

Financial Statements of

**RURAL MUNICIPALITY OF
KINGSTON**

Year ended March 31, 2021



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Rural Municipality of Kingston

Opinion

We have audited the accompanying financial statements of Rural Municipality of Kingston (the Municipality), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, change in net financial assets, 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 the Municipality as at March 31, 2021, and its results of operations, its change in net financial assets, 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 the Municipality 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 the Municipality'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 the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 the Municipality'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 the Municipality'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 the Municipality 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.

Chartered Professional Accountants

Charlottetown, Prince Edward Island
September 16, 2021

RURAL MUNICIPALITY OF KINGSTON

Statement of Financial Position

March 31, 2021

	2021	2020
Financial Assets		
Cash (Note 2)	\$ 440,232	\$ 341,704
Accounts receivable	939	2,585
	<u>441,171</u>	<u>344,289</u>
Liabilities		
Accounts payable	2,252	-
Net financial assets	438,919	344,289
Non-financial Assets		
Tangible capital assets (Page 9)	18,768	15,797
Accumulated surplus (Note 3)	<u>\$ 457,687</u>	<u>\$ 360,086</u>

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

On Behalf of the Council:

_____ Councillor

_____ Councillor

RURAL MUNICIPALITY OF KINGSTON

Statement of Operations

Year ended March 31, 2021

	Budget (note 5)	2021	2020
Revenue:			
Property tax	\$ 110,000	\$ 119,455	\$ 115,768
Government transfers (Note 4)	30,870	89,058	201,641
Building permits	5,000	1,557	5,965
	145,870	210,070	323,374
Expenses:			
Amortization of tangible capital assets	-	2,344	1,812
Black fly program	15,194	15,161	14,025
Council	5,000	3,600	3,373
Donations	3,082	6,082	3,082
Donations to community centres	9,000	16,000	6,000
Fire dues	54,000	56,340	54,843
Insurance	1,500	1,864	1,518
Office and administration	8,200	5,788	5,581
Planning	5,000	685	2,750
Professional fees	4,000	3,585	3,848
Special projects	16,000	1,020	-
	120,976	112,469	96,832
Annual surplus	24,894	97,601	226,542
Accumulated surplus, beginning of the year	360,086	360,086	133,544
Accumulated surplus, end of the year	\$ 384,980	\$ 457,687	\$ 360,086

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

RURAL MUNICIPALITY OF KINGSTON

Statement of Change in Net Financial Assets

Year ended March 31, 2021

	Budget (note 5)	2021	2020
Annual surplus	\$ 24,894	\$ 97,601	\$ 226,542
Acquisition of tangible capital assets	-	(5,315)	(15,350)
Amortization of tangible capital assets	-	2,344	1,812
Change in net financial assets	24,894	94,630	213,004
Net financial assets, beginning of the year	344,289	344,289	131,285
Net financial assets, end of the year	\$ 369,183	\$ 438,919	\$ 344,289

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

RURAL MUNICIPALITY OF KINGSTON

Statement of Cash Flows

Year ended March 31, 2021

	2021	2020
Cash flows from operating activities:		
Cash receipts from property owners and funding	\$ 211,715	\$ 321,234
Cash paid to suppliers and employees	(107,872)	(95,021)
	103,843	226,213
Cash flows used in capital activities:		
Purchase of tangible capital assets	(5,315)	(15,350)
Increase in cash position	98,528	210,863
Cash, beginning of the year	341,704	130,841
Cash, end of the year	\$ 440,232	\$ 341,704

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

RURAL MUNICIPALITY OF KINGSTON

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies:

(a) Management's responsibility for the financial statements:

The financial statements of Rural Municipality of Kingston are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.

The Rural Municipality of Kingston was incorporated in 1974 under the Prince Edward Island Municipal Government Act. Its principal activities include the provision of local government services to residents of the incorporated area. These services include community development, land development and zoning, and additional municipal services.

(b) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts directly attributable to acquisition or construction of the tangible asset. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Rate
Signage	10 years
Generator	10 years

(c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for the 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 annual surplus, provides the change in net financial assets for the year.

RURAL MUNICIPALITY OF KINGSTON

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(d) Revenue recognition:

Property tax billings are received directly from the Province of Prince Edward Island. Taxes are billed based on the assessment rolls provided by the Province at rates set by the Municipality. Taxation revenue is recorded as it is received in monthly installments from the Province. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

Sales of service and other revenue are recognized on an accrual basis.

(e) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

2. Cash:

	2021	2020
Operating chequing account	\$ 247,228	\$ 179,989
Restricted savings account - Gas Tax	193,004	161,715
	\$ 440,232	\$ 341,704

RURAL MUNICIPALITY OF KINGSTON

Notes to Financial Statements

Year ended March 31, 2021

3. Accumulated surplus:

Accumulated surplus consists of the following unrestricted and restricted amounts:

	2021	2020
Unrestricted surplus	\$ 201,313	\$ 130,150
Contingency reserve	63,250	68,250
Gas tax reserve	193,124	161,686
	<u>\$ 457,687</u>	<u>\$ 360,086</u>

4. Government transfers:

2021	2020	Budget
Provincial Municipal Support Grant	\$ 30,870	\$ 31,760 \$ 32,182
Gas tax	-	31,438 161,686
COVID-19 Safe Restart Funding	-	23,237 -
Community Revitalization Program	-	3,675 6,637
Municipal Capital Expenditure Grant	-	(1,052) 1,136
	<u>\$ 30,870</u>	<u>\$ 89,058 \$ 201,641</u>

RURAL MUNICIPALITY OF KINGSTON

Notes to Financial Statements

Year ended March 31, 2021

5. Budget:

The budget adopted by Council on April 7, 2020 was not prepared on a basis consistent with that used to report actual results. As a result, the budget figures presented on the statements of operations and change in net financial assets represent the budget adopted by Council with adjustments as follows:

	2021
Budgeted annual deficit	\$ (106)
Add: transfer to contingency reserve	5,000
Add: EMO capital expenditures	20,000
	<hr/> \$ 24,894 <hr/>

RURAL MUNICIPALITY OF KINGSTON

Schedule of Tangible Capital Assets

Year ended March 31, 2021

	Cost beginning of the year	Additions	Disposals and write downs	Cost end of the year	Accumulated amortization beginning of the year	Disposals and write downs	Amortization	Accumulated amortization end of the year	Net book value 2021	Net book value 2020
Signage	\$ 3,273	\$ 5,315	\$ -	\$ 8,588	\$ 841	\$ -	\$ 859	\$ 1,700	\$ 6,888	\$ 2,432
Generator	14,850	-	-	14,850	1,485	-	1,485	2,970	11,880	13,365
	\$ 18,123	\$ 5,315	\$ -	\$ 23,438	\$ 2,326	\$ -	\$ 2,344	\$ 4,670	\$ 18,768	\$ 15,797