

# **Town of Kensington**

**Consolidated Financial Statements**  
**March 31, 2020**

## Management's Report


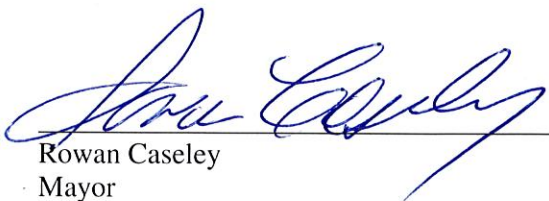
The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is disclosed in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with a certainty until future periods.

To meet its responsibility, management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Council also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by ArsenaultBestCameronEllis, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

  
\_\_\_\_\_  
Geoff Baker  
Chief Administrative Officer  
\_\_\_\_\_  
Rowan Caseley  
Mayor



July 13, 2020

## **Independent Auditor's Report**

### **To His Worship the Mayor and the Members of the Council of the Town of Kensington**

#### ***Opinion***

We have audited the accompanying financial statements of Town of Kensington, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of accumulated surplus, operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Town of Kensington as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Town of Kensington in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Town of Kensington's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Town of Kensington or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Town of Kensington's financial reporting process.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town of Kensington's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Town of Kensington's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Town of Kensington to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Arsenault Best Cameron Ellis*

**Chartered Professional Accountants**

# Town of Kensington

## Consolidated Statement of Financial Position As at March 31, 2020

	2020 \$	2019 \$
<b>Assets</b>		
<b>Financial assets</b>		
Cash	233,575	246,110
Accounts receivable	379,595	281,139
Government contributions receivable (note 3)	19,652	-
Inventory	8,498	8,214
Restricted cash - infrastructure funding (note 3a)	387,347	190,673
<b>Total financial assets</b>	<b>1,028,667</b>	<b>726,136</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 6)	266,154	229,256
Deferred revenue (note 3)	418,675	190,673
Long-term debt (note 4)	3,071,858	2,869,052
<b>Total liabilities</b>	<b>3,756,687</b>	<b>3,288,981</b>
<b>Net debt</b>	<b>(2,728,020)</b>	<b>(2,562,845)</b>
<b>Non-financial assets</b>		
Prepaid expenses	66,206	67,032
Tangible capital assets (Schedule 2)	8,536,822	7,990,178
	<b>8,603,028</b>	<b>8,057,210</b>
<b>Accumulated surplus (note 5)</b>	<b>5,875,008</b>	<b>5,494,365</b>

On behalf of the Council

  
Mayor

  
Councilor

# Town of Kensington

## Consolidated Statement of Accumulated Surplus For the year ended March 31, 2020

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	(12 months) 2020 \$	(15 months) 2019 \$
Accumulated surplus - Beginning of year	5,494,365	5,385,854
Annual surplus	380,643	108,511
Accumulated surplus - End of year	<u>5,875,008</u>	<u>5,494,365</u>

# Town of Kensington

## Consolidated Statement of Operations For the year ended March 31, 2020

	(12 months) 2020 Budget (unaudited) \$	(12 months) 2020 Actual \$	(15 months) 2019 Actual \$
<b>Revenue (Schedule 1)</b>			
Property taxes (note 7)	610,502	608,300	743,374
Government transfer			
Municipal Support Grant Program	202,762	204,383	249,462
Equalization	253,380	253,388	283,540
Fire dues	207,384	208,145	259,205
Credit Union Centre	397,700	368,929	484,426
Rental	96,656	95,638	120,574
Sale of services (note 9)	444,000	461,918	526,532
Police fines	36,000	22,033	29,916
Other revenue	62,940	116,385	90,073
Water & Sewer utility	537,135	538,327	655,698
Gain on disposal of tangible capital assets	-	750	27,239
	<u>2,848,459</u>	<u>2,878,196</u>	<u>3,470,039</u>
<b>Expenses (Schedule 1)</b>			
General government	645,065	513,969	579,197
Protective - police	458,961	499,037	661,272
- fire	249,264	234,544	291,385
Sale of services	190,071	194,870	248,474
Transportation & Public Works	205,465	218,769	247,738
Credit Union Centre	397,408	404,474	491,688
Parks and recreation	107,725	108,903	126,147
Water & Sewer utility	590,480	638,150	730,868
	<u>2,844,439</u>	<u>2,812,716</u>	<u>3,376,769</u>
	<u>4,020</u>	<u>65,480</u>	<u>93,270</u>
<b>Other revenue</b>			
Infrastructure funding - water and sewer	-	19,652	-
Infrastructure funding - general	452,000	147,217	6,143
Municipal Capital Expenditures Grant - reimbursement	-	70,294	9,098
Other funding - fire equipment	-	78,000	-
	<u>452,000</u>	<u>315,163</u>	<u>15,241</u>
<b>Annual surplus</b>	<u>456,020</u>	<u>380,643</u>	<u>108,511</u>

# Town of Kensington

## Consolidated Statement of Changes in Net Debt For the year ended March 31, 2020

	(12 months) 2020 Budget (Unaudited) \$	(12 months) 2020 Actual \$	(15 months) 2019 Actual \$
<b>Annual surplus</b>	456,020	380,643	108,511
Amortization of tangible capital assets - net	375,108	411,657	485,757
Acquisition of tangible capital assets - net	(892,600)	(963,551)	(258,443)
Proceeds on disposal of tangible capital assets	-	6,000	27,239
Gain on disposal of tangible capital assets	-	(750)	(27,239)
Change in prepaid expenses - general	-	(6,808)	(46,683)
Change in prepaid expenses - water and sewer	-	7,634	8,906
	(517,492)	(545,818)	189,537
<b>Decrease (increase) in net debt</b>	(61,472)	(165,175)	298,048
<b>Net debt - Beginning of period</b>	(2,562,845)	(2,562,845)	(2,860,893)
<b>Net debt - End of period</b>	(2,624,317)	(2,728,020)	(2,562,845)



# Town of Kensington

## Consolidated Statement of Cash Flows

For the year ended March 31, 2020

	(12 months) 2020 \$	(15 months) 2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	380,643	108,511
Items not affecting cash		
Amortization	411,657	485,757
Gain on sale of tangible capital assets	(750)	(27,239)
	791,550	567,029
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(98,456)	18,472
Increase in government contributions receivable	(19,652)	-
Increase in inventory	(284)	(1,702)
Increase in accounts payable and accrued liabilities	36,898	65,899
Increase in deferred revenue	228,002	129,554
Decrease (increase) in prepaid expenses	826	(37,777)
	938,884	741,475
<b>Capital activities</b>		
Acquisition of tangible capital assets	(963,551)	(258,443)
Proceeds on disposal of tangible capital assets	6,000	27,239
	(957,551)	(231,204)
<b>Financing activities</b>		
Issuance of long-term debt	500,946	-
Debt repayment	(298,140)	(299,372)
Change in restricted cash - infrastructure funding	(196,674)	(156,839)
	6,132	(456,211)
<b>Increase (decrease) in cash</b>	(12,535)	54,060
<b>Cash - Beginning of year</b>	246,110	192,050
<b>Cash - End of year</b>	233,575	246,110

# Town of Kensington

## Notes to Consolidated Financial Statements

March 31, 2020

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### 1 Summary of significant accounting policies

The consolidated financial statements of Town of Kensington are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

#### a) Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and surplus/deficit of the reporting entity. The reporting entity is comprised of all organizations and committees that are accountable to the Town for administration of their financial affairs and resources, and which are owned or controlled by the Town. Interdepartmental and organizational transactions and balances are eliminated.

#### b) Consolidated entities

The organizations included in the consolidated financial statements are as follows:

Town of Kensington

The Town of Kensington Water and Pollution Control Corporation

On January 1, 2018, the Town of Kensington changed its fiscal year-end from December 31 to March 31, beginning with the March 31, 2019 reporting period.

#### c) 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 receipt of goods or services and/or the creation of a legal obligation to pay.

#### d) Cash

Cash includes cash on hand and balances with banks.

#### e) Restricted cash

Restricted cash is cash required to be maintained in a separate bank account and is to be used for a specific purpose.

#### f) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net debt for the year.

# Town of Kensington

## Notes to Consolidated Financial Statements

March 31, 2020

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g) **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 charged to expenses as incurred.

h) **Management estimates**

The presentation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Significant estimates, which include employee benefit liabilities and the estimated useful life of tangible capital assets, are based on management's best information and judgment. Actual results could differ from those reported.

h) **Revenue recognition**

(i) Tax revenue consists of property tax billings which are received directly from the Province of Prince Edward Island. Taxes are billed based on the assessment rolls provided by the Province of Prince Edward Island at rates established by the Town. Taxation revenue is recorded as it is received in monthly installments from the Province of Prince Edward Island. Assessments and the related property taxes are subject to appeal to the Province of Prince Edward Island by residents. The Town's revenue is adjusted for any of these appeals using a yearly statement.

(ii) All other revenue is recorded when it is earned and collection is reasonably assured.

i) **Government transfers**

Revenue from governments without eligibility criteria or stipulations is recognized as revenue by the Town when the transfer is authorized. Revenue with eligibility criteria is recognized as revenue by the Town when the transfer is authorized and all eligibility criteria have been met, unless there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met. Revenue with stipulations is recognized as revenue by the Town when the transfer is authorized and all stipulations have been met.

Transfers to other organizations are recognized as an expense when they are authorized.

# Town of Kensington

## Notes to Consolidated Financial Statements

March 31, 2020

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### j) Fair value of financial instruments

#### (i) Measurement of financial instruments

Town of Kensington's financial instruments consist of cash, accounts receivable, government contributions receivable - infrastructure funding, restricted cash - infrastructure funding, accounts payable and accrued liabilities and long-term debt.

The Town initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The Town subsequently measures all its financial assets and financial liabilities at amortized cost.

#### (ii) Impairment

For financial assets measured at cost or amortized cost, the Town determines whether there are indications of possible impairment. When there is an indication of impairment, and the Town determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in annual surplus. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in annual surplus.

#### (c) Risks

Transacting in financial instruments exposes the Town to certain financial risks and uncertainties. These risks include:

- i) Interest rate risk: The Town is exposed to interest rate risk due to the variable rate interest on their long-term debt and operating line of credit. Changes in the bank lending rates can cause fluctuations in cash flows and interest expense. The Town does not use any derivatives to manage this risk. The Town does not have any bank advances at year end.
- ii) Credit risk: The Town is exposed to credit risk in connection with the collection of its accounts receivable. The Town mitigates this risk by performing continuous evaluation of its accounts receivables.
- iii) Liquidity risk: The Town's exposure to liquidity risk is dependent on the collection of accounts receivable or raising of funds to meet commitments and sustain operations. The Town controls liquidity risk by management of working capital, cash flows and availability of borrowing facilities.

# Town of Kensington

## Notes to Consolidated Financial Statements

March 31, 2020

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### k) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost is amortized on a straight-line basis over the estimated useful life as follows:

Sewer system and lagoon	1.2%
Water system	1.2%
Utility vehicle	20.0%
Sewer equipment	20.0%
Water equipment	20.0%
Buildings	2.5%
Fire vehicles	6.67%
Vehicles	20.0%
Electronic equipment	25.0%
Equipment and signs	10.0%
Streets and sidewalks	6.67%
Wind turbine	5.0%

Full amount of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

All costs associated with placing an asset in service, including freight, installation costs, site preparation costs, alterations and professional fees are included in the capitalized value.

## 2 Bank indebtedness

The Town has authorized operating lines of credit of \$150,000 and \$20,000 bearing interest at prime less 0.50% and prime plus 1.00%, respectively, for the general account.

The Town also has an authorized operating line of credit of \$75,000 bearing interest at prime less 0.50% for the water and sewer corporation.

The balances of these accounts at March 31, 2020 were nil (2019 - nil).

The Town has provided a borrowing resolution, as required by the bank.

At March 31, 2020, prime rate was 2.45%.

# Town of Kensington

## Notes to Consolidated Financial Statements

March 31, 2020

### 3 Deferred revenue

	Infrastructure funding \$	ICIP \$	Other funding \$	2020 Total \$	2019 Total \$
Deferred revenue - Beginning of year	190,673	-	-	190,673	33,834
Government contributions received or receivable	296,198	19,652	73,627	389,477	163,082
Other funding received: Interest income	5,394	-	-	5,394	-
Eligible expenditures incurred	(104,918)	(19,652)	(42,299)	(166,869)	(6,243)
Deferred revenue - End of year	387,347	-	31,328	418,675	190,673

The Town has received funds which are restricted for expenditure on eligible projects. The following are a list of the outstanding agreements:

- a) Agreement on the Transfer of Federal Gas Tax Revenues (Infrastructure funding)  
Through the New Deal for Cities and Communities and the Municipal Strategic Component Project, the Town will prepare, for approval by the government regulating body, a Capital Investment Plan which details expenditures for approved projects. The funding for this agreement is maintained in a separate bank account.
- a) Investing in Canada Infrastructure Program (ICIP)  
Through two separate agreements signed in July 2019 and August 2019, respectively, the Town will receive partial funding to help cover expenditures on upgrades to their lagoon and well field.
- c) Other funding  
Through a Community Revitalization Program Funding (CRPF) Agreement signed in September 2019, the Town received funding from the Province of Prince Edward Island to help cover expenditures on a specific project.

The Town also received a grant from the Province of Prince Edward Island for supplying and installing PROs mobile computers in Police cars, e-ticketing software and printers.

# Town of Kensington

## Notes to Consolidated Financial Statements

March 31, 2020

### 4 Long-term debt

	2020 \$	2019 \$
<b>The Town of Kensington</b>		
Prime less 0.30% term loan, Bank of Nova Scotia, maturing in 2021, amortized to 2029, repayable in monthly principal installments of \$2,287 plus interest, obtained to finance a fire hall. As security, the Town has provided a borrowing resolution.	235,552	262,995
Prime less 0.30% term loan, Bank of Nova Scotia, maturing in 2021, amortized to 2029, repayable in monthly principal installments of \$11,859 plus interest, obtained to fund general capital expenditures under the operating fund of previous years. As security, the Town has provided a borrowing resolution.	785,422	927,735
Prime less 0.30% term loan, Bank of Nova Scotia, maturing in 2025, amortized to 2040, repayable in monthly principal installments of \$1,011 plus interest, obtained to fund the purchase of a firetruck for the fire department. As security, the Town has provided a borrowing resolution.	49,500	-
Prime less 0.30% term loan, Bank of Nova Scotia, maturing in 2025, amortized to 2040, repayable in monthly principal installments of \$187 plus interest, obtained to fund the purchase of a firetruck for the fire department. As security, the Town has provided a borrowing resolution.	32,000	-
Prime less 0.30% term loan, Bank of Nova Scotia, maturing in 2025, amortized to 2045, repayable in monthly principal installments of \$1,867 plus interest, obtained to fund general construction of a new business park. As security, the Town has provided a borrowing resolution.	406,479	-
3.89% term loan, Credit Union, maturing in 2022, amortized to 2028, repayable in monthly principal installments of \$1,700 plus interest. As security, the Town has provided a promissory note.	59,209	76,937
3.69% term loan, Credit Union, maturing in 2021, amortized to 2026, repayable in annual installments of \$14,000 including principle and interest. As security, the Town has provided a promissory note.	68,963	80,136
	<u>1,637,125</u>	<u>1,347,803</u>
<b>The Town of Kensington Water and Pollution Control Corporation</b>		
Prime less 0.30% term loan, Bank of Nova Scotia, maturing in 2021, amortized to 2036, repayable in monthly principal installments of \$7,210 plus interest, obtained to finance capital expenditures under the Utility Fund of previous years. As security, the Town has provided a borrowing resolution.	1,434,733	1,521,249
	<u>3,071,858</u>	<u>2,869,052</u>

# Town of Kensington

## Notes to Consolidated Financial Statements

March 31, 2020

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

	General \$	Fire Department \$	Water & Sewerage \$	Total \$
2021	897,185	249,935	1,434,733	2,581,853
2022	61,209	14,383	-	75,592
2023	22,400	14,383	-	36,783
2024	22,400	14,383	-	36,783
2025	316,879	23,968	-	340,847
	<u>1,320,073</u>	<u>317,052</u>	<u>1,434,733</u>	<u>3,071,858</u>

Bank of Nova Scotia prime rate at March 31, 2020 was 2.45% (March 31, 2019 - 3.95%).

### 5 Accumulated surplus

	2020 \$	2019 \$
<b>Municipal position</b>		
Operating funds	6,075,528	5,653,733
Water & Sewer utility funds	(57,116)	(35,104)
Reserve fund - Fire department	313,520	242,681
Reserve fund - Credit Union Centre	(456,924)	(366,945)
	<u>5,875,008</u>	<u>5,494,365</u>
 Reserve fund - Fire department		
Balance - Beginning of year	242,681	220,316
Changes during the year	70,839	22,365
	<u>313,520</u>	<u>242,681</u>
 Balance - End of year		
	<u>313,520</u>	<u>242,681</u>
 Reserve fund - Credit Union Centre		
Balance - Beginning of year	(366,945)	(304,947)
Changes during the year	(89,979)	(61,998)
	<u>(456,924)</u>	<u>(366,945)</u>
 Balance - End of year		
	<u>(456,924)</u>	<u>(366,945)</u>



# Town of Kensington

## Notes to Consolidated Financial Statements

March 31, 2020

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### 6 Other employment benefits

#### Accumulated sick leave

Full time employees accumulate sick leave at the rate of 1.25 days per month. For service prior to January 1, 2013 employees are entitled to carry forward any unused portion of earned sick leave. At March 31, 2020, the recorded liability for unused sick leave, that is required to be paid out upon severance or retirement, amounted to \$86,556 (March 31, 2019 - \$93,250) and is included in accounts payable and accrued liabilities. No actuarial valuation has been performed pertaining to this liability. Effective January 1, 2013, the policy changed to provide for an annual payout of the sick leave.

#### Accumulated vacation

Full time employees accumulate vacation at the following rates: 0.83 days per month for 1-3 years of service; 1.25 days per month for 3-5 years of service; 1.67 days per month for greater than 5 years of service; and 2.08 days per month for greater than 10 years of service. In the event the employee does not use all earned vacation in a given year, the unused portion can be carried forward to a maximum of 10 days. As of March 31, 2020, the liability for unused vacation amounted to \$23,250 (March 31, 2019 - \$21,012) and is included in accounts payable and accrued liabilities.

#### RRSP matching

The Town matches employees' RRSP contributions to a maximum of 5% of their wages. The total expense for the Town's portion of the RRSP matching is as follows:

	(12 months) 2020 \$	(15 months) 2019 \$
RRSP payments expensed	23,557	29,272

### 7 Property taxes

	(12 months) 2020 \$	(15 months) 2019 \$
Commercial property tax	164,962	204,044
Non-commercial property tax	443,338	539,330
	608,300	743,374

### 8 Rate regulation

The Town is subject to rate regulation on the sewerage and water utility provided to residents in Prince Edward Island under the Island Regulatory Appeals Commission Act. The purpose of this Act, which is administered by the Island Regulatory and Appeals Commission (IRAC), is to regulate the rate municipalities may charge for sewerage and water utility provided to residents within Prince Edward Island and to ensure at all times a just and reasonable price for sewerage and water services. Changes in sewerage and water utility rates can only be implemented with the approval from IRAC.

# Town of Kensington

## Notes to Consolidated Financial Statements March 31, 2020

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### 9 Contractual agreement

The Town has entered into an agreement to provide employment security-related services for a private company until 2021. During the year, the Town earned \$461,918 (March 31, 2019 - \$526,532) of revenue from this contract.

### 10 Segment disclosure

The Town is a diversified municipal unit that provides a wide range of services to its citizens. For management reporting purposes the Town's operations and activities are organized and reported by segment. Segments were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Town services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

#### General government services

This department is responsible for the overall financial and local government administration. Its tasks include accounts payable and receivables, budgets and financial statements, administration and maintenance of bylaws.

#### Police services

This department is responsible for police protection for its residents.

#### Fire services

This department is responsible for fire protection for its residents and surrounding areas.

#### Sale of services

This department is responsible for management of a contract to provide employment security-related services for a private company.

#### Transportation services and public works

This department is responsible for the maintenance of specialized roads within its jurisdiction.

#### Parks and recreation services

This department is responsible for promoting and offering recreation opportunities and activities to the Town's residents.

#### Credit Union Centre

This department is responsible for maintenance and operations of the rink, Fitplex, ball fields, and coordinating special events.

#### Water and sewer utility

This department is responsible for the maintenance and operations of water and sewer services provided to residents and other customers.

Internally generated revenues and expenses are eliminated on a consolidated basis.

# Town of Kensington

## Consolidated Schedule of Segment Disclosures For the year ended March 31, 2020

### Schedule 1

	General Government \$	Police \$	Fire \$	Sales of Services \$	Transportation & Public Works \$	Parks & Recreation \$	Credit Union Centre \$	Total General \$	Water and Sewer Utility \$	Elimination \$	(12 months) 2020 Consolidated \$
<b>Revenues</b>											
Property taxes	608,300	-	-	-	-	-	-	608,300	-	-	608,300
Government transfer											
Municipal Support											
Grant Program	204,383	-	-	-	-	-	-	204,383	-	-	204,383
Equalization	253,388	-	-	-	-	-	-	253,388	-	-	253,388
Fire dues	-	-	250,025	-	-	-	-	250,025	-	(41,880)	208,145
Community Gardens											
Complex	-	-	-	-	-	-	378,929	378,929	-	(10,000)	368,929
Rental	95,638	-	-	-	-	-	-	95,638	-	-	95,638
Sales of services	-	-	-	461,918	-	-	-	461,918	-	-	461,918
Police fines	-	22,033	-	-	-	-	-	22,033	-	-	22,033
Other revenue	109,990	-	-	-	-	6,395	-	116,385	-	-	116,385
Water & Sewer utility	-	-	-	-	-	-	-	-	594,271	(55,944)	538,327
Gain on disposal of tangible capital assets	750	-	-	-	-	-	-	750	-	-	750
	1,272,449	22,033	250,025	461,918	-	6,395	378,929	2,391,749	594,271	(107,824)	2,878,196
<b>Expenditures</b>											
Salaries and benefits											
(note 6)	79,150	376,662	42,000	192,331	26,925	16,850	155,620	889,538	300,000	-	1,189,538
Goods and services	463,894	101,202	100,580	2,539	90,482	56,659	202,538	1,017,894	174,171	(107,824)	1,084,241
Amortization	46,418	20,315	83,018	-	98,515	13,607	38,499	300,372	111,285	-	411,657
Interest	32,331	858	8,946	-	2,847	624	7,817	53,423	52,694	-	106,117
Other	-	-	-	-	-	21,163	-	21,163	-	-	21,163
	621,793	499,037	234,544	194,870	218,769	108,903	404,474	2,282,390	638,150	(107,824)	2,812,716
	650,656	(477,004)	15,481	267,048	(218,769)	(102,508)	(25,545)	109,359	(43,879)	-	65,480

# Town of Kensington

## Consolidated Schedule of Segment Disclosures For the 15-month period ended March 31, 2019

### Schedule 1

	General Government \$	Police \$	Fire \$	Sales of Services \$	Transportation & Public Works \$	Parks & Recreation \$	Credit Union Centre \$	Total General \$	Water and Sewer Utility \$	Elimination \$	(15 months) 2019 Consolidated \$
<b>Revenues</b>	743,374	-	-	-	-	-	-	743,374	-	-	743,374
Property taxes											
Government transfer											
Municipal Support											
Grant Program	249,462	-	-	-	-	-	-	249,462	-	-	249,462
Equalization	283,540	-	-	-	-	-	-	283,540	-	-	283,540
Fire dues	-	-	311,555	-	-	-	-	311,555	-	(52,350)	259,205
Community Gardens											
Complex	-	-	-	-	-	-	506,426	506,426	-	(22,000)	484,426
Rental	120,574	-	-	-	-	-	-	120,574	-	-	120,574
Sales of services	-	-	-	526,532	-	-	-	526,532	-	-	526,532
Police fines	-	29,916	-	-	-	-	-	29,916	-	-	29,916
Other revenue	85,188	-	-	-	-	4,885	-	90,073	-	-	90,073
Water & Sewer utility	-	-	-	-	-	-	-	-	725,628	(69,930)	655,698
Gain on disposal of tangible capital assets	27,239	-	-	-	-	-	-	27,239	-	-	27,239
	1,509,377	29,916	311,555	526,532	-	4,885	506,426	2,888,691	725,628	(144,280)	3,470,039
<b>Expenditures</b>											
Salaries and benefits (note 6)	118,443	526,312	52,500	245,017	7,952	15,309	186,342	1,151,875	375,000	-	1,526,875
Goods and services	509,133	112,781	131,022	3,457	110,965	80,697	256,818	1,204,873	145,709	(144,280)	1,206,302
Amortization	55,944	20,878	95,073	-	124,506	11,133	39,637	347,171	138,587	-	485,758
Interest	39,957	1,301	12,790	-	4,315	946	8,891	68,200	71,572	-	139,772
Other	-	-	-	-	-	18,062	-	18,062	-	-	18,062
	723,477	661,272	291,385	248,474	247,738	126,147	491,688	2,790,181	730,868	(144,280)	3,376,769
	785,900	(631,356)	20,170	278,058	(247,738)	(121,262)	14,738	98,510	(5,240)	-	93,270

**Town of Kensington**  
Schedule of Tangible Capital Assets  
For the year ended March 31, 2020

**Schedule 2**

	Cost 2020			Accumulated amortization 2020			Net book value \$		
	Beginning \$	Additions \$	Disposals/ Transfers \$	Ending \$	Beginning \$	Amortization \$		Disposals/ Transfers \$	Ending \$
Land, buildings and wind turbine	3,400,653	635,512	-	4,036,165	1,593,046	56,480	-	1,649,526	2,386,639
Streets and sidewalks	1,593,826	-	-	1,593,826	652,598	60,780	-	713,378	880,448
Vehicles	187,131	22,438	7,000	202,569	150,865	17,486	1,750	166,601	35,968
Fire vehicles	829,406	171,181	-	1,000,587	656,122	47,612	-	703,734	296,853
Equipment and signs	1,585,125	99,867	-	1,684,992	1,101,392	118,014	-	1,219,406	465,586
Water & sewer systems and equipment	6,549,504	34,553	-	6,584,057	2,001,444	111,285	-	2,112,729	4,471,328
	14,145,645	963,551	7,000	15,102,196	6,155,467	411,657	1,750	6,565,374	8,536,822

**Town of Kensington**  
Schedule of Tangible Capital Assets  
For the 15-month period ended March 31, 2019

**Schedule 2**

	Cost 2019				Accumulated amortization 2019				Net book Value \$
	Beginning \$	Additions \$	Disposals/ Transfers \$	Ending \$	Beginning \$	Amortization \$	Disposals/ Transfers \$	Ending \$	
Land, buildings and wind turbine	3,375,429	25,224	-	3,400,653	1,518,253	74,793	-	1,593,046	1,807,607
Streets and sidewalks	1,575,489	18,337	-	1,593,826	576,691	75,907	-	652,598	941,228
Vehicles	176,483	38,273	27,625	187,131	157,136	21,354	27,625	150,865	36,266
Fire vehicles	829,406	-	-	829,406	605,265	50,857	-	656,122	173,284
Equipment and signs	1,422,653	162,472	-	1,585,125	977,133	124,259	-	1,101,392	483,733
Water & sewer systems and equipment	6,535,367	14,137	-	6,549,504	1,862,857	138,587	-	2,001,444	4,548,060
	13,914,827	258,443	27,625	14,145,645	5,697,335	485,757	27,625	6,155,467	7,990,178