENT IN THUNDER BAY HYDRO CORPORATION

Thunder Bay Hydro Corporation

The Thunder Bay Hydro Corporation is wholly owned by the City and provides regulated and unregulated electric utility services and complementary commercial services. The following table provides condensed supplementary financial information for the Thunder Bay Hydro Corporation, and its wholly-owned subsidiaries; Thunder Bay Hydro Electricity Distribution Inc.; Thunder Bay Hydro Utility Services; and Thunder Bay Hydro Renewable Power Incorporated, prepared in accordance with Canadian generally accepted accounting principles as per Part V of the Canadian Institute of Chartered Accountants Handbook.

	2013 \$	2012 \$
Financial position		
Current assets	38,157,221	38,078,715
Capital assets	94,875,681	85,729,719
Long-term assets	7,374,835	8,142,952
Total assets	140,407,737	131,951,386
Current liabilities	24,018,838	21,557,857
Long-term liabilities	24,681,736	21,334,120
Total liabilities	48,700,574	42,891,977
Net assets	91,707,163	89,059,409
Results of operations		
Revenues	124,996,310	112,685,669
Operating expenses	(122,348,556)	(110,517,225)
Earnings for the year	2,647,754	2,168,444

The City's investment in Thunder Bay Hydro Corporation is comprised of the following:

	2013 \$	2012 \$
1,000 common shares	34,931,625	34,931,625
7,000,000 class A common shares	7,000,000	-
Promissory note	27,931,625	34,931,625
Accumulated earnings from date of transfer	21,843,913	19,196,159
	91,707,163	89,059,409

The promissory note is receivable from Thunder Bay Hydro Corporation and is a non-interest bearing, unsecured note, due on demand.

During the year the City of Thunder Bay converted \$7,000,000 of the promissory note payable and subscribed for 7,000,000 of Class A common shares.

Related Party Transaction

Thunder Bay Hydro Corporation provides certain services to the City in the normal course of business at commercial rates.

THE CORPORATION OF THE CITY OF THUNDER BAY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

6. INVESTMENT IN THUNDER BAY HYDRO CORPORATION (continued)

Related Party Transaction (continued)

Thunder Bay Hydro Corporation billed the City for electricity in the amount of **\$8,330,042** [2012-\$8,205,307]. At December 31, 2013, included in accounts payable and accrued liabilities is **\$705,755** [2012 - \$655,585] payable to Thunder Bay Hydro Corporation related to this expense. Pole rental from Thunder Bay Hydro Corporation in the amount of **\$312,900** [2012 - \$312,185] and other sundry expenses in the amount of **\$60,964** [2012 - \$78,687] were also recorded. The City also contributed towards capital construction by Thunder Bay Hydro Corporation during the year in the amount of **\$117,639** [2012 - \$311,255]. Included in accounts payable is **\$85,747** [2012 - \$50,662] due to Thunder Bay Hydro Corporation related to these other activities. Included in accounts receivable is **\$49,941** [2012-\$nil].

The City provides certain services to Thunder Bay Hydro Corporation in the normal course of business at commercial rates.

The following revenues were recorded:

Rent of **\$318,051** [2012-\$310,900]
Telecommunication costs of **\$312,183** [2012-\$313,030]
Water billings of **\$7,919** [2012-\$8,801]
Property taxes of **\$135,498** [2012-\$133,408]
Solar lease fees of **\$8,144** [2012-\$nil]
Ontario Power Authority incentives of **\$21,289** [2012-\$19,215]
Various sundry amounts of **\$36,766** [2012-\$87,102]
Lease costs of **\$1,869** [2012-\$1,845]
Royalties of **\$105,815** [2012-\$130,000]
Landfill gas charges of **\$149,732** [2012-\$185,703].

7. BANK INDEBTEDNESS

The City has an unsecured demand revolving credit facility in the amount of **\$15,000,000** [2012 - \$15,000,000], of which \$nil [2012 - \$nil] was used at year-end, bearing interest at the bank's prime rate less 0.75%.

Tbaytel's available revolving credit facilities amount to:

- 1) **\$1,500,000** US [2012-\$1,500,000 US] at a floating rate of US bank prime or 3.25%, of which **\$1,500,000** US [2012 - \$65,000 US] was used at year-end.
- 2) **\$5,500,000** CDN [2012-\$5,500,000] at a floating rate of bank prime less 0.50%, or 2.50%, of which **\$505,000** CDN [2012 - \$4,810,000] was used at year-end.

The remainder of the bank indebtedness of **\$3,069,000** as at December 31, 2013 is comprised of net outstanding cheques.

8. TBAYTEL LONG TERM PAYABLE

In 2010, Tbaytel entered into a Strategic Business Relationship. As part of the agreement, Tbaytel entered into a long-term payable arrangement with a term of ten years for a total principal amount of \$46,903,000. The amount relates to a commercial acquisition of subscribers and subsequent payments are to be funded through the future operating results of Tbaytel. The balance outstanding as at December 31, 2013 is **\$33,566,000** [2012 - \$37,991,000]. Interest is accrued with an effective rate of 4.00%.

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

8. TBAYTEL LONG TERM PAYABLE (continued)

Principal repayments of the long term payable are due as follows:

	\$
2014	4,606,000
2015	4,741,000
2016	4,872,000
2017	4,949,000
2018	4,978,000
2019 and thereafter	9,420,000
Total	33,566,000

Total payments for the year for the long term payable are as follows:

	2013 \$	2012 \$
Principal payments	4,425,000	4,241,000
Interest payments	1,439,000	1,612,000
Total	5,864,000	5,853,000

9. DEFERRED REVENUE

The continuity of deferred revenue is as follows:

	2013 \$	2012 \$
Balance, beginning of year	11,648,031	10,536,518
Net contributions from developers and property owners	55,208	173,178
Investment income	13,777	12,515
Net contributions to capital operations	(11,050)	(96,906)
Net contributions from (to) current operations	(689,590)	1,022,726
Balance, end of year	11,016,376	11,648,031

10. PENSION AGREEMENTS

The City makes contributions to the Ontario Municipal Employees Retirement System Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employee contributions are matched by the City.

During the year ended December 31, 2013, the City contributed approximately \$16,720,171 [2012 - \$14,488,600] for current service, which is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

Because OMERS is a multi-employer plan, the City does not recognize any share of pension plan deficit of \$8.6 billion [2012-\$9.9 billion] based on fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

11. EMPLOYMENT FUTURE BENEFITS

The City provides certain employee benefits which will require funding in future periods.

	2013 \$	2012 \$
Sick leave benefits	5,780,023	5,776,300
Vacation pay	4,460,483	4,462,509
Post-employment benefits	40,116,113	39,667,000
WSIB	45,694,116	38,834,973
	96,050,735	88,740,782

- [a] Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they retire or leave the City's employment. The City recognizes these costs in the period in which the employees rendered the services. The accrued benefit liability at December 31, 2013 of **\$5,780,023** [2012-\$5,776,300] was determined by an actuarial valuation prepared for the year ended December 31, 2013. An amount of **\$3,219,794** [2012- \$3,380,866] has been set aside in sick pay liability reserve funds to offset this liability.

The main actuarial assumptions employed for the valuation of vested sick leave benefits are as follows:

General Inflation

Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 2% per annum.

Interest (discount) rate

The obligation as at December 31, 2013 of the present value of future liabilities and the expense for the year then ended was determined using an annual discount rate of 4.50%. This rate reflects the assumed long-term yield on high quality bonds as at January 1, 2013.

Salary levels

Future general salary and wage levels were assumed to increase at 3.10% and 4.10% per annum for various employee groups, reflecting the expected Consumer Price Index adjusted for productivity, merit and promotion.

- [b] Vacation entitlements earned by the employees are converted to a cash payment when they retire or leave the City's employment.
- [c] The City pays certain post-retirement benefits on behalf of its retired employees and recognizes these post retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2013 of **\$31,042,484** [2012-\$36,707,000] was determined by an actuarial valuation prepared for the year ended December 31, 2013. An amount of **\$7,270,276** [2012- \$7,474,579] has been set aside in a post-retirement benefits reserve fund to offset this liability.

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

11. EMPLOYMENT FUTURE BENEFITS (continued)

Information about the City's post-retirement non-pension benefit plan is as follows:

	2013 \$	2012 \$
Accrued benefit liability recongnized in the financial statements	40,116,113	39,667,000
Expense for the year	1,877,813	3,091,000
Benefits paid for the year	(1,428,700)	(2,183,000)

The main actuarial assumptions employed for the valuation are as follows:

General Inflation

Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 2% per annum.

Interest (discount) rate

The obligation as at December 31, 2013 of the present value of future liabilities and the expense for the year then ended was determined using an annual discount rate of 3.50% to 4.50%. This rate reflects the assumed long-term yield on high quality bonds as at.

Medical and dental costs

Medical costs were assumed to increase by 7.00% in 2013, with further annual increases gradually declining from 7.00% to 4.60% in 2021 and each year thereafter. Dental costs were assumed to increase at 4.60% in 2013 and each year thereafter.

- [d] The City elected to be under Schedule 2 of the Workplace Safety and Insurance Act and hence, effectively self-insures its workers' compensation claims. The estimated future benefit costs (including administration costs) were determined by an actuarial valuation as at December 31, 2013.

12. MUNICIPAL DEBENTURE DEBT

- [a] The balance of municipal debenture debt reported on the Consolidated Statement of Financial Position totaling \$168,939,737 [2012 - \$177,572,046] is comprised of debenture debt outstanding at year-end incurred by the City. The breakdown of the balance owing is as follows:

	2013 \$	2012 \$
Tax supported	73,344,961	76,305,297
Rate-supported	86,924,776	89,956,749
Tbaytel	8,670,000	11,310,000
Total	168,939,737	177,572,046

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

12. MUNICIPAL DEBENTURE DEBT (continued)

[b] Principal repayments of long-term liabilities are due as follows:

	\$
2014	18,394,608
2015	18,657,969
2016	17,859,940
2017	14,003,400
2018	13,570,643
2019 and thereafter	86,453,177
Total	168,939,737

[c] The long-term liabilities in [a] issued in the name of the City have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The 2014 annual principal and interest payments required to service these liabilities are within the 2014 annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing of \$83,892,417. The City has available \$58,788,708, based on this annual debt repayment limit.

[d] Total payments for the year for municipal debenture debt are as follows:

	2013 \$	2012 \$
Principal payments	19,682,109	17,792,699
Interest payments	6,982,909	6,979,088
Total	26,665,018	24,771,787

13. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Ontario Environmental Protection Act (the "Act") sets out the regulatory requirements for the closure and maintenance of landfill sites. Under the Act, the City is required to provide for closure and post-closure care of its solid waste landfill site.

The John Street municipal landfill is operated by the City to accept all municipal solid waste from the City. The landfill includes the closed and capped West Cell, and the active East Cell with a remaining life of approximately 43 years. Closure activities include final cover and vegetation, drainage control features, monitoring of leachate, water quality and recovery of gas. Post-closure activities include acquisition of additional land for buffer zone, treatment and monitoring of leachate, monitoring groundwater, surface water and gas, and recovery and ongoing maintenance of various control systems, drainage systems and final cover.

The estimated liability of **\$5,098,784** [2012 - \$7,447,000] is the present value of future closure and post-closure costs discounted at a rate of 3%, based on a 2006 Consultant's Report.

14. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the City of Thunder Bay by major asset class, including cost, accumulated amortization and the net book value of the assets.

During the year no interest was capitalized [2012 - \$nil], there were write-downs of tangible capital assets of \$nil [2012-\$1,127,823] and contributed tangible capital assets of **\$781,693** [2012- \$3,882,328]. Contributed capital assets consist of general capital vehicles and general capital land improvements.

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

14. TANGIBLE CAPITAL ASSETS (continued)

Certain assets have been recorded at a nominal value due to the difficulty in determining an appropriate value. These assets include road allowances relating to the roads network, certain land segments acquired through land swaps and some parkland segments.

Works of art, artifacts, cultural and historic assets are not recorded as assets in the financial statements.

15. GOVERNMENT TRANSFERS

	2013 \$	2012 \$
Revenues		
Government of Canada grants	7,695,740	7,787,978
Province of Ontario grants	73,273,194	77,030,224
Total Revenues	80,968,934	84,818,202
Expenses		
External transfers to others	25,892,336	25,711,253
Total Expenses	25,892,336	25,711,253

16. CONTINGENCIES

[a] There were numerous claims and litigation in dispute at December 31, 2013 for which the amount of settlement, if any, is indeterminable at this time. The settlements, if any, will be expensed in the Consolidated Statement of Operations and Accumulated Surplus in the year in which judgments are rendered. No provision has been made in these consolidated financial statements in respect of the above claims and litigation.

[b] In the normal course of business, appeals are made by taxpayers against property assessments, the resolution of which is not known as at the date of issuance of these financial statements. It is the practice of the Municipality to provide for any claims only when the decisions are rendered by the appropriate authorities.

17. COMMITMENTS

[a] The City has various operating leases pertaining to certain premises and equipment and service agreements. The future minimum lease payments over the next five years are as follows:

	\$
2014	3,954,020
2015	2,113,995
2016	1,704,927
2017	1,062,927
2018	676,244

[b] The City has a letter of credit issued by the Royal Bank of Canada for \$500,000, which expires on December 31, 2014.

[c] Tbaytel has provided a letter of guarantee from the Royal Bank to Industry Canada in the amount of \$2,080,000 [2012-\$678,000].

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

18. PUBLIC LIABILITY INSURANCE

The City is self-insured for public liability claims up to \$1,000,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

The City has provided for self-insurance in a reserve fund reported in the Consolidated Statement of Financial Position amounting to **\$131,808** [2012-\$1,366,748].

Self-insured claims settled and accrued during the year amounting to **\$3,487,365** [2012 - \$3,140,335] are reported as an expense in the Consolidated Statement of Operations.

19. NON-CONSOLIDATED ENTITIES

Thunder Bay District Health Unit

The Thunder Bay District Health Unit is established under the Health Protection and Promotion Act, and provides programs and services in accordance with the legislative mandate for Boards of Health in Ontario and delivers a wide range of services to citizens of the District of Thunder Bay.

The following table provides condensed supplementary financial information for the Thunder Bay District Health Unit prepared in accordance with Canadian public sector accounting standards.

	2013 \$	2012 \$
Financial position		
Financial assets	4,176,108	4,678,662
Liabilities	(3,000,299)	(3,817,547)
Net financial assets	1,175,809	861,115
Non-financial assets	1,778,408	2,210,743
Accumulated surplus	2,954,217	3,071,858
	2013 \$	2012 \$
Results of operations		
Revenues other than municipal levies	14,983,916	15,278,148
Municipal levies	2,762,181	2,749,722
Expenses	(17,863,738)	(18,026,601)
Annual surplus (deficit)	(117,641)	1,269

The City's share of the municipal levies was **\$2,163,036** [2012 - \$2,153,325].

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

19. NON-CONSOLIDATED ENTITIES (continued)

The District of Thunder Bay Social Services Administration Board

Effective April 1, 1999, pursuant to provincial legislation, The District of Thunder Bay Social Services Administration Board was formed to accommodate the provincial government's requirement to consolidate the delivery of Social Services. The Board delivers provincially mandated services on behalf of the citizens of the District of Thunder Bay.

The following table provides condensed supplementary financial information for The District of Thunder Bay Social Services Administration Board, including its wholly-owned subsidiary, Thunder Bay District Housing Corporation, prepared in accordance with Canadian public sector accounting standards.

	2013 \$	2012 \$
Financial position		
Financial assets	34,877,728	32,509,176
Long-term debt	(33,895,124)	(36,260,977)
Other liabilities	(10,522,190)	(7,199,762)
Net debt	(9,539,586)	(10,951,563)
Non-financial assets	53,049,328	54,328,861
Accumulated surplus	43,509,742	43,377,298

	2013 \$	2012 \$
Results of operations		
Revenues other than municipal levies	58,662,937	59,076,288
Municipal levies	24,067,286	24,799,714
Other income	316,577	356,735
Expenses	(82,260,886)	(79,567,200)
Distribution to municipalities	(653,470)	(985,642)
Annual surplus	132,444	3,679,895

The City's share of the municipal levies was \$18,143,725 [2012 - \$18,396,850].

20. SEGMENTED INFORMATION

The City is a diversified municipal government institution that provides a wide range of services to its citizens. Segmented information has been prepared by major functional classification of activities provided, consistent with the consolidated statement of operations and accumulated surplus and provincially legislated requirements. For each reported segment, revenues and expenses represent both amounts attributable to the segment and amounts that are allocated on a reasonable basis.

The segmented information is provided in Schedule 3 to the consolidated financial statements and includes the following segments:

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

20. SEGMENTED INFORMATION (continued)

General Government

General Government comprises various administrative services, including Finance & Corporate Services, Legal Services, City Manager's Department, Facilities & Fleet Services and Mayor and Council.

Protection to Persons and Property

Protection to persons and property is comprised of Police Services, Fire Services, Protective Inspection and Control and Thunder Bay Court Services. The mandate of Police Services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire Services department is responsible for fire suppression; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective Inspection and Control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants. Thunder Bay Court Service administers prosecutions and the collection of related fines and fees under the authority of the Provincial Offences Act.

Transportation Services

Transportation services include Roadways, Winter Control, Transit, Parking and Street Lighting. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, bridges, culverts, sidewalks, crossing guards and traffic lights. Winter control includes snowplowing, sanding and salting, snow removal and flood control. The Transit division is responsible for providing local public transportation service. The Parking Authority is responsible for the planning, development and maintenance of parking lots, meters and parkades, including enforcement of parking regulations. Street lighting plans, develops and maintains the street lighting system.

Environmental Services

Environmental services consist of Waterworks, Sanitary Sewer, Waste Collection and Disposal and Recycling. Waterworks provides drinking water to the citizens of Thunder Bay. Sanitary Sewer collects and treats wastewater. Waste Collection, Disposal and Recycling includes the collection of solid waste, landfill site operations and waste minimization programs.

Health Services

Health Services includes Cemeteries, Health Care Recruitment and Ambulance Services.

Social and Family Services

Social and Family Services include Assistance to Aged Persons, Child Care and Assistance to Disabled. Under Assistance to Aged Persons, the City operates three Homes for the Aged, the 55+ Centre, and provides services to seniors, including meals on wheels, friendly visiting program and Jasper Apartments. Child Care includes the operating and maintenance of childcare centers in the City. Assistance to Disabled represents the contribution by the City to Handicapped Action Group Incorporated (HAGI) Transit to provide public transportation services to the disabled.

THE CORPORATION OF THE CITY OF THUNDER BAY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

20. SEGMENTED INFORMATION (continued)

Recreation and Cultural Services

Recreation and Cultural Services include Parks, Recreation Programs and Facilities, Thunder Bay Public Library and Contributions to Cultural Organizations. The City provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs, the development and maintenance of various recreational facilities; and the maintenance of parks and open spaces. The Thunder Bay Public Library is dedicated to providing community access to local and global information resources that support lifelong learning, research and leisure activities. The City contributes to various cultural organizations under specific funding programs.

Planning and Development

The Development Services Department manages urban development for business interest, environmental concerns, heritage matters, local neighbourhoods and the downtown through city planning and community development and approval of all land development plans. Also included in Planning and Development are the activities of the Thunder Bay Community Economic Development Commission Inc., three Business Improvement Areas (BIA's), and Victoriaville Centre.

Tbaytel

Tbaytel was established as a Municipal Service Board to govern, control, maintain, operate and manage the City's provision of telecommunication services.

21. BUDGET INFORMATION

Budgets are established to set tax rates or to finance projects which may be carried out over one or more years. Although they are not directly comparable with current year actual amounts, they have been translated into Public Sector Accounting Board standards on the consolidated statement of operations and accumulated surplus.

22. FLOOD DISASTER

On May 28, 2012, the City of Thunder Bay experienced a severe rainfall event, which resulted in the flooding of the Atlantic Avenue Secondary Sewage Treatment Plant (the "Plant") and basement flooding in certain areas of the City. On June 8, 2012, the Province of Ontario declared the City of Thunder Bay a disaster area for the purposes of the Ontario Disaster Relief Assistance Program ("ODRAP").

Actual flood-related costs incurred by the City from May 28, 2012 to December 31, 2013 amounted to approximately **\$33.5 million** [2012 - \$18.5 million], of which approximately **\$21.4 million** [2012 - \$6.8 million] related to the non-emergency response damage to the Plant. This resulted in a write-down of the tangible capital asset in the amount of **\$nil** [2012 - \$1,127,823].

All operating costs incurred and all revenues received or receivable for the year ended December 31, 2013 have been recorded in the functional expense classifications or in other revenue on the consolidated statement of operations and accumulated surplus.

See note 16 regarding the treatment of claims and litigation in dispute as at December 31, 2013 for which the amount of settlement, if any, is indeterminable at this time. For further clarification, any claims or litigation with respect to the flood disaster, will receive the same treatment as outlined in that note.

**THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2013

22. FLOOD DISASTER (continued)

The City's consultant provided a cost estimate for the damages associated with the flooding of the Plant in the amount of \$36 million, with the work expected to be completed in 2015. The amount unspent as of December 31, 2013 is estimated at **\$10.2 million** [April 30, 2013 - \$21 million]. The total estimated cost of the Flood Disaster event, including Plant capital costs, emergency response costs, and extraordinary operating costs is projected to be **\$43.9 million**.

To date there has been no impact on property taxes and any future impact will be minimized as a result of the City's insurance coverage and ODRAP funding.

23. COMPARATIVE AMOUNTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2013 financial statements.

**The Corporation of the City of Thunder Bay
Consolidated Schedule of Tangible Assets
As at December 31
Schedule 1**

	General Capital					Infrastructure					Assets Under Construction	TBayTel	Thunder Bay Public Library	Total	
	Land	Land Improvements	Buildings	Machinery & Equip	Vehicles	Land	Land Improvements	Buildings	Linear Assets	Machinery & Equip				2009	2008 [restated - note 2]
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cost															
Balance, beginning of year	26,798,079	28,629,887	79,159,634	31,649,005	55,699,585	759,849	159,852	172,590,967	911,140,220	10,910,653	21,892,500	396,536,673	10,363,323	1,746,290,227	1,685,454,993
Add: Additions	765,594	2,043,437	6,780,314	3,502,931	4,100,765	-	7,369,587	9,652,637	15,560,953	796,790	3,010,550	20,205,000	634,102	74,422,660	75,014,626
Less: Disposals	392,354	256,718	85,340	894,047	3,336,093	-	-	-	1,740,133	38,801	-	7,303,673	647,794	14,694,953	14,179,392
Balance, end of year	27,171,319	30,416,606	85,854,608	34,257,889	56,464,257	759,849	7,529,439	182,243,604	924,961,040	11,668,642	24,903,050	409,438,000	10,349,631	1,806,017,934	1,746,290,227
Accumulated Amortization															
Balance, beginning of year	-	20,679,268	38,944,603	20,916,686	26,180,377	-	47,869	32,891,609	505,012,184	5,200,747	-	229,198,747	7,814,362	886,886,452	841,039,696
Add: Amortization	-	1,040,585	1,722,011	2,238,366	3,992,505	-	269,009	4,945,029	32,655,189	367,607	-	19,226,000	526,580	66,982,881	57,932,047
Less: Accumulated amortization on disposals	-	235,238	78,156	894,047	2,788,295	-	-	-	1,127,019	38,801	-	7,303,747	641,927	13,107,230	12,085,291
Balance, end of year	-	21,484,615	40,588,458	22,261,005	27,384,587	-	316,878	37,836,638	536,540,354	5,529,553	-	241,121,000	7,699,015	940,762,103	886,886,452
Net Book Value of Tangible Capital Assets															
	27,171,319	8,931,991	45,266,150	11,996,884	29,079,670	759,849	7,212,561	144,406,966	388,420,686	6,139,089	24,903,050	168,317,000	2,650,616	865,255,831	859,403,775

**THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**

Schedule 2

As at December 31, 2013	2013	2012
	\$	\$
Surplus		
Investment in tangible capital assets	985,083,041	958,906,469
Municipal debenture debt	(168,939,737)	(177,572,046)
Tbaytel long term payable	(33,566,000)	(37,991,000)
Investment in Thunder Bay Hydro Corporation	91,707,163	89,059,409
General fund	2,232,943	12,641,472
Employee future benefits	(96,050,735)	(88,740,782)
Landfill closure and post-closure liability	(5,098,784)	(7,447,000)
	775,367,891	748,856,522
Reserves		
Capital reserves	15,390,823	13,751,201
Working capital	4,300,000	4,300,000
	19,690,823	18,051,201
Reserve funds		
Capital reserve funds	7,899,177	18,685,166
Federal Gas Tax	1,683,048	945,279
Provincial Dedicated Gas Tax	1,439,232	1,802,543
MTO Transit Capital	1,401,337	1,454,222
Renew Thunder Bay	22,845,282	28,604,041
EMS	3,511,385	4,730,187
Tbaytel Dividend	3,442,463	4,448,427
Recreation	2,991,106	2,545,000
Post-employment benefits	7,270,275	7,474,579
Vested sick leave	3,219,794	3,380,866
Insurance	131,808	1,366,748
Tax Assessment appeals	9,752,059	11,500,196
Vested property rehabilitation	8,440,392	8,154,968
Stabilization	14,266,170	15,807,322
Economic development	1,509,326	1,476,572
Winter roads maintenance	322,355	2,294,657
Other	5,712,624	4,696,658
	95,837,833	119,367,431
Total reserves and reserve funds	115,528,656	137,418,632
Accumulated Surplus	890,896,547	886,275,154

The accompanying notes are an integral part of these financial statements.

**THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE**

Schedule 3

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenues										
Taxation, net	161,099,411	157,237,900	-	-	-	-	-	-	-	-
Government of Canada grants	7,057,503	7,386,927	97,576	248,169	160,447	-	-	(25,997)	-	-
Province of Ontario grants	28,814,365	32,067,973	1,319,983	1,321,010	2,093,007	3,876,204	1,047,425	2,222,976	12,310,705	10,946,147
Contributed tangible capital assets	-	-	-	3,882,328	747,792	-	-	-	-	-
Fees and service charges	4,778,173	4,585,728	1,933,326	1,504,777	6,813,309	6,798,248	46,301,841	48,468,585	222,548	233,108
Other	3,049,035	1,109,641	6,225,289	5,187,977	497,246	618,159	14,627,783	6,713,274	1,784,665	1,669,792
Investment income	2,261,300	2,538,107	88,264	62,304	144,725	219,075	284,415	530,674	176,956	226,752
Thbaytel fees and service charges	-	-	-	-	-	-	-	-	-	-
Total Revenues	207,059,787	204,926,276	9,664,438	12,206,565	10,456,526	11,511,686	62,261,464	57,909,512	14,494,874	13,075,799
Expenses										
Salary, wages and employee benefits	25,153,513	24,931,877	66,799,579	62,250,809	17,079,209	16,441,947	14,530,715	13,786,867	18,061,431	17,405,114
Long term debt interest	59,175	59,654	29,740	22,783	886,881	1,003,133	3,296,810	3,281,179	344,440	15,997
Materials	26,884,315	28,372,403	3,610,340	3,889,597	4,903,534	4,027,957	9,162,533	9,487,298	1,698,241	1,580,503
Contracted services	5,699,217	6,110,802	1,171,452	393,951	1,676,128	3,308,142	7,038,568	8,255,800	189,765	194,726
Rents & financials	6,073,868	3,477,345	197,767	839,337	1,206,754	651,409	1,709,221	2,568,232	378,040	812,138
External transfers to others	-	-	1,952,016	1,597,530	1,791,200	1,577,100	-	-	2,163,031	2,153,325
Interfunctional and program support	(37,920,839)	(36,676,456)	2,255,870	2,269,533	12,723,120	13,128,987	10,242,735	9,091,463	1,043,757	657,304
Unfunded liabilities	126,292	236,798	3,071,663	(381,696)	1,451,091	9,626	904,454	602,867	208,565	221,627
Amortization of tangible capital assets	873,351	858,371	1,253,372	1,218,340	22,131,587	21,456,753	13,014,006	13,147,358	1,285,799	851,852
Total expenses	26,948,892	27,370,794	80,341,799	72,100,184	63,849,504	61,605,054	59,899,042	60,221,064	25,373,069	23,892,586
Net revenues (expenses)	180,110,895	177,555,482	(70,677,361)	(59,893,619)	(53,392,978)	(50,093,368)	2,362,422	(2,311,552)	(10,878,195)	(10,816,787)

**THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE**

Schedule 3

	Social and Family Services		Recreation and Cultural Services		Planning and Development		TBaytel		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenues										
Taxation, net	-	-	-	-	-	-	-	-	161,099,411	157,237,900
Government of Canada grants	-	-	260,484	27,886	119,730	150,993	-	-	7,695,740	7,787,978
Province of Ontario grants	25,937,761	24,761,460	616,162	825,476	1,133,786	1,008,978	-	-	73,273,194	77,030,224
Contributed tangible capital assets	-	-	33,901	-	-	-	-	-	781,693	3,882,328
Fees and service charges	13,499,857	13,480,570	11,256,899	10,964,849	1,757,775	1,906,337	-	-	86,563,728	87,942,202
Other	504,755	729,207	829,929	655,315	735,169	2,369,312	3,355,000	2,267,000	31,608,871	21,319,677
Investment income	321,062	358,891	130,652	127,243	93,829	155,239	899,000	662,000	4,400,203	4,880,285
Tbaytel fees and service charges	-	-	-	-	-	-	166,657,000	165,057,000	166,657,000	165,057,000
Total Revenues	40,263,435	39,330,128	13,128,027	12,600,769	3,840,289	5,590,859	170,911,000	167,986,000	532,079,840	525,137,594
Expenses										
Salary, wages and employee benefits	34,487,629	33,192,615	21,309,582	20,645,184	3,338,933	3,363,521	34,141,000	33,585,000	234,901,591	225,602,934
Long term debt interest	1,771,172	1,892,587	73,986	71,730	-	-	520,705	632,025	6,982,909	6,979,088
Materials	6,163,084	5,759,833	7,496,480	6,150,863	3,046,223	2,672,755	90,099,000	83,168,000	153,063,750	145,109,209
Contracted services	682,392	697,506	3,593,822	3,174,684	546,153	690,172	-	-	20,597,497	22,825,783
Rents & financials	100,039	110,257	331,903	210,574	285,110	242,789	1,441,295	1,597,975	11,723,997	10,510,056
External transfers to others	18,143,725	18,396,850	1,634,860	1,649,233	207,504	337,215	-	-	25,892,336	25,711,253
Interfunctional and program support	2,931,558	3,028,627	7,203,457	6,786,033	1,520,342	1,714,509	-	-	-	-
Unfunded liabilities	381,715	911,114	1,349,843	(43,400)	(198,669)	63,619	-	-	7,294,954	1,620,555
Amortization of tangible capital assets	439,118	441,816	4,592,822	4,688,279	143,521	124,575	24,025,000	22,300,000	67,758,576	65,087,344
Total expenses	65,100,432	64,431,205	47,586,755	43,333,180	8,889,117	9,209,155	150,227,000	141,283,000	528,215,610	503,446,222
Net revenues (expenses)	(24,836,997)	(25,101,077)	(34,458,728)	(30,732,411)	(5,048,828)	(3,618,296)	20,684,000	26,703,000	3,864,230	21,691,372