

**Town of Kentville**

**Annual Financial Report  
Consolidated Financial Statements  
Kentville Water Utility Non-consolidated  
Financial Statements**

March 31, 2019

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# Town of Kentville

## Annual Financial Report

### Consolidated Financial Statements

### Kentville Water Utility Non-consolidated Financial Statements

#### Contents

	<u>Page</u>
Annual Financial Report	1-30
Management's Report	31
Town of Kentville Consolidated Financial Statements	Section A
Town of Kentville Water Utility Non-consolidated Financial Statements	Section B



**Town of Kentville**  
**Annual Report**  
March 31, 2019

354 Main Street  
Kentville NS B4N 1K6  
[www.kentville.ca](http://www.kentville.ca)

# Kentville

at a glance

**6,271**  
Population (2016)

**17.35 km<sup>2</sup>**  
Geographic Area

**0.5° C**  
Average  
Temperature Winter

**23.5° C**  
Average Temperature  
Summer

**\$232,894**  
Average Value of  
Owned Dwelling

**45.4**  
Median Age

**\$56,909**  
Median Household  
Income  
(2016)

**7.8%**  
Unemployment Rate  
(Q 1 2019)



**3,041**  
Dwelling Units  
(2018)



## Town of Kentville Annual Report

This report provides a variety of information about the Town of Kentville and its operations. It is followed by the audited consolidated financial statements of the Town for the year ended March 31, 2019.

### **Town of Kentville Government**

The Town of Kentville was incorporated on May 1, 1886. Kentville, nestled in the centre of the Annapolis Valley in Nova Scotia, has a population of 6,271 (2016 census). As the largest town in the Annapolis Valley, it serves as the professional centre for legal, financial and medical services. A large array of businesses, unique shops and eateries offer a variety of services to its ever-growing population. Blessed with an incredible quality of life, residents enjoy the benefits of living in a smaller-sized community- yet on the doorstep of such amenities as an internationally-recognized university and the capital city of Nova Scotia. Kentville residents enjoy a safe, vibrant and friendly town, a safe drinking water system, exemplary protective services, a multitude of recreational facilities, a walking trail system and a state-of-the-art elementary school complex, among other features.

The Town is governed by a council consisting of a mayor and six councillors, elected “at large” every four years. Council is the policy-forming and decision-making body representing the interests of its residential and corporate citizens. The Town draws its authority from the ***Municipal Government Act*** which mandates the Town to provide municipal services within its boundaries. The next municipal election will occur in October 2020.

**Kentville offers programs that serve the interests of the public– such as:**

- ⇒ Legislative services
- ⇒ Administrative, Corporate and Financial services
- ⇒ Protective services
- ⇒ Transportation services
- ⇒ Environmental services
- ⇒ Planning services
- ⇒ Recreation, parks and cultural services

**With our government and community partners Kentville also provides:**

- ⇒ Assessment services\*
- ⇒ Education services\*
- ⇒ Correction services\*
- ⇒ Library services\*
- ⇒ Social housing services\*
- ⇒ Community economic development services
- ⇒ Public transit services
- ⇒ Fire fighting services
- ⇒ Fire and building inspection services
- ⇒ Solid waste management services

\*Provincial mandatory expenditures

## Vision Statement

***"Kentville is a healthy, vibrant, integrated and complete community where citizens can live, work and play in an environment that supports a high quality of life".***

**(Endorsed by Town Council July 15, 2009)**



### Notes of Interest

- Major development in the Business Park continued throughout 2018/19 and included construction of roadways, water, storm and sanitary sewer infrastructure to newly-created lots.
- The Recreation department undertook two in-depth studies in 18/19– a Regional Needs Assessment and an Active Transportation Study (AT). The Needs Assessment gathered information on existing service delivery and identified any gaps in the current programmes in Kings County. The AT study looked at accessibility as well as community connectivity, including ways to improve active movement throughout Town. Both reports will be tabled in 2019/20.
- Major development in the Town's east end has begun. This property will eventually house four 47- unit apartment buildings. Its location adjacent to the Town's walking trails and its proximity to the Federal Research Farm will make this a desirable location for future residents.
- Kentville assumed control over the Kentville Research Farm Ravine at the east end of Kentville. A study to maximize our use of this space will be engaged in 2019/2020.
- Chrysalis House purchased land on River Street and will begin to construct a new facility within the year.



## • Economic Snapshot- Provincial

Nova Scotia's economy should continue to grow at a steady pace over the next two years—sufficient enough to keep the labour market on a positive trajectory. Housing construction is expected to moderate after a burst of activity in 2018. The aging population is another restraining factor. Employment grew by a solid 1.5% over the first 11 months of 2018—the strongest gain in over a decade. Population growth is also a good news story with international migration increased over 47% over the first half of the year compared to a year ago. Interprovincial migration has seen 11 consecutive quarters of increase with the second quarter seeing the largest increase in over 30 years. Exports will continue to grow at a sturdy pace of 8%. Major growth stems from the forestry exports and seafood exports. Business investment will drop off over the coming years with the completion of major projects. Both natural gas facilities are being decommissioned. The Province's capital spending intentions have also dropped off <sup>1</sup>

Economic indicators:

Forecast Detail*– Nova Scotia	2016	2017	2018	2019F	2020F
Real GDP	1.5	1.5	0.9	0.6	0.8
Employment	-0.4	0.6	1.5	0.7	0.4
Unemployment rate (%)	8.3	8.4	7.6	7.2	7.2
Housing starts (units)	3,800	4,000	4,800	4,000	3,600
Retail sales	4.7	7.8	1.2	2.9	3.2
CPI	1.2	1.1	2.2	1.8	2.7

<sup>1</sup>Source: RBC Economics Research, March 2019 (\* - % change unless otherwise indicated)



### Economic Snapshot- Regional

Employment in the Annapolis Valley rose modestly from the previous year, with gains in both full-time and part-time employment. The working-age population and labour force were little changed over the same period, and, as the result of employment gains, the unemployment rate fell from 9.7% in Q1 2018 to 7.8% in Q1 2019. The **Manufacturing and Accommodation and food services** industries experienced the largest employment gains.<sup>2</sup>

Economic indicators:<sup>3</sup>

Annapolis Valley (3-month moving avg.)	March 18	March 19
Employment (000)	55.7	56.8
Unemployment rate (%)	9.7	7.8

<sup>2</sup>Source: HRSDC Labour Market Bulletin, Nova Scotia, March 2019

<sup>3</sup>Source: Statistics Canada Labour Force Survey– Table 14-10-0293

### Economic Snapshot– Local

For **Kentville**, 124 permits were issued in 2018/19 and totalled **\$5,936,995** (17/18–129 permits issued; value \$17,146,665). **Property sales** in assessment dollars (over \$1) for **Kentville** are as follows<sup>4</sup>:

Year	Value in Assessment Dollars
2018	\$30,162,594
2017	\$38,318,020
2016	\$22,042,137
2015	\$16,437,126
2014	\$28,271,318

<sup>4</sup>Source: PVSC, March 2019

## Financial Management and Control Programs

The major components of the Town's financial management and control programs include the budget process, accounting procedures, independent external audit, capital financing practices, financial and investment policies, some of which are described below.

### The Budget Process

Council has the authority under the *Municipal Government Act (MGA)* to allocate funds through the budget process. It is a challenge to balance the competing needs for service delivery, our high standard of service delivery, fluctuating property assessments and revenue streams, while maintaining stability in the tax rates.

Yearly, Town Council considers a current operating budget along with a 5-year capital investment plan. Town Council formally adopts the operating budget and capital program for the immediate year. The budgets are divided into the various programs which provide service delivery to residential and corporate citizens. The budget process involves elected officials, the Chief Administrative Officer, Department Heads, Town personnel and the public.

Council's goal is to provide exemplary services at a reasonable cost to the residential and corporate citizen and, therefore, it sets the standards and guidelines for the budget process after considering Provincial legislation, servicing needs, policy changes and public expectations. Staff make recommendations to revise service levels or to change revenues in order to meet Council's targets on the tax levies. Prior to Council's final ratification, public input is sought and considered in the decision-making process.

Revenue is derived from property taxation, user fees, conditional and unconditional grants from upper levels of government and capital contributions from outside parties. Sufficient revenues must be raised to provide the service delivery as determined by Town Council.

Municipalities, by law, are not permitted to budget for operating surpluses or deficits, and, should a deficit occur through the course of business, it is recovered through the next year's operating budget.

Once the budget is finalized, service is provided and revenue is collected. Expenditures are controlled against the budget by formal financial, purchasing and human-resource policies and financial systems designed to prevent budget overruns. Each senior manager directs the department's service delivery and ensures that the Town's policy statements (as noted above) are followed. Once the budget is ratified, internal financial reporting to Town Council is tabled at the Council Advisory Committee. The reports include a monthly income statement and, for the last six months of the fiscal year, projection reports for the Town's operating fund. Reports on the Town's water utility and sanitary sewer area service are tabled quarterly and coincide with each quarterly billing.

### **Financial Management**

The Town's accounting system and internal controls are maintained by management and designed to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. To that end, Finance personnel are properly trained in their respective job functions and a well-defined separation of duties, responsibilities and accountability exists. The Town of Kentville follows Canadian public sector accounting standards for local governments when recording its financial information, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (CPA). The outcome furnishes financial records that are reliable for the preparation of financial statements. Kentville continues its tradition of operating a well-managed organization. Management's ability to achieve its

financial outcomes is a result of consistent, dependable budgetary performance and timely financial reporting.

### **External Independent Audit**

On an annual basis, the Town of Kentville is required by the *Municipal Government Act* to engage external independent municipal auditors to express an opinion as to whether the consolidated financial statements are free of material misstatement and that the consolidated financial statements present fairly, in all material respects, the operating results and financial position of the Town of Kentville at the end of each fiscal year. The external independent auditors have free access to all records of the Town and, as required, they meet with Town personnel to discuss any matters that arise during the course of the audit engagement. Annually, the external independent auditors also provide the Town with an *internal control findings letter*, which speaks to the adequacy of the Town's internal controls. As a minimum, the external independent auditors meet with the Town's Audit Committee yearly when the draft financial statements are presented to the Audit Committee. The Audit Committee is comprised of the Mayor and two councillors, along with two citizen appointees. The Chief Administrative Officer and Director of Finance are ex officio and attend as resource.

While an external opinion is sought, the Town's management is responsible for the preparation of the financial statements and the integrity and objectivity of the financial information and the representations contained in the financial statements.

### **Capital Financing**

Every year, Kentville completes many capital projects which meet not only its growth needs but also its need to renew aging infrastructure. Financing for these initiatives includes a

combination of “pay-as-you-go” via cash reserve funds, contributions from outside interested parties and debt issuances. The Town has adopted a strategy to maintain its annual debt issuances to one million dollars (or less) and it has increased funding from its cash reserves to pay for capital acquisitions.

The long-term debt-servicing practice of Town Council has been to maintain the 5-year average debt service ratio at between 10-12% of own-source revenue. This self-imposed cap could affect future capital investment plans and the number of projects undertaken each year, but, in the long run, it will ensure that debt servicing (via the tax rates) is kept at manageable levels while ensuring that infrastructure is acquired or renewed.

### **Perpetual Investment Fund**

The Town is in a “*net financial asset*” position created by funds invested according to the Town’s ***Special Perpetual Reserve Fund Investment Policy***. These funds were derived from the sale of the Kentville Electric Commission to Nova Scotia Power Inc. in 1997. Ten million dollars of the proceeds were sheltered from day-to-day spending by the Nova Scotia Legislature via local Bill. No 20 – *The Town of Kentville and Kentville Electric Commission Sale of Assets Act*, assented to June 29, 1998. The ***Special Perpetual Reserve*** is unique in that it invests in equity stock, fixed income securities and other money-market vehicles. The objectives of the investment fund are preservation of capital, conformance with Federal, Provincial and other legal requirements, diversification to avoid unreasonable risks and attainment of a market rate of return that reflects the risk profile of the portfolio and investment plan. The Town’s ***Special Perpetual Reserve Fund Investment Policy*** received full approval of the Minister for Department of Municipal Affairs, as per MGA 100 (b) (obtained March 25, 2004). This ***fund*** is managed by an Investment Advisory Committee consisting of two knowledgeable citizen appointees and a member of Town Council (a second Council



member is appointed as an alternate). The Chief Administrative Officer and the Director of Finance sit ex officio. The Fund is administered by an external financial advisor, whose term is for a four-year period. A *Request for Proposals for Investment Advisory Services* is released every four years on the Provincial Procurement web portal. In 2018, the Investment Advisory Committee revised its ***Investment Policy***, which was ratified by Town Council on May 28, 2019. Provincial endorsement from the Minister for Municipal Affairs was received on June 21, 2018.

Since 1999, \$10.3 million has been transferred to the Town's operating fund, while \$1.9 million retired long-term debt related to the Electric Commission and \$ 819 thousand was transferred to the Town's capital reserve fund. As at March 31, 2019, the **market value** of the Special Perpetual Reserve Fund was \$12,955,710 (2018- \$12,868,166).

### **The Assessment Process**

**Property Valuation Services Corporation (PVSC)** determines the assessment value of properties, as legislated by the Province of Nova Scotia Assessment Act. This organization is owned by the municipalities of the Province of Nova Scotia and municipalities are mandated to provide its funding. In general, the assessment service and its relationship to property taxation is not understood by the taxpayers. The Town of Kentville must use the assessment records (as provided by PVSC) in its calculation of tax levies. In Nova Scotia, since 2005, residential and resource assessment increases are CAPped each year at the CPI for Nova Scotia for the month of October, as posted by Statistics Canada. The CAP system was imposed to protect property owners from "sudden and dramatic increases" in the market value of their property. For 2018/19, the CAP was 0.9%. The CAP eligibility criteria can be found on the PVSC website at [www.pvsc.ca](http://www.pvsc.ca).

## Results of the Year Ended March 31, 2019

The Town of Kentville provided services to residential and corporate citizens through its operating departments and also continued to renew and remediate the Town's infrastructure by investing in capital building, some of which included massive infrastructure additions in the Kentville Business Park –streets, sanitary sewer, storm sewer and water services, which will enable the opening of new lots in the Park, continued building of the playground at Oakdene Park, and completion of a variety of Recreation acquisitions.

### *Some key highlights were:*

- ⇒ In 2018/19 the total **Residential tax rate was increased 2.4 cents (1.6%)**.
- ⇒ In 2018/19 the total **Commercial tax rate remained stable**.
- ⇒ Total **taxable assessment growth** April 1, 2018 (net of cap and adjustments) was **1.6%**.
- ⇒ **CAP** on Residential and Resource assessments (set by the Province) was **0.9%**.
- ⇒ **Water rate charges remained stable** for all users of the utility, as authorized by the Nova Scotia Utility and Review Board, at **April 1, 2018**.
- ⇒ **Sanitary sewer charges** changed for all users of the service, as authorized by Town Council, effective **April 1, 2018**.
- ⇒ As at March 31, 2019, the Town of Kentville General Operating Fund recorded a **non-consolidated surplus** of **\$24,805** (2018-\$11,459). The entire surplus was transferred to the Town's operating reserve fund, as per DMA guidelines.
- ⇒ The Sanitary Sewer Area Service reported a **non-consolidated surplus of \$NIL** (2018-\$137,428), before the entire surplus was transferred to its operating reserve, as per DMA guidelines, and
- ⇒ The Kentville Water Utility Operating Fund recorded a **non-consolidated surplus of \$110,200** (2018-\$146,349)- prior to dividend payment to the Town Operating Fund of \$100,000 (2018- \$100,000).
- ⇒ **At March 31, 2019**, the consolidated **PSAS-compliant annual surplus is \$448,052** (2018- \$658,474).



## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

### Financial Reporting Model

The objectives of financial statements are to describe to the reader the organization's financial position, the results of its operations and how the sources for its various activities have been derived and consumed. Our statements provide information about the economic resources, obligations and accumulated surplus of the Town. While similar to financial statements of private sector organizations, the Town's financial statements are different, accounting for its unique aspects. The following are the primary statements prepared by all governments:

Consolidated Statement of Financial Position	Provides information to describe a government's financial position in terms of its assets and liabilities as at the end of the reporting period. Net financial position and accumulated surplus are important factors in determining the government's financial well-being.
Consolidated Statement of Operations and Accumulated Surplus	Provides accountability information for a government's current-period operations and the related government objectives for the reporting period. It also denotes the change in accumulated surplus.
Consolidated Statement of Change in Net Financial Assets (Debt)	Provides accountability information regarding the extent to which expenditures made in the period are met by the revenues recognized in the current period.
Consolidated Statement of Cash Flows	Provides information about the impact of a government's activities on its cash resources for the current period.

As noted in the table above, the Statements are "consolidated", which means, in the Town of Kentville's case, that all resources and operations under the control of the Town are reflected in the data. This includes all departments of the Town, the Sanitary Sewer Area Service, the Kentville Water Utility and Special Reserve Funds. A description of the funds is as follows:

### Funds

A fund is a grouping of self-balancing accounts used to report on resources that have been segregated for a specific purpose. These funds are created and managed to ensure that the Town is compliant with legislation and financial requirements.

The **General Operating Fund** reports on taxation and rate-supported operations– the day-to-day operations of the Town. This includes policing services, fire services, transportation services, planning services, recreational services, sanitary sewer services and legislative and administrative services.

The **General Capital Fund** reports on the acquisition of capital assets such as the building of

streets, sidewalks, storm sewers, for example. It also quantifies related short and long-term borrowing as well as amortization of capital assets.

The **Kentville Water Commission Operating Fund** reports on the daily operations of the water utility, as funded by water rates approved by Nova Scotia Utility and Review Board.

The **Kentville Water Commission Capital Fund** cites acquisition of its capital assets (wells, transmission and distribution lines). This fund also accounts for related short and long-term borrowing as well as depreciation of capital assets.

The **Reserve Funds** are separated into Operating Reserves and Capital Reserves. These funds accumulate past operating surpluses of the Town, Sanitary Sewer Area Service and Water Utility.

The **Operating Reserves** (Town, Sanitary Sewer and Water) are akin to “savings” accounts and house the past surpluses of the aforementioned operating entities. These reserves provide stability in property tax rates and utility rates by offsetting unexpected operating expenditures, a current deficit position or to pay for an unexpected opportunity.

The **Capital Reserves** (Town, Sanitary Sewer and Water) are also savings accounts but used for capital acquisition purposes. They can be used to finance current and/or future years’ capital procurements for the Town, Sanitary Sewer Area Service and the Water Utility, thereby reducing reliance on long-term borrowing. Capital reserve funds are also utilized to fund unexpected capital infrastructure needs– such as a substantial water break. Also, contributions from outside sources for capital acquisitions may be contained in the reserve banks until the asset is acquired.



**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS****Consolidated Statement of Financial Position (A-3)**

This statement provides details on the Town's financial position at the end of the fiscal year. This information can be used to evaluate the Town's ability to finance its activities and meet its liabilities. The statement also identifies the Town's ability to provide future services. The Town separates the statement into "net financial resources" and "non-financial assets". The financial resources include cash, receivables, land held for sale and investments. The Town has obligations to meet (liabilities), that use up the financial resources. The difference between financial assets and liabilities is the measure of the Town's "net financial asset" position and describes the Town's ability to meet its obligations at March 31. (A "net debt" position would indicate the future revenues are required to pay the liabilities at end of March.)

Non-financial assets include tangible capital assets and prepaid expenses of the Town. Capital assets are acquired to provide service delivery over the course of many years. They do not provide revenue for operations (hence are "non-financial" in nature). The accumulated surplus is the sum total of all surpluses and deficits of the Town since its inception. The accumulated surplus position signifies the Town's total economic resources— the amount by which all assets exceed all liabilities. The accumulated surplus also indicates the Town has resources (financial and non-financial) that can be used to provide services for years to come.

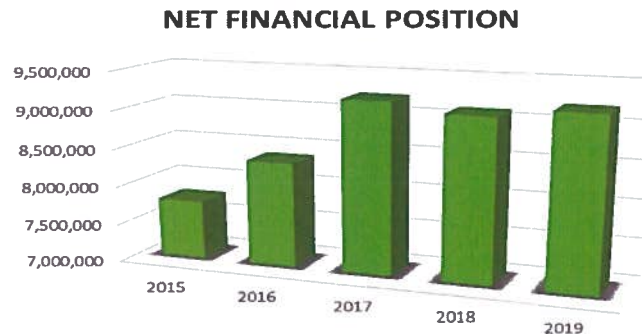
As at March 31, 2019, the Town statements report:

	2019	2018	Variance
	\$	\$	\$
Cash and cash equivalents	6,447,675	7,191,574	(743,899)
Investments	<u>13,121,662</u>	<u>13,009,303</u>	<u>112,359</u>
Financial assets	19,569,337	20,200,877	(631,540)
Liabilities	<u>10,353,756</u>	<u>11,087,999</u>	<u>(734,243)</u>
<b>Net (financial) assets</b>	<b>9,215,581</b>	<b>9,112,878</b>	<b>102,703</b>
Non-financial assets	42,549,511	42,204,162	345,349
Accumulated surplus	<b>51,765,092</b>	51,317,040	448,052

Fund	Net revenues (expenses)
	\$
General Operating (before Δ pre-pays)	624,281
General Capital	(2,560,852)
Water Operating (before Δ pre-pays)	938,304
Water Capital	(428,811)
Reserves	1,529,781
Net consolidated expenditure (agrees to increase in Net (financial) assets)	<b>102,703</b>

### Net Financial Asset Position

The net financial asset position is the difference between financial assets and liabilities, which provides an indication of the affordability of future spending. As at March 31, 2019, the Town was in a net financial asset position of \$9.2 million (2018-\$9.1 million). The change of during the year is the result of an increase in cash and decreases in receivables and properties for resale offset by decreased loans and long-term debt.



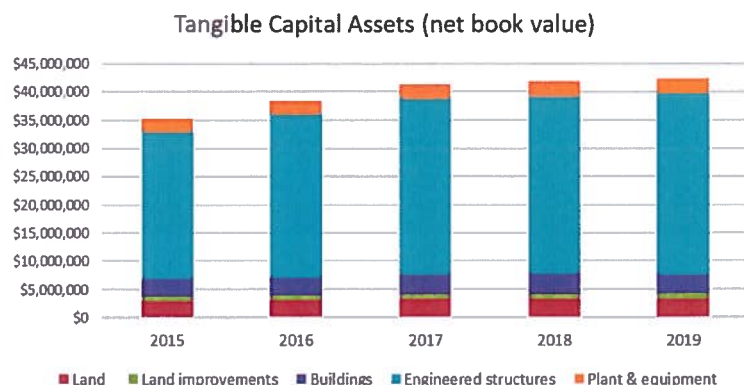
### Non-Financial Assets

Non-financial assets are physical resources used to provide delivery of services to the public. They include purchased, constructed, contributed or developed tangible capital assets and prepaid expenses. Tangible capital assets comprise the majority of the non-financial asset figure.

As shown in the accompanying chart, the Town is committed to investment in its infrastructure. Acquisitions of capital assets are the end results of the Town’s and Water Utility’s capital budgets. As with most levels of government, competing infrastructure needs and scarce financial resources create a struggle in managing legislated environmental requirements with fiscal responsibility.

Both the Town and the Kentville Water Commission ratified their respective annual capital budgets. The Town forecasted budgets for the years 2020-2023, which were approved in principle. Kentville Water Commission tabled a three-year capital investment plan, as required by Nova Scotia Utility and Review Board.

For 2019, on a consolidated basis, including amortization and disposals, the Town acquired \$343,216 in tangible capital assets (2018-\$748,856).





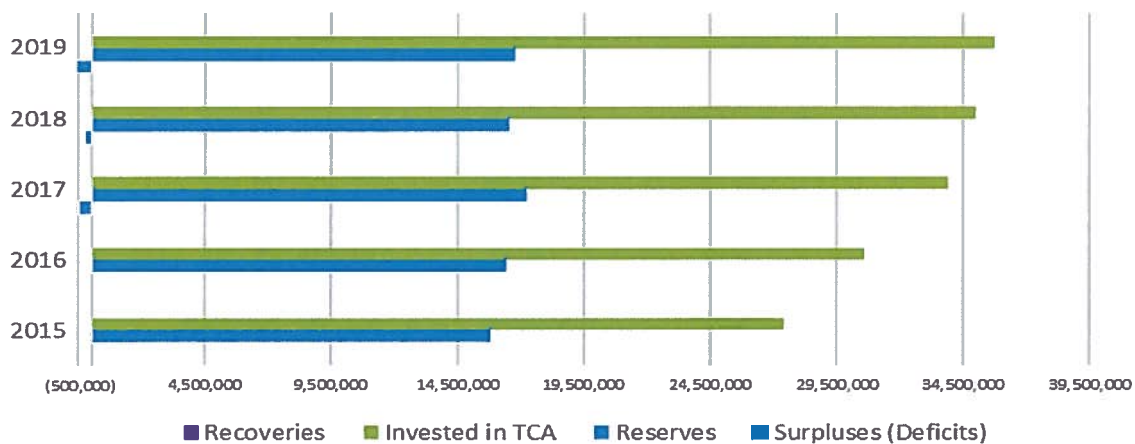
### Accumulated Surplus

The Accumulated Surplus Position is an important financial indicator. This gauge is comprised of all the surpluses and deficits of the various funds and reserves that are included in the statements, along with the tangible capital assets.

The yearly change (increase or decrease) in the accumulated surplus is equal to the annual surplus for the year.

The Town’s accumulated surplus, through its investment in tangible capital assets, has grown over the period, indicating a strong foundation upon which future services will be delivered.

Accumulated Surplus



**In 2019** the **accumulated surplus is increased by \$448,052 to \$51.8 million**, due to the net increase in tangible capital assets (+\$343,216) and the increase of other non-financial assets (\$2,133), plus the increase in net financial assets (\$102,703)(detailed on page 16) .

Approximately 82.0% of the accumulated surplus reflects the Town’s investment in its tangible capital assets (2018– 82.1%). Our tangible capital assets cannot be used to pay for the Town’s ongoing operations.



## Breakdown of Consolidated Accumulated Surplus

The *Schedule of Accumulated Surplus* on the following page details the makeup of the accumulated surplus.

It is split into segments:

**Reserve funds**, which are surpluses that have been accumulated in advance of a future need or requirement (similar to a savings account);

**Net ownership in tangible capital assets**, including amortization and other write downs (2019 details are):

	Town	Water	Total
Tangible capital assets /CWIP*	\$52,294,905	\$ 18,551,195	70,846,100
Less: Amortization/Depreciation (Water)	(21,779,937)	(5,429,943)	(27,209,880)
Less: Deprecation (not rated) (Water)	0	(1,182,044)	(1,182,044)
	30,514,968	11,939,208	42,454,176
Less: Short term debt	(902,940)		(902,940)
Less: Long term debt	(6,005,420)	(878,600)	(6,884,020)
Add back: Debt to be recovered (other transactions)	1,073,384		1,073,384
<b>TOTAL</b>	<b>\$24,679,992</b>	<b>\$ 11,060,608</b>	<b>\$ 35,740,600</b>

\* CWIP = Construction work in progress

**Surpluses (Deficits)** of operating and capital funds, which are similar to profits or losses, in that financing has exceeded liabilities and leaves a balance (or vice versa if deficits are reported).



Schedule of Accumulated Surplus	2019	2018
<b>Reserve funds</b>		
Town operating	<b>\$740,721</b>	\$901,728
Town capital	<b>1,212,471</b>	987,111
Sanitary sewer operating	<b>209,188</b>	333,670
Sanitary sewer capital	<b>110,370</b>	220,370
Sanitary sewer depreciation	<b>130,812</b>	60,012
KWC operating	<b>170,620</b>	113,620
KWC capital	<b>355,449</b>	397,952
KWC depreciation	<b>649,196</b>	439,059
Town perpetual capital	<b><u>13,198,832</u></b>	<u>13,100,897</u>
Total reserve funds (A-40)	<b><u>16,777,659</u></b>	<u>16,554,419</u>
<b>Invested in tangible capital assets</b> (net) (see page 19)	<b><u>35,740,600</u></b>	<u>34,971,573</u>
<b>Accumulated surplus (deficit)</b> (fund balance)		
Town operating (Includes Sanitary Sewer Area Service) (A-33)	<b>0</b>	0
Town capital (A-35)	<b>(1,094,791)</b>	(536,507)
KWC operating (A-37)	<b>263,522</b>	253,322
KWC capital (A-38)	<b><u>78,102</u></b>	<u>74,233</u>
Total (deficit)	<b><u>(753,167)</u></b>	<u>(208,952)</u>
<b>ACCUMULATED SURPLUS</b>	<b><u>\$51,765,092</u></b>	<u>\$51,317,040</u>





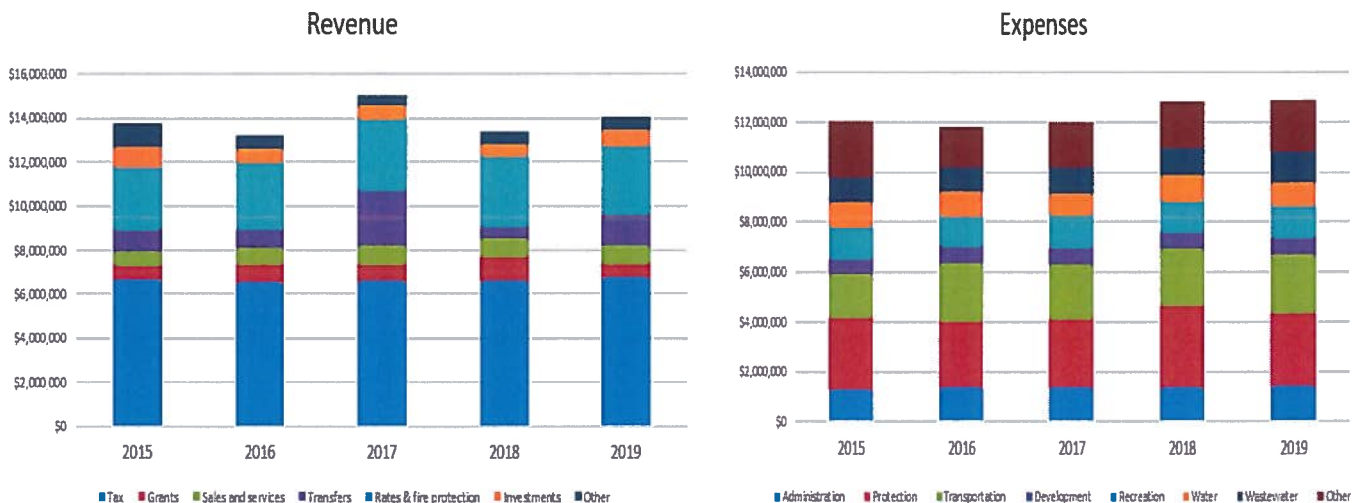
### Consolidated Statement of Operations (A-4)

The Consolidated Statement of Operations is a compilation of the schedules of all the Town’s entities including all operating, all capital and all reserve funds (pages A-33 to A-41). This statement lists all major sources of revenue, such as taxation, grants, user fees, rates and upper-level government transfer payments. The expenses for the fiscal year are presented by functional activity.

Beyond government transfers, the Town has a good balance of revenue sources with the majority coming from taxation, sales of services, rates and perpetual investment fund income. Indicators of a government’s vulnerability include revenue streams over which it has no control. One such indicator is “*Reliance on government transfers*”. The Provincial threshold is 15% of total revenue”. The Town’s percentage as cited in the Financial Condition Index (FCI) for 2018 2.6% (low risk).

**Revenue** is over budget \$264,412, primarily due to excess tax revenue re: savings in Mandatory contributions for Education & Housing. Increased revenue is also found in Gas Tax Transfer, Sales and Interest. On the expense side of the ledger, before “Other”, **Expenses** are over budget \$541,741 due to Transportation (snow removal & transit). Environmental Health (solid waste), Wastewater, Disposals and Amortization. The Town reassessed its “Properties held for sale”, now recorded at net realizable value. This adjustment reduced the annual surplus by \$727,419.

The difference between the revenue and expense sections is shown as the annual surplus for the reporting period. **For 2019**, the Statement of Operations discloses an **annual surplus of \$448,052** (2018-\$658,474). The annual surplus is combined with the accumulated surplus position (beginning of the year) to find the end-of-year accumulated surplus. The accumulated surplus indicates the Town has resources (financial and physical) to provide future services. At March 31, 2019, the accumulated surplus is **\$51.8 million** (2018-\$51.3million).



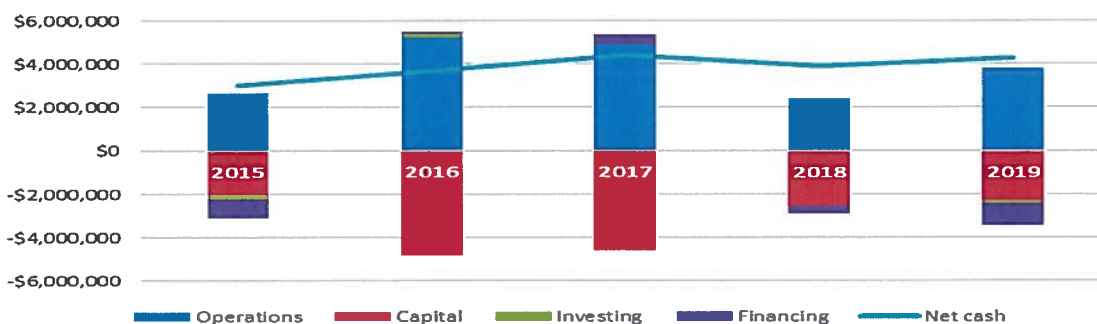
### Consolidated Statement of Cash Flow (A-5)

This statement reports the change in cash and equivalents during the year and shows how the Town financed its activities and met its cash requirements for the same period. The Town generates cash by raising revenue, converting other financial assets to cash and by external borrowing. This statement helps evaluate the Town's liquidity and provides accountability for its use of cash resources. The Town's liquidity ratio for 2018 was 3.1, assessed as "low risk" in the FCI. (The Provincial Financial Condition Index threshold is above 1.5)

Cash resources are generated and consumed through operating, capital, investing and financing activities. Cash flows from *operating* indicate the Town's ability to maintain its programs and service delivery and repay loans without external sources of financing. There are no future cash flows from the investing in *capital* assets because they are used to provide programs and deliver services. Cash flows from *investing* would include investments made and realized during the year (interest and dividends), while cash flows from *financing* would include debt issued and paid during the year. The net cash position **for 2019 is \$4,261,539** (2018-\$3,913,065)– **a increase of \$348,474.** Cash held by fund is as follows:

Fund	2019	2018
General operating bank	\$538,590	
Water operating bank	19,811	
Water capital bank	93,395	\$40,629
Reserve banks		
General operating	715,793	890,176
General capital	1,261,857	1,485,449
Sanitary sewer operating	333,669	196,241
Sanitary sewer capital	110,370	220,370
Sanitary sewer depreciation	130,812	60,012
Water operating	113,620	113,620
Water capital	289,454	444,045
Water depreciation	654,168	462,523
	<b>\$4,261,539</b>	<b>\$3,913,065</b>

Cash Flows



### Consolidated Statement of Change in Net Financial Assets (A-6)

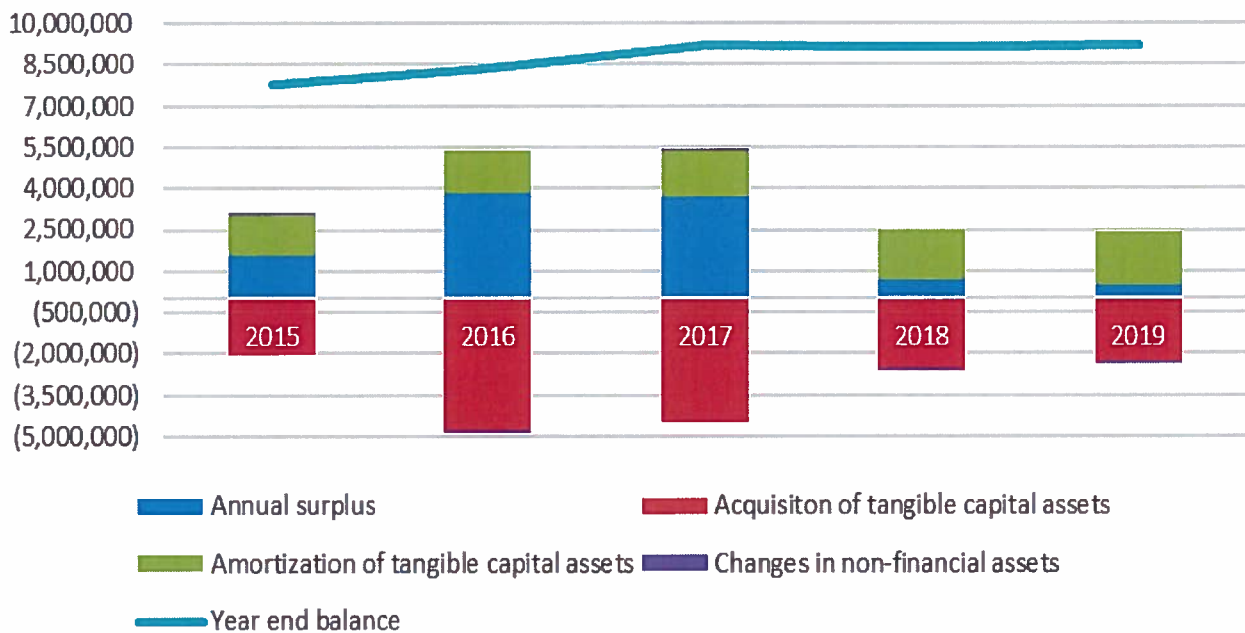
This page explains the difference between the Town’s annual surplus reported on the Statement of Operations- \$448,052 and the increase in Net Financial Assets -\$102,703. The Net Financial Asset position is a key indicator of the Town’s financial position and our ability to provide future services to residential and corporate citizens.

One important factor in this statement is the difference in the reporting of the acquisition of capital assets during the year. When calculating the annual surplus (on A-4), the Town recognizes the cost of using it assets over their useful lives (known as amortization). When calculating the change in net financial assets (on A-6), the Town recognizes the whole cost of purchasing the assets at the time the assets were acquired.

Budget figures are included on this page, and, when compared to actual figures, they show whether the Town is spending more (or less) on capital purchases than it had planned. Simply put, in the long run, overspending on capital acquisition can affect future service delivery (in debt servicing from operations) while underspending may find the Town’s capital assets deteriorating.

The 2019 surplus of **\$448,052** is comprised of (1) tangible capital assets (net of amortization, disposals and write-downs) of \$ 343,216, (2) an increase in prepaid and other expenses \$2,133 and (3) the increase in net financial assets \$102,703.

Consolidated Change in Net Financial Assets



### Schedule of General Operating Fund & Sanitary Sewer Area Service (A 33-34)

This report represents the Town of Kentville Operating Fund and the Sanitary Sewer Area Service. It summarizes the net revenue from operations. Transfers to-and-from own funds are not included in revenue or expenditures but are identified as "Net transfers". The schedule reveals a combined **operating surplus** of **\$24,805** (2018-\$148,887).

**Revenue** is over budget \$96,596 due to decreased Mandatory expenses for Education & Housing & wastewater rates offset by increased Sales. **Expenditures** are over budget \$312,143 due to the snow removal expenditures, increased public transit and solid waste costs along with increased wastewater expenditures.

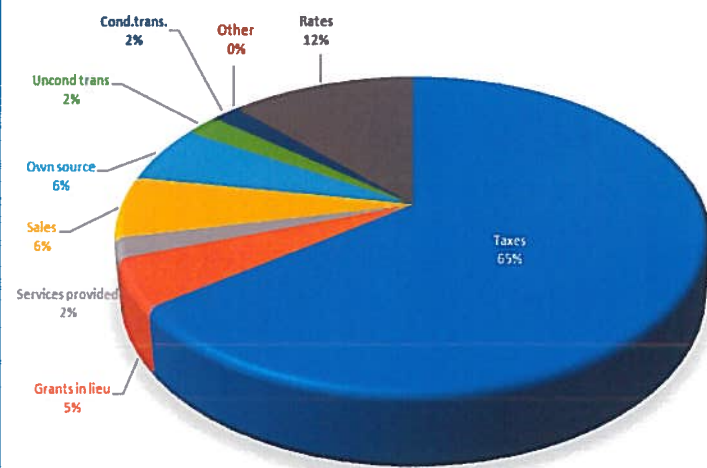
After accounting for transfers between our own funds which includes long-term debt recovery, the annual surplus is \$24,805 (2018-\$148,887).

Separating the two above-noted entities combined on this statement, the 2019 surplus for the **Town General Operating Fund** (shown on page A-34) is **\$24,805** (2018-\$11,459), while the 2019 surplus for the **Sanitary Sewer Area Service** is **\$NIL** (2018-\$137,428. The entire 2019 surplus will be transferred to the Town's operating reserve fund, as per Provincial direction as follows: \$24,805 to the Town Operating reserve fund.

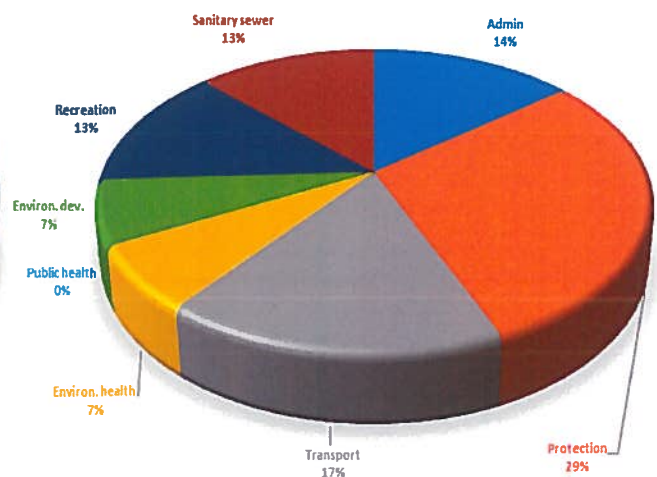
The following graphs indicate the funding sources and how the funds were spent in the Town Operating fund.

#### OPERATING FUND- 18/19

**Revenue**



**Expenditures**





### Schedule of Town of Kentville General Capital Fund (A-35)

This fund accrues the Town’s tangible capital assets and related amortization along with the short and long-term borrowing obtained to partially finance these acquisitions. **Revenue** is comprised of contributions from outside sources, proceeds on sale of assets and grants from Federal & Provincial governments. **Expenditures** reflect the current investment in the Town’s infrastructure - the capital assets acquired in 2018/2019. New assets totaled **\$2,037,439**, including Work-in-Progress assets. Capital projects were financed by Operations (\$85,950), various Capital Reserves (\$423,458), Contributions (\$43,700), Province of NS (\$16,025), Federal Gas Tax Reserve (\$737,318); Authorized Temporary Borrowing (\$730,988). “Properties held for sale” was written down to net realizable value in 2019 and created an expense of \$727,419.

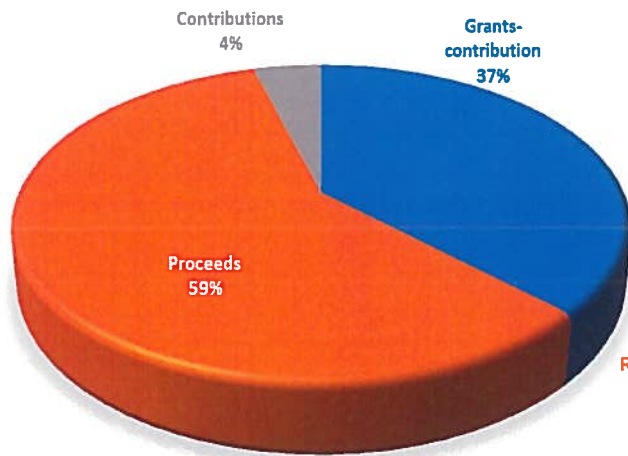
Total expenditures in the capital fund increased from \$2.1 million in 2018 to \$2.7 million in 2019. The closing *Fund Balance* for 2019 is **\$ (1,094,791)** compared to \$(536,507) in 2018.

The Town’s total ownership in its capital assets is itemized on page 19 of this report and on page A-36 of the financial statements and makes up part of the Town of Kentville Capital Fund. The Town’s ownership in capital assets (\$24,679,993) plus the Fund Balance make up the Town Capital fund’s accumulated surplus of **\$23,585,202** (2018-\$23,557,843).

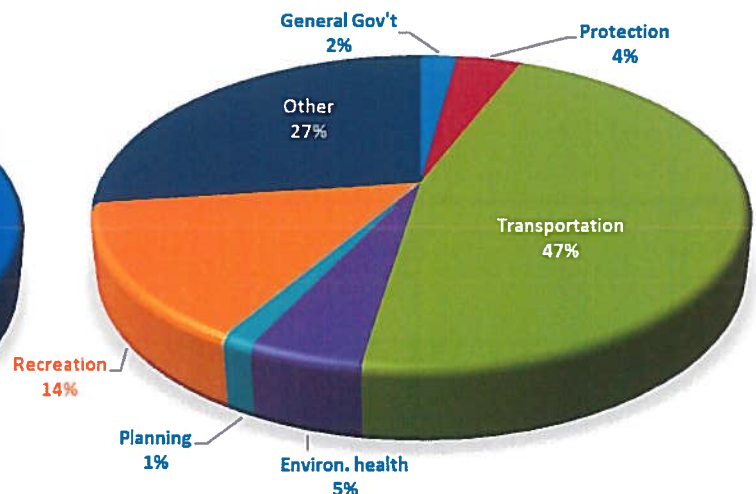
2019 construction projects included extended development in the Kentville Business Park-streets, storm sewer and sanitary sewer funded by **Federal Gas Tax**. Other projects included the purchase of Police and Transportation equipment, renewal of the Belcher Street sidewalk, improvements to the Visitor Information Center and new brand-messaging signage. Under Recreation, new assets include additional elements to the Skatepark and Oakdene Park. The arena renewed the ice resurfacer room and installed new LED lighting. The pool and its building received some renewals and various “Green Area” projects were completed.

#### CAPITAL FUND- 18/19

##### Revenue



##### Expenditures



### Schedule of Water Operating Fund (A-37)

This page represents the Kentville Water Utility Operating Fund and summarizes the revenue and expenditures from operations along with transfers and depreciation. Transfers to-and-from our own funds are not included in revenue or expenditure but they do make up a portion of "Net transfers".

**Revenue** is comprised primarily of metered rates along with the public fire protection charge to the Town of Kentville and the County of Kings, which is mandated by the Nova Scotia Utility and Review Board. **Expenditures** account for the operations and maintenance of the utility and the treatment, transmission and distribution of potable water to Kentville and surrounding areas.

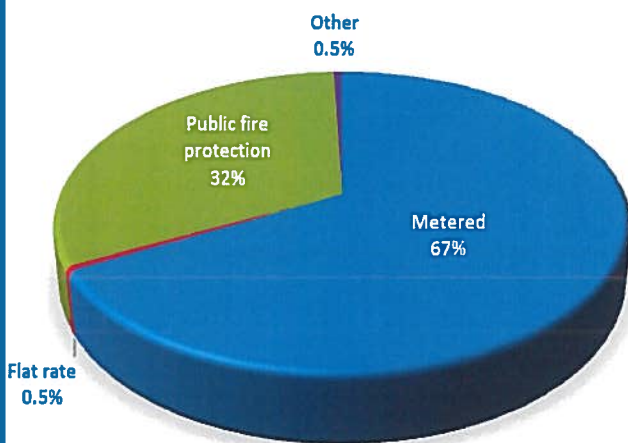
Net revenues are **\$935,463** (2018- \$837,049). After including transfers between our own funds and depreciation adjustments, the increase in fund balance is **\$10,200** (2018-\$46,348). Kentville Water Commission pays a dividend to the Town of Kentville Operating Fund (as the owner of the utility). The amount transferred in 2019 was \$ 100,000 (2018- \$100,000). Before this transfer, the Utility's surplus was **\$ 110,200**(2018-\$146,348).

The "**Closing fund balance**", which is equivalent to its "accumulated surplus", is **\$263,522** (2018-\$253,322).

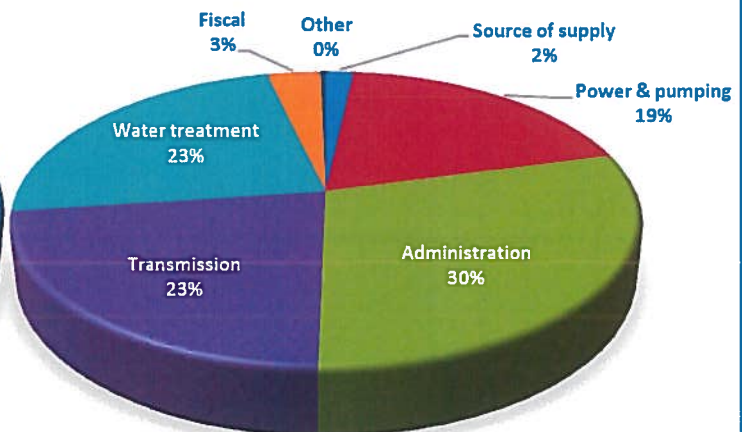
The following graphs indicate the revenue sources and how the funds were spent in the Water Utility Operating fund.

#### WATER OPERATING FUND-18/19

**Revenue**



**Expenditures**



### Schedule of Water Capital Fund (A-38)

The Water Utility Capital Fund records the capital acquisitions, depreciation and long-term borrowing for the Kentville Water Utility.

**Revenue**– There was no external funding in 2019 related to capital acquisition.

**Expenditures** reflect the current investment in the Utility's infrastructure - the capital assets acquired in 2018/2019. Acquisitions in 2019 totaled **\$428,811**. Capital projects were financed by Capital Reserve (\$108,500), Depreciation Reserve (\$109,697) and Gas Tax Reserve (\$214,483) less Cash \$3,869 (re: CWIP 2018).

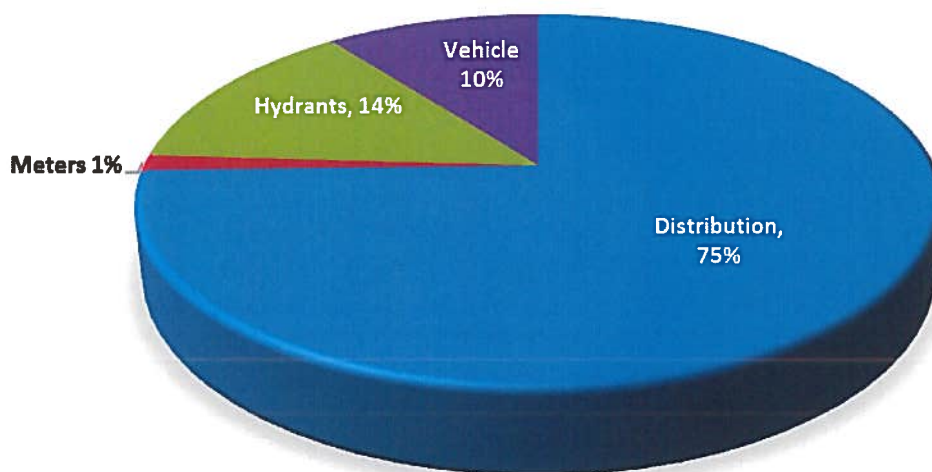
Net expenditure in the Water Utility Capital Fund decreased from \$501,624 in 2018 to \$428,811 in 2019. End of 2019, the Water Utility's Capital Fund Balance is **\$ 78,102** (2018-\$74,233).

The Utility's ownership in its tangible capital assets (TCA) is itemized on page 19 of this report and on page A-39 of the financial statements and makes up part of the Water Capital Fund. The Utility's ownership in its assets is comprised of: total asset acquisitions less total depreciation, amortization and outstanding debt. The sum of the TCA and Fund Balance equates to the total accumulated surplus for the Water Capital Fund of **\$11,138,709** (2018-\$10,951,456).

**2019** construction projects included yearly projects such as acquisition of meters and pumps, along with expansion and up-sizing of water mains in the Kentville Business Park. The Utility also purchased a new truck.

#### WATER CAPITAL FUND 18/19

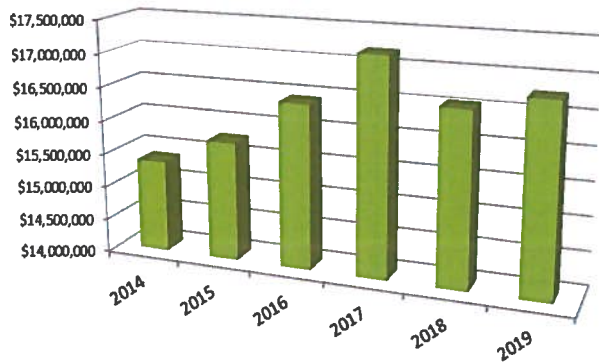
#### **Expenditures**





### Reserve Funds (A-39 & A-40)

Reserve funds increased in 2019 by \$223,240 to **\$16.8 million**. The increase is due to transfers to Town Operating related to collective bargaining settlements and transfers to the Capital Fund –part of the “pay-as-you-go” financing strategy. In the long run, this program will reduce the Town’s reliance on long-term debt issues. Town is committed to maintaining healthy reserve funds but, of note, the Perpetual Reserve fund follows its own set of guidelines. Some reserve funds are identified for future capital funding or for future operating purposes.

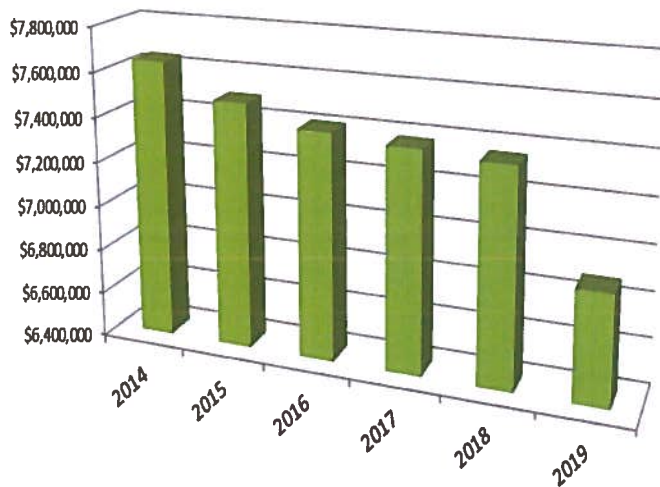


**RESERVE BALANCES  
as at March 31, 2019**

- Operating: \$740,721
- Capital: \$1,212,471
- Perpetual: \$13,198,832
- Sanitary Sewer: \$450,370
- Water: \$1,175,265
- TOTAL: \$16,777,659**

### Long-Term Debt Outstanding (Principal)

Long-Term principal debt levels decreased in 2019 by \$472,620 (see page A-13 Note 7) . Below is a chart of outstanding long-term debt issues over the last six (6) years. Town Council prefers to keep its long-term borrowing in the \$ 1 million range and its average debt service ratio (DSR) between 10-12% of own-source revenue over the 5-year capital investment plan.



**2019**

- New Debt Issued: \$916,000**
- Principal Repaid: \$(1,388,620)**

**PRINCIPAL OUTSTANDING  
March 31, 2019**

- Town \$5,684,640
- Water \$ 878,600
- Sewer \$ 320,780
- TOTAL: \$6,884,020**

## Operating Budget 2019/2020

The most important yearly function for a municipal government is the creation of its operating budget, which provides the roadmap for operations and service delivery for the current fiscal year. It guides the Town's directors by detailing the funding available to each department. The Town's budget team faced many challenges during the 2019/2020 budget process. The Provincial assessment **CAP** equated to **2.9%** (last year 0.9%) and provided some new revenue for 19/20 operations. Among other expenditures, joint-partners funding obligations increased in 19/20 significantly. The Municipality of Annapolis Royal opted out of Valley Waste Resource Management Authority leaving this entity struggling to right-size itself. Kentville's share has increased from 7.85% to approximately 10% (at date of writing). Kings Transit Authority is also moving through growing pains, which may require increased funding from its municipal partners. The Town's operating budget objectives included striving to hold the tax rates while preserving our high standards for service delivery .

Senior managers presented the Operating Fund budget book to Council in two meetings on May 6 and May 7, 2019. These meetings culminated in property tax rates, which were forwarded to Town Council for ratification on May 27, 2019. Because of the afore-mentioned factors, for the year 2019/2020, Council was forced to increase the **total Residential tax rate approximately 2 cents per \$ 100**. The **total Commercial rate was held** at last year's rate.

## Capital Investment Plan 2019 to 2024

The Town's Capital Investment Plan encompasses 5 years. It was presented to Council of May 2, 2019, where it was approved to appear before Council on May 27, 2019. Council ratified the current year and approved the remaining 4 years in principle. The Capital Program for 2019/2020 totals \$2.4 million. Projects include infrastructure work in the Kentville Business Park, continuation of the sidewalk to the Town boundary in the west end, the purchase of various equipment for Policing, Transportation and Recreation, the continuation of the dyke on River Street (partially funded by the National Disaster Mitigation Program), the renewal of two well-travelled streets, new brand-message signage, continuation of the skatepark project with the addition of a bowl, and completion of Recreation studies from last year.

### ***Kentville continues to be ablaze with activity! Other topics of note:***

***Kentville Business Community***– Kentville continues to invest in its business sector by providing funding to Kentville Business Community. Part of this investment includes continuation of the Façade program. To date, 35 facades have been renewed, along with 2 murals.

***Calkin Building***– The new bakery opened its doors in the Spring. Other short-term tenants include the Hardware Art Gallery and the Kentville Farmer's Market (in the winter months). In January 2019, Town Council determined that it not longer wished to be in the "landlord" business and deemed the building surplus. The building has been put up for sale on the open market with a local realtor.

**Kentville Bridge**— Replacement of the current bridge crossing the Cornwallis River continued over the past year, with Bell and Nova Scotia Power completed adjustments to their infrastructure attached to the old bridge. Kentville hopes the new bridge will be set in place sometime this year. Kentville is responsible for financing the street approaches to the bridge, which are budgeted in the 2019/2020 Transportation capital program.

**Kentville Business Park**— In 2015, the Town purchased 42.1 acres of vacant land in the Kentville Business Park to actively pursue selling the land to industry and business. Since our purchase, many lots have been sold. Kentville is currently developing the remaining vacant land in the Park with roadways, water services, sanitary and storm sewer infrastructure, along with providing power to the lots (as the developer of the lands). There is a great deal of interest in the newly carved-out lots.

**FW Robinson land**— Since the demolition of the FW Robinson building, the vacant lot is for sale. There have been many interested inquiries. We hope the land will sell within this fiscal year.

**Other Lands**—The former KCA school land on School Street (now owned by Enquire Developments) will eventually house a mixed-use residential community.

Chrysalis House purchased land on River Street (known as Kentville Futures). It will build a new facility, breaking sod in 2019.

**And finally**, many thanks go to Town Council for its support and direction over the past year. And “thank you” to the senior management team and the Town’s staff for their contributions in pushing our visions forward throughout the year. I especially want to thank my co-workers in the Finance Department for their commitment to the Town of Kentville and their pride in providing excellent service delivery to our residential and corporate citizens.

Respectfully submitted,



Debra Crowell CMM CLGA

Director of Finance

June 24, 2019



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**Town of Kentville**  
**Management's Report**  
March 31, 2019

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The accompanying consolidated financial statements, notes and schedules contained in the annual financial statement of the Town of Kentville are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA"). The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and that the financial records are reliable for the preparation of financial statements.

Town Council fulfils its responsibility through its budget committee and regular review of monthly financial reports. The budget committee consists of the Mayor, all Councillors, the Chief Administrative Officer and all Directors. This committee meets as necessary to deal with budgetary issues. Regular meetings of Town Council deal with all other financial matters including the receipt and approval of the annual audited financial statements.

The consolidated financial statements have been audited by the firm of Kent & Duffett. Their report to the Mayor and Town Council, stating the scope of their examination and opinion of the consolidated financial statements follows.



Mark D. Phillips  
Chief Administrative Officer



Debra A. Crowell  
Director of Finance

**Town of Kentville**  
**Consolidated Financial Statements**  
March 31, 2019

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# Town of Kentville

## Consolidated Financial Statements

<b>Contents</b>	<b>Section A</b>
	<b><u>Page</u></b>
Index	
Independent Auditors' Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Cash Flow	5
Consolidated Statement of Change in Net Financial Assets	6
Notes to the Consolidated Financial Statements	7-24
Schedules to Consolidated Statement of Financial Activities	25-32
Schedule of General Operating Fund and Sanitary Sewer Area Service	33-34
Schedule of General Capital Fund	35
Schedule of General Capital Fund Investment in Capital Assets	36
Schedule of Water Operating Fund	37
Schedule of Water Capital Fund	38
Schedule of Water Capital Fund Investment in Capital Assets	39
Reserve Funds Statement of Financial Position	40
Schedule of Reserve Funds	41
Schedule of Segmented Information- 2019	42
Schedule of Segmented Information- 2018	43

## INDEPENDENT AUDITOR'S REPORT

### **Her Worship the Mayor and Members of Council of the Town of Kentville**

#### ***Opinion***

We have audited the consolidated financial statements of **The Town of Kentville** which comprise the consolidated statement of financial position as at March 31, 2019, consolidated statement of financial activities, consolidated change in net assets and consolidated cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Town are prepared, in all material respects, 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 Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 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. In preparing the financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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



## INDEPENDENT AUDITOR'S REPORT (continued)

### *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
- 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 Town'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 Town'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 Town to cease to continue as a going

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.

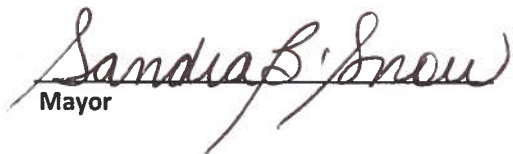
Kentville, Nova Scotia  
June 24, 2019

  
Chartered Professional Accountants  
Licensed Public Accountants  
Registered Municipal Auditor

**Town of Kentville**  
**Consolidated Statement of Financial Position**

March 31	2019	2018
<b>Financial Assets</b>		
Cash (Note 3)	\$ 4,261,539	\$ 3,913,065
Receivables (Note 4)	2,041,054	2,228,073
Properties held for sale (Note 5 & Note 19)	145,082	1,050,436
	<u>6,447,675</u>	<u>7,191,574</u>
Investments (Note 6)		
Restricted	10,000,000	10,000,000
Unrestricted	3,121,662	3,009,303
	<u>13,121,662</u>	<u>13,009,303</u>
	<u>19,569,337</u>	<u>20,200,877</u>
<b>Liabilities</b>		
Bank loan	1,007,367	1,555,093
Payables	2,110,596	1,378,069
Deferred revenue- obligatory reserve fund	24,624	500,788
Other	315,106	285,366
Long-term debt (Note 7)	6,884,020	7,356,640
Tax sale surplus	12,043	12,043
	<u>10,353,756</u>	<u>11,087,999</u>
<b>NET FINANCIAL ASSETS</b>	<u>9,215,581</u>	<u>9,112,878</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 11)	42,454,176	42,110,960
Prepaid expenses	85,402	80,428
Other	9,933	12,774
	<u>42,549,511</u>	<u>42,204,162</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 51,765,092</u>	<u>\$ 51,317,040</u>

*On behalf of the Town*

  
 Mayor

  
 Chief Administrative Officer

# Town of Kentville

## Consolidated Statement of Operations

Year Ended March 31

2019

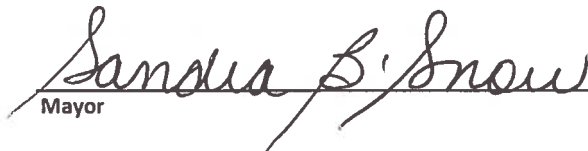
2018

	<u>Page</u>	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>				
Taxation revenue	A-25	\$ 6,696,400	\$ 6,781,507	\$ 6,605,724
Grants in lieu	A-25	516,200	509,468	522,706
Services provided	A-26	209,100	211,317	237,895
Sales of services	A-26	624,900	657,396	631,322
Other revenue from own sources	A-26	518,900	475,479	477,056
Unconditional transfers	A-26	226,800	229,684	228,391
Conditional transfers	A-26	162,100	187,858	144,072
Transfer- Federal Gas Tax		734,400	946,868	146,113
Grants		242,100	54,160	527,683
Wastewater rates		1,312,500	1,273,820	1,299,975
Water rates		1,259,200	1,274,999	1,262,962
Public fire protection		603,700	603,731	603,731
Other revenue		6,300	6,706	59,398
Interest and dividends		542,300	662,815	594,789
Capital gains		100,000	108,475	37,758
Proceeds from sale of assets		41,000	76,029	5,294
		<u>13,795,900</u>	<u>14,060,312</u>	<u>13,384,869</u>
<b>Expenses</b>				
General government services	A-27	1,420,800	1,439,615	1,369,931
Protective services	A-28	2,917,200	2,897,676	3,246,620
Transportation services	A-29	1,593,100	1,658,734	1,685,156
Environmental health services	A-30	644,200	674,773	631,574
Public health services	A-30	4,000	4,000	4,000
Environmental development services	A-30	648,500	667,155	628,231
Recreation and cultural services	A-31	1,323,700	1,297,817	1,267,501
Water		998,300	953,338	1,038,094
Wastewater		979,100	1,239,290	1,105,314
Net book value of tangible assets disposed			92,469	75,263
Amortization		1,814,200	1,956,747	1,795,902
Other			3,227	
		<u>12,343,100</u>	<u>12,884,841</u>	<u>12,847,586</u>
Annual surplus, before Other		1,452,800	1,175,471	537,283
<b>Other</b>				
Properties held for sale			(727,419)	121,191
Annual surplus		1,452,800	448,052	658,474
Accumulated surplus, beginning of year		<u>51,317,000</u>	<u>51,317,040</u>	<u>50,658,566</u>
Accumulated surplus, end of year		<u>\$ 52,769,800</u>	<u>\$ 51,765,092</u>	<u>\$ 51,317,040</u>

**Town of Kentville**  
**Consolidated Statement of Cash Flow**

March 31	2019	2018
	<u>Actual</u>	<u>Actual</u>
<b>Operations</b>		
Annual surplus	\$ 448,052	\$ 658,474
Amortization	1,956,747	1,795,902
Changes in non-cash working capital		
Decrease (increase) in taxes receivable	37,247	(10,917)
Decrease in other receivables	149,772	171,567
Decrease (increase) in properties held for sale	905,354	(246,211)
Increase (decrease) in payables	732,527	(231,862)
(Decrease) increase in deferred revenue- obligatory reserve fund	(476,164)	307,275
Increase (decrease) in other liabilities	29,740	(24,547)
(Increase) in non-financial assets	(2,133)	(27,699)
Cash from operating activities	<u>3,781,142</u>	<u>2,391,982</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(2,392,433)	(2,620,020)
Proceeds from sale of capital assets	76,029	5,294
Loss on sale of capital assets	16,441	69,968
Cash for capital transactions	<u>(2,299,963)</u>	<u>(2,544,758)</u>
<b>Investments</b>		
(Increase) in investments	<u>(112,359)</u>	<u>(23,326)</u>
<b>Financing</b>		
(Decrease) in bank loan	(547,726)	(308,312)
Proceeds from debt issue	916,000	1,159,000
Long-term debt principal repayment	(1,388,620)	(1,181,110)
Cash from financing activities	<u>(1,020,346)</u>	<u>(330,422)</u>
Change in net cash	<u>348,474</u>	<u>(506,524)</u>
Opening, net cash	3,913,065	4,419,589
Closing, net cash	<u>\$ 4,261,539</u>	<u>\$ 3,913,065</u>

*On behalf of the Town*

  
 \_\_\_\_\_  
 Mayor

  
 \_\_\_\_\_  
 Chief Administrative Officer

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**Town of Kentville****Consolidated Statement of Change in Net Financial Assets**

March 31

		2019	2018
	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>Excess revenue over expenses</b>	<u>\$ 1,452,800</u>	<u>\$ 448,052</u>	<u>\$ 658,474</u>
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	(3,599,600)	(2,392,433)	(2,620,020)
Proceeds on disposal		76,029	5,294
Loss on disposal of tangible capital assets		16,441	69,968
Amortization	<u>1,814,200</u>	<u>1,956,747</u>	<u>1,795,902</u>
<b>(Increase) in net book value of tangible capital assets</b>	<u>(1,785,400)</u>	<u>(343,216)</u>	<u>(748,856)</u>
<b>Changes in other non-financial assets</b>			
Acquisition of prepaid and deferred charges (net of usage)		(4,974)	(31,285)
Other		<u>2,841</u>	<u>3,586</u>
<b>(Increase) in non-financial assets</b>		<u>(2,133)</u>	<u>(27,699)</u>
<b>Increase (decrease) in net financial assets</b>	<u>\$ (332,600)</u>	<u>102,703</u>	<u>(118,081)</u>
Opening, net financial assets		9,112,878	9,230,959
Closing, net financial assets		<u>\$ 9,215,581</u>	<u>\$ 9,112,878</u>

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See accompanying notes to the consolidated financial statements

A-6

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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 1. Status of the entity

The incorporated Town of Kentville (the "Town") is a municipal government that was incorporated in 1886 pursuant to the Municipal Government Act. The Town provides or funds municipal services such as police, public works, parks and recreation, tourism and other general government operations. The Town owns one utility, has several designated special-purpose reserves and provides funding support for other financial entities involved in fire fighting, economic development, solid waste management, public transit and library services.

#### 2. Significant accounting policies

The consolidated financial statements of the Town of Kentville are prepared by management in accordance with Canadian Public Sector Accounting Standards for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

##### a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and organizational transactions and balances are eliminated.

The financial activities of certain entities associated with the Town of Kentville are not consolidated. The Town's contributions to these entities are recorded in the Consolidated Statement of Operations. The entities that are not consolidated, along with the Town's percentage contribution, are as follows:

- Kings Transit Authority (20%) (2018-20%)
- Annapolis Valley Housing Authority (25%) (2018-25%)
- Regional library – Annapolis Valley (5.82%) (2018-5.82%)
- Annapolis Valley Regional School Board (10.52%) (2018-10.6%)
- Regional sewer (40%) (2018-40%)
- Valley Waste Resource Management Authority (9.95%) (2018-7.76%)

##### b) Basis of accounting

Revenues and expenditures are reported using the accrual basis of accounting. This basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or a legal obligation to pay.

##### c) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates can be made.

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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 2. Significant accounting policies (continued)

##### d) Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

##### e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

##### f) Investments

The Town of Kentville uses the cost method of accounting for its portfolio investments.

##### g) Non-financial assets

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

##### h) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair market value upon acquisition and are recorded as revenue.

Interest paid on projects in progress is capitalized as part of the cost of the project. During the year, \$6,798 (2018-\$5,367) of interest costs were capitalized. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its useful life. Assets under construction are not amortized until the asset is put into use. Amortization is recorded as an expense commencing in the year following acquisition.

The estimated useful lives are as follows:

<u>Asset</u>	<u>Years</u>	<u>Rate</u>
Office equipment	5 years	20%
Motor vehicles	3-5 years	33%-20%
Fixed and moveable equipment	10 years	10%
Sidewalks	20 years	5%
Municipal buildings	40 years	2.5%
Other infrastructure	50 years	2.0%



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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 2. Significant accounting policies (continued)

##### i) Revenue recognition

Revenues are recognized as they are earned and measurable. Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made. Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

##### j) Use of estimates

In preparing the Town's consolidated financial statements, management is required to make estimates and use assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

##### k) Valuation allowance

###### *Uncollected receivables*

The Town provides a valuation allowance for estimated losses that will be incurred in collecting receivables outstanding.

##### l) Interest on reserve funds

Interest on operating and capital reserve funds is recorded as income in the Town of Kentville General Operating fund with the exception of interest earned on the funds for the administration pension, which is being accumulated in that reserve, interest earned on KWC Depreciation bank, which is being accumulated in that reserve and interest earned on Federal Gas Tax funds, which is recognized by that capital reserve.

##### m) Financial instruments- fair values

The estimated fair value of cash and cash equivalents, receivables, inventories, bank indebtedness and payables approximates the carrying values due to the relatively short-term nature of the instruments and /or floating interest rates on the instruments. The estimated fair value of long-term debt also approximates carrying value due to interest rates that are based on the lender's rate.

##### n) Taxes collected for others- school board

School boards in Nova Scotia were created by the Province under provisions in the Education Act, and under Provincial statute, every municipality is required to make a mandatory contribution to its school board. The Annapolis Valley Regional Centre for Education (AVRCE) encompasses the following municipalities: Kings County, Kentville, Wolfville, Berwick and Hantsport. The total mandatory contribution is set by the Province each year.

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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 2. Significant accounting policies (continued)

##### o) Taxes collected for others- school board (continued)

The AVRCE has a unique agreement and related formulae, which determines the yearly payment by each municipal unit. Kentville's contribution in 2019 was \$1,502,640 (2018- \$1,533,487). Collection of this mandatory payment is by inclusion in the general tax levy; however, the net effect to the Town's financial results is nil, as amounts collected are forwarded to AVRCE.

##### p) Budget information

Budget information is presented on a basis consistent with that used for actual results.

##### q) Budget process

The budget amounts presented in the consolidated financial statements are based on the 2019 operating and capital budgets approved by Town Council on a cash basis. The following reconciles the approved budget to the budget amounts presented in the consolidated financial statements using the accrual basis of accounting, in accordance with Canadian public-sector standards.

	2019
Budget balance for the year (surplus)	\$13,600
Add back: amortization	(1,814,200)
proceeds new debt	(1,089,400)
transfers to/from own funds	(507,400)
Less: principal payments on debt	1,250,600
capital expenditures per budget	3,599,600
Adjusted annual surplus	<u>\$1,452,800</u>

##### r) Liability for contaminated site PS3260

In June 2010, the Public Sector Accounting Board issued *PS 3260 Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements. PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The Town has determined that none of its properties meet the criteria to recognize a liability for contaminated sites, therefore it expects no impact from adoption of PS 3260.

##### s) Land held for sale

Land held for sale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

#### 3. Cash

Cash at March 31, 2019 is as follows:

	2019	2018
General operating bank	\$538,590	
Water operating bank	19,811	
Water capital bank	93,395	\$40,629
Reserve banks		
General operating	715,793	890,176
General capital	1,261,857	1,485,449
Sanitary Sewer operating	333,669	196,241
Sanitary Sewer capital	110,370	220,370
Sanitary Sewer depreciation	130,812	60,012
Water operating	113,620	113,620
Water capital	289,454	444,045
Water depreciation	654,168	462,523
	<b>\$4,261,539</b>	<b>\$3,913,065</b>

#### 4. Receivables

			2019	2018
	Current Year	Prior Years	Total	Total
<b>General Operating:</b>				
Taxes Receivable				
Balance taxes, beginning of year		\$147,454	\$147,454	\$136,537
Current year's levy	\$9,007,431		9,007,431	8,833,697
	9,007,431	147,454	9,154,885	8,970,234
Deduct				
Current year's collection	8,823,474	146,250	8,969,724	8,753,087
Reduced taxes	74,954		74,954	69,693
	8,898,428	146,250	9,044,678	8,822,780
Balance- taxes, end of year	\$109,003	\$1,204	110,207	147,454
<b>Sanitary sewer rates receivable</b>			197,008	189,374
Other receivables			1,053,125	1,144,090
<b>Total receivables General Operating</b>			1,360,340	1,480,918
<b>General Capital</b>			104,112	164,225
<b>Water rates and other</b>			470,348	445,799
<b>Special Reserves</b>			106,254	137,131
			<b>\$2,041,054</b>	<b>\$2,228,073</b>

## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

#### 5. Land held for sale

	Opening Balance	Additions	Disposals at Cost	Balance 2019	Balance 2018
Unsold land	\$1,050,436	\$2,565	\$(180,500)	\$872,501	\$1,050,436
Allowance for loss				(727,419)	
				\$145,082	\$1,050,436

#### Comprised of:

	2019	2018
Old KCA property		\$553,606
Kentville Business Park	\$52,882	51,099
FW Robinson land	92,200	445,731
	<u>\$145,082</u>	<u>\$1,050,436</u>

**FW Robinson-** When the FW Robinson land is sold, the Town will incur a loss. At March 31, 2019, any loss is not quantifiable, as the Town is actively seeking proposals on the land. A proposal has been received but no firm offer is made at this time.

**Kentville Business Park-** As at March 31, 2019, it is not known if the Town will incur any losses on the sale of business park lands. Construction of new infrastructure to expand the Town-owned portion of the park was slated for the 2018/2019 year. New lots have not been created, valued or sold.

#### 6. Investments

Pursuant to revised Policy G-26, ratified by Council May 28, 2018 and the Minister for DMA on June 21, 2018 and under the guidance of the Town's Investment Committee, TD Wealth acts as custodian and fund advisor for the perpetual reserve investment fund. Investments include common shares, short-term financial instruments and long-term federal, provincial and corporate fixed-income securities.

Investments are recorded at cost. Investments in publicly traded shares are recorded at the acquisition cost plus brokerage fees. Investments in long-term bonds are recorded at cost, net of any premium or discount. Declines in market value of investments below amortized cost are considered to be temporary in nature. Management fees are paid directly to TD Wealth out of current-period investment earnings. Capital gains can remain within the fund. Realized capital gains for the year ended March 31, 2019 are \$108,475 (2018-\$37,758).

Investment instruments include:

	2019		2018
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Short-term			
Cash and equivalents	\$1,005,913	\$995,916	\$841,114
Long-term			
Equity stock	3,870,916	3,909,630	3,275,253
Fixed income securities	8,244,833	8,050,164	8,892,936
	<u>\$13,121,662</u>	<u>\$12,955,710</u>	<u>\$13,009,303</u>

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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 7. Long term debt

	<u>2019</u>	<u>2018</u>
Municipal Finance Corporation debenture, bearing interest from 5.75% - 5.75%, repayable in annual instalments of \$30,500 plus interest, matured in 2018		\$183,000
Municipal Finance Corporation debenture, bearing interest from 4.78% - 4.83%, repayable in annual instalments of \$60,000 plus interest, maturing in 2020	<b>\$420,000</b>	480,000
Municipal Finance Corporation debenture, bearing interest from 5.095%-5.095%, repayable in annual instalments of \$59,920 plus interest, matured in 2018		59,920
Municipal Finance Corporation debenture, bearing interest from 4.667%-4.889%, repayable in annual instalments of \$19,650 plus interest, maturing in 2019	<b>19,650</b>	39,300
Municipal Finance Corporation debenture, bearing interest from 4.124%-4.329%, repayable in annual instalments of \$95,830 plus interest, maturing in 2019	<b>95,830</b>	191,660
Municipal Finance Corporation debenture, bearing interest from 4.175%-4.5%, repayable in annual instalments of \$88,400 plus interest, maturing in 2020	<b>176,800</b>	265,200
Municipal Finance Corporation debenture, bearing interest from 3.46%-3.87%, repayable in annual instalments of \$22,420 plus interest, maturing in 2020	<b>44,840</b>	67,260
Municipal Finance Corporation debenture, bearing interest from 3.635%-4.221%, repayable in annual instalments of \$256,100 plus interest, maturing in 2021	<b>768,300</b>	1,024,400
Municipal Finance Corporation debenture, bearing interest from 2.792%-3.856%, repayable in annual instalments of \$118,560 plus interest, maturing in 2027	<b>924,240</b>	1,042,800
Municipal Finance Corporation debenture, bearing interest from 2.266%-2.979%, repayable in annual instalments of \$62,020 plus interest, maturing in 2023	<b>310,100</b>	372,120
Municipal Finance Corporation debenture, bearing interest from 2.244%-3.347%, repayable in annual instalments of \$92,500 plus interest, maturing in 2024	<b>555,000</b>	647,500
Municipal Finance Corporation debenture, bearing interest from 1.626%-2.786%, repayable in annual instalments of \$104,400 plus interest, maturing in 2025	<b>730,800</b>	835,200
Municipal Finance Corporation debenture, bearing interest from 1.599%-2.925%, repayable in annual instalments of \$109,920 plus interest, maturing in 2026	<b>879,360</b>	989,280
Municipal Finance Corporation debenture, bearing interest from 1.35%-2.653%, repayable in annual instalments of \$115,900 plus interest, maturing in 2027	<b>1,043,100</b>	1,159,000
Municipal Finance Corporation debenture, bearing interest from 2.06%-3.2995%, repayable in annual instalments of \$106,850 plus interest, maturing in 2028	<b>916,000</b>	
	<b><u>\$6,884,020</u></b>	<b><u>\$7,356,640</u></b>

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**Town of Kentville**  
**Notes to the Consolidated Financial Statements**

March 31, 2019

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**7. Long term debt (continued)**

Principal repayments during the next five years are due as follows:

	General Capital	Water Capital
2019	\$1,025,350	\$227,200
2020	\$1,209,870	\$227,200
2021	\$739,050	\$227,200
2022	\$603,650	\$106,500
2023	\$576,090	\$60,500

All long-term debt outstanding at year-end has been properly authorized by the Nova Scotia Department of Municipal Affairs.

Total interest charges for debenture debt reported on the Consolidated Statement of Operations are \$213,721 (2018-\$234,665).

Of the total charges shown above, \$173,509 (2018-\$181,333) relates to general revenues of the Town of Kentville, \$31,694 (2018-\$43,609) was recovered from the water supply operation and \$8,518 (2018-\$9,723) was recovered from the sanitary sewer operation. The amounts are included on the Consolidated Statement of Operations, classified under the appropriate functional expenditure headings.

**8. Deferred revenue- obligatory reserve fund**

	2019	2018
Federal Gasoline tax revenue	\$24,624	\$500,788

**9. Tax sale surplus**

Pursuant to the Municipal Government Act, the Town of Kentville is required to record tax sale surplus funds on the Town of Kentville Operating Fund's Statement of Financial Position for a period of 20 years.

After the expiry date, the cash will be transferred to the Town Capital Reserve fund. Of the total amount, the following will be transferred as follows:

2037- \$12,043

**10. Sick pay accrual**

The Town of Kentville has a sick leave policy, which entitles employees with five or more years of service to a cash payment of a percentage of their accumulated sick days, on their termination of employment. The total liability at March 31, 2019 is \$636,417 (2018-\$623,986). Of this total liability, \$603,633 (2018-\$592,006) is recorded in the Town of Kentville Operating Fund and \$32,784 (2018-\$31,980) is recorded in the Kentville Water Commission Operating Fund.



**Town of Kentville**  
**Notes to the Consolidated Financial Statements**

March 31, 2019

**11. Tangible capital assets**

	Cost Beginning of Year	Additions	Disposals	Cost End of year	Amortization 2018/19	Accumulated Amortization on Disposals	Accumulated Amortization End of Year	Net Book Value End of Year
General Capital								
Land	\$3,130,346			\$3,130,346				\$3,130,346
Land improvements	1,287,700	\$64,879		1,352,579	\$36,972		\$376,829	975,750
Buildings	6,199,356	65,405		6,264,761	212,374		2,886,103	3,378,658
Engineered structures	34,384,590	1,424,962	\$27,000	35,782,552	825,891		15,129,981	20,652,571
Plant & equipment	5,389,919	482,193	239,961	5,632,151	442,049	\$207,656	3,387,025	2,245,126
	50,391,911	2,037,439	266,961	52,162,389	1,517,286	207,656	21,779,938	30,382,451
Water Capital								
Land	144,661			144,661				144,661
Engineered structures	15,594,684	322,983		15,917,667	229,006		4,525,018	11,392,649
Plant & equipment	2,456,250	109,697	77,080	2,488,867	210,455	43,915	2,086,966	401,901
	18,195,595	432,680	77,080	18,551,195	439,461	43,915	6,611,984	11,939,211
	\$68,587,506	\$2,470,119	\$344,041	\$70,713,584	\$1,956,747	\$251,571	\$28,391,922	42,321,662
							Work in progress	132,514
								\$42,454,176

## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

#### 12. Investment in capital assets

	2019	2018
Balance, beginning of year	\$34,971,573	\$33,865,976
Capital acquisitions	2,392,433	2,620,020
Debt proceeds	(1,573,488)	(1,856,889)
Repayment of debt	2,085,489	2,305,569
Properties held for sale and propane tank debt repayment	(86,190)	(91,938)
Assets disposed	(344,041)	(256,843)
Accumulated depreciation on disposal	251,571	181,580
Amortization and depreciation	(1,956,747)	(1,795,902)
	<u>769,027</u>	<u>1,105,597</u>
Balance, end of year	\$35,740,600	\$34,971,573

#### 13. Commitments-leases

The Town of Kentville has entered into a number of long-term operating leases with varied expiry dates. The following is a compilation of leases as at March 31, 2019 and payments committed for these leases over the next five years.

	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$
John Deere- loader	12,008				
Caterpillar-backhoe	19,249	19,249	9,624		
John Deere- tractor 4066	3,858	3,858	1,608		
John Deere- mower 997Z	4,380	1,825			
John Deere- mower 1570V	5,444	2,268			
Neopost- folder	3,525	3,525	2,644		
Xerox-photocopier- TH downstairs	3,022	3,022			
Ricoh-photocopier- TH upstairs	2,428	2,428	2,428	607	
Kyocera photocopier- Police	1,988	1,988	1,988	497	
Sharp photocopier- Library	1,013	1,013	1,013	760	
Library building lease*	76,428	76,428	76,428	76,428	76,428
	<u>133,343</u>	<u>115,604</u>	<u>95,733</u>	<u>78,292</u>	<u>76,428</u>

\*The Municipality of the County of Kings and the Town of Kentville signed a funding agreement on August 19, 2016 in which the Municipality agrees to provide funding for an amount equal to half the lease cost for the Kentville Library. This agreement is in effect as long as the Kentville Library is housed in its current location.

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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 14. Pension plans

Two pension plans are set up for membership of all permanent employees of the Town. Contributions are shared by the Town and the members as follows: employee 7% and employer 7% of employee's pensionable earnings.

A **defined contribution pension plan** has been set up to conform to the Pension Benefits Act. All permanent employees belong to this plan. Sharing of contributions is as noted above for all employees other than CUPE Local 4403 members. CUPE Local 4403 members contribute 2% and the Town contributes 1.5% to this plan on behalf of CUPE Local 4403 members.

A **multi-sector pension plan** has been set up for the members of CUPE Local 4403. This Multi-Sector Pension Plan (MSPP) is offered through the Canadian Union of Public Employees (CUPE) and conforms to the Pension Benefits Act. CUPE employees shall contribute 5% to the MSPP and the employer shall contribute 5.5%. The Union acknowledges and agrees that under the current pension legislation, and/or regulations, the employer has no requirement to fund any deficit in the Plan but is required to contribute only that amount as required by the collective agreement in force between the parties.

During the year, on behalf of its employees, contributions were made as follows:

	<b>Defined Contribution</b>	<b>MSPP</b>
Town of Kentville	\$208,099 (2018-\$216,617)	\$48,716 (2018-\$43,899)
Kentville Water Utility	\$2,094 (2018-\$2,065)	\$7,679 (2018-\$7,570)

#### 15. Rate of return on rate base

For the year ended March 31, 2019, the Town of Kentville Water Utility had a rate of return on rate base of 4.53% (2018– 3.88%). The rate of return is calculated using the amortization approved by the Nova Scotia Utility and Review Board.

#### 16. Contingencies

##### a) Meadowview Landowners' Association

The Town of Kentville has received Notice of Intended Action by members of the Meadowview Community and the Meadowview Landowners' Association. To date, no action has commenced. The likelihood and the amount of any loss are not determinable at this time.

##### b) Kentville Volunteer Fire Department Inc.

###### Inter-municipal Fire Services Agreement

On January 23, 2017, a ten-year agreement between the Town of Kentville, the Municipality of the County of Kings and the Kentville Volunteer Fire Department, Inc. was ratified detailing the obligations of the partners. This agreement is for a 10-year period encompassing March 31, 2015 to March 31, 2025.

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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 16. Contingencies (continued)

##### c) Collective agreements

The collective agreement between the Town of Kentville and Atlantic Police Association (APA) Local 107 expired on March 31, 2019. The collective agreement between the Town of Kentville and CUPE Local 4403 expired March 31, 2019. Negotiations with both unions has begun.

##### d) Valley Waste Resource Management Authority loan guarantees

Kentville Town Council guaranteed its share of several loans taken by Valley Waste Resource Management Authority (VWRMA). They are as follows:

Date	Principal	Share	Amount
February 27, 2012	\$528,000	7.93%	\$41,870
February 25, 2013	\$230,000	7.94%	\$18,262
May 25, 2015	\$860,000	7.74%	\$66,564
July 25, 2016	\$399,000	7.76%	\$30,944
July 24, 2017	\$1,348,265	7.84%	\$105,637
January 29, 2018	\$514,000	7.84%	\$40,272
February 20, 2018	\$187,335	7.84%	\$14,687

The Town of Kentville is required to make payments on these loans only if Valley Resource Management Authority defaults. The Minister for the Nova Scotia Department of Municipal Affairs has authorized all loan guarantees.

#### 17. Subsequent events

On May 9, 2019, the Town of Kentville received debenture funds in the amount of \$731,400 from Nova Scotia Municipal Finance Corporation for general purposes.

#### 18. Other matters

The total remuneration in 2019, including benefits, paid to each member of the council and the Chief Administrative Officer is as follows:

Mayor Snow	\$40,070
Andrew	22,358
Bolland	22,358
Gerrard	22,358
Maxwell	22,358
Pulsifer	23,814
Savage	23,354
Chief Administrative Officer	148,408
	<hr/>
	\$325,078

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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 19. Properties held for sale

##### Former Kings County Academy lands

In 2012, the Town assumed title of the land occupied by the former Kings County Academy school and demolished the buildings over a two-year period. In 2016, the Town assumed title of 2.6 acres on Elizabeth Avenue formerly owned by the Annapolis Valley Regional Centre for Education. These properties were combined, deemed surplus and placed for sale. On June 1, 2018, the aforementioned lands were sold to Enqore Developments Ltd. for \$190,000. The total expenditure incurred by the Town on this property equated to \$563,425. The Town incurred a loss of \$373,425 on the sale of these parcels.

##### Business Park lands

On December 28, 2015, the Town of Kentville purchased two lots (41.2 acres) of industrial land contained in the Kentville Business Park. The land was appraised at \$67,000 in 2014. The combined assessment at purchase was \$1,007,800. The cost of the land was \$67,000. This land is to be sold for economic development purposes.

On October 14, 2016, 3.85 acres of Business Park land were sold. The sale price was \$73,250. The net proceeds were deposited to the Town Capital Reserve for future development purposes. In December 2016, Lot TOK 3 (4.01 acres) of Business Park land was sold. The sale price was \$100,000. The net proceeds were deposited to the Town Capital Reserve for future development purposes.

In September 2017, Lot TOK 1 C [2016-2] (7.4 acres) of Business Park land was sold. The sale price was \$135,000. The payment schedule is as follows: Due on title transfer- \$90,000, fiscal 18/19- \$30,000 and fiscal 19/20- \$15,000.

On March 14, 2018, Lot 2L, Donald E. Hiltz Connector (.55 acres) of Business Park land was sold. The sale price was \$13,750. The net proceeds were deposited to the Town Capital Reserve for future development purposes.

##### FW Robinson land

On August 15, 2016, the Town of Kentville purchased the FW Robinson building & land at 374 Main Street. This property had been vacant and for sale for several years. The owner did not reside in Kentville and the property's condition conflicted with the new brand messaging the Town adopted in early 2016. The property was purchased for \$170,000. The 2018 assessed value of this property was \$164,200 (AAN 04777972). The Town studied the viability of keeping the building intact through environmental and structural assessments. The costs to remediate were excessive and the building was demolished in February 2018. Demolition costs were \$255,627. The property remains for sale through the Town. The 2019 assessment of this land is \$92,200.



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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 20. Segmented information

The Town of Kentville is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds 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 activities are reported in those segments. The following departments have been separately disclosed in the segmented information along with the services they provide:

##### General Government services

**Legislative-** The Council serves as elected representatives of the Town of Kentville and collectively determines policies to be administered by Town employees, Boards and Commissions; provides the decision-making for the policy formulation and analysis process in the Town of Kentville; interprets the most important needs and aspirations of the citizens of the Town of Kentville; enhances communications between citizens and their local government in the Town of Kentville; establishes the direction and approves appropriate matters in conducting Town affairs.

**General Administration** provides the formulation, evaluation and implementation of Council policies, procedures and directives; recommends the establishment of policy, including the addition, deletion and modification to policy; provides continuing advice, guidance and assistance to Council and related committees and boards; ensures proper management and utilization of financial resources in a legally correct, responsible way following all guidelines as they pertain to municipal finance; provides mandatory transfer for assessment services.

##### Protective services

**Police Protection-** The Kentville Police Service is committed to building a safe community for the citizens through community partnerships, education and crime prevention, social development, excellence in service delivery, and professionalism practices by a commitment to community-based policing. **Law Enforcement** provides Provincial mandatory transfers for correctional services and prosecutorial services, along with by-law enforcement. **Fire Protection** provides services in an emergency capacity for the Town of Kentville; responds to emergency calls - fire, accident; supplies hydrants for firefighting purposes. **Emergency measures** provides central contact for Emergency Measures Organization; provides protection to its citizens in emergency situations; provides control of pests and animals; ensures the safety of citizens; ensures buildings are safe structurally and comply with building code legislation and fire code legislation.

##### Transportation services

**Common Services** provides the administration and provision of engineering and works; provides services to maintain the roadway systems, the wastewater systems and street lighting; preserves and safeguards the investment made in infrastructure and equipment. **Environmental Health services** provide collection of solid waste and recyclables in an efficient and environmentally-friendly manner. To provide for the disposal of sewage in an environmentally acceptable manner by building and maintaining appropriate infrastructure. To ensure proper treatment of effluents as a partner in the regional sewage treatment plant.

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## Town of Kentville

### Notes to the Consolidated Financial Statements

March 31, 2019

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#### 20. Segmented Information (continued)

##### Public Health and Welfare services

**Public Health and Welfare** provides a mandatory transfer to the Regional Housing Authority; provides support for local social programs.

##### Environmental Development services

**Environmental Planning and Zoning** administers policy and enforces codes, bylaws and regulations pertaining to use of land within the Town; administers Municipal Planning Strategy and Land Use Bylaw; provides natural resource development. **Community development** provides funding to the Regional Economic Network (REN 3), Kentville Business Community (KBC) and provides a capacity for promotion of the Town.

##### Recreation services

**Recreation** provides and facilitates quality leisure services for citizens of all ages in the Town (and County); provides the widest possible variety of constructive leisure pursuits including a pool, a splash pad, an arena, parks, walking and biking trails, passive recreation facilities; provides for cultural facilities such as a library and museum along with a mandatory transfer to the Regional Library.

##### Education services

**Education** provides the mandatory appropriations to Regional School Board for its provision of education services within the Annapolis Valley Regional Centre for Education.

##### Water services

**The Kentville Water Utility** provides the delivery of drinking water through the supply, pumping, treatment and distribution of potable water to its users.

##### Methodologies

Certain allocation methodologies are employed in the preparation of the segmented financial information. The General Operating Fund reports on municipal services that are funded primarily by property taxation and rates. The Kentville Water Operating Fund reports on municipal services that are funded primarily by rates.

The accounting policies used in these separate segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. For additional information, see the Schedules to the Consolidated Statement of Financial Activities (pp. A-25 to A-32).

**Town of Kentville**  
**Notes to the Consolidated Financial Statements**

March 31, 2019

**21. Accumulated surplus**

	2019	2018
Surpluses (deficits)		
General operating fund	\$Nil	\$Nil
General capital fund	(1,094,791)	(536,507)
Water operating fund	263,522	253,322
Water capital fund	78,102	74,233
Reserve funds	16,777,659	16,554,419
	<b>16,024,492</b>	<b>16,345,467</b>
Invested in tangible capital assets (net)	<b>35,740,600</b>	34,971,573
Total accumulated surplus	<b>\$51,765,092</b>	<b>\$51,317,040</b>

**22. Kentville Water Utility – depreciation**

On April 1, 2010, the Kentville Water Commission adopted *Section 3042* of the Nova Scotia Utility and Review Board Accounting Manual for Water Utilities- *Capital Asset Useful Life Guidelines*, which cites the recommended depreciation guidelines for a water utility. Kentville Water Commission applies these new depreciation rates on its newly-constructed tangible capital assets.

The rates are prescribed as follows:

Classification		Useful life	Annual Depreciation Rate
Structures	Wells	40 years	2.5%
	Pumping	50 years	2.0%
	Distribution reservoirs	75 years	1.3%
	Treatment plant	50 years	2.0%
Equipment	Pumping	10 years	10%
	Equipment	5 years	20%
Mains	Transmission/Distribution	75 years	1.3%
Meters		25 years	4.0%
Hydrants		75 years	1.3%
Services		50 years	2.0%

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**Town of Kentville****Notes to the Consolidated Financial Statements**March 31, 2019

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**23. Consolidated expenses by object**

	2019	2018
Remuneration	\$4,773,037	\$5,102,388
Contracted services	809,913	751,308
Purchased goods & services from the public sector	822,078	851,972
Materials, goods, supplies and utilities	3,555,148	3,452,775
Grants and transfers to organizations	452,658	411,818
Transfers to Province	136,047	134,125
Allowance for doubtful accounts	41,747	6,395
Other expenses	1,252	859
Interest on long-term debt	213,722	234,662
Bank charges and short-term interest	26,796	30,119
Amortization, write-downs, net gains/losses	2,052,443	1,871,165
<b>Total consolidated expenses by object</b>	<b>\$12,884,841</b>	<b>\$12,847,586</b>

**24. Amounts contributed for provincially-mandated services:**

	Budget	2019	2018
Assessment services	\$88,900	\$88,899	\$89,362
Correctional & prosecutorial services	92,800	95,529	94,404
Social housing	90,000	58,041	46,308
Regional library	37,000	36,948	36,948
Education	1,556,300	1,502,640	1,533,487
	<b>\$1,865,000</b>	<b>\$1,782,057</b>	<b>\$1,800,509</b>

**Education**

Provincial statute requires that every municipality make a mandatory contribution to its centre for education. The Annapolis Valley Regional Centre for Education (AVRCE) encompasses the following municipalities: Kings County, Kentville, Wolfville, Berwick and Hantsport. The total mandatory contribution is set by the Province each year.

**Assessment services**

The Town is required to pay a share of the cost of operating the Property Valuation Services Corporation based on the total municipal assessment times the average of the Town's share of the Uniform Assessment and the Town's share of assessment accounts. This expense is included in general government services.

**Correctional & prosecution services**

Municipalities in Nova Scotia are required to make a mandatory contribution to fund the cost of correctional and prosecutorial services. The contributions are set by provincial formula and are included in protective services.

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**Town of Kentville****Notes to the Consolidated Financial Statements**March 31, 2019

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**24. Amounts contributed for provincially-mandated services (continued)****Social housing**

The Town is required to pay a share of the costs of the operations of the Regional Housing Authority. This expense is included in public health services.

**Regional library**

The Town is required to pay a share of the costs of operations of the Annapolis Valley Regional library. This expense is included in recreation services.

**25. Dispute- Town of Kentville Sanitary Sewer Area Service and the Municipality of County of Kings**

The Town of Kentville and the Municipality of County of Kings disagree over the cost-sharing formula related to county residents connected to the Town's sanitary sewer area service. The disagreement encompasses the years 2014/15 to 2017/18. The amount billed by the Town for the 4 years totalled \$902,122. The Municipality paid \$316,750 for the years 2014/15 and 2015/16; however, it now claims it overpaid those years. Town and County representatives met in April 2017 to discuss the matter; however, the meeting resulted in no resolution. The Town and Municipality met again in September 2018 and, in the end, an impasse was recognized. The Town placed its best offer on the table and indicated that it would accept \$644,000 for four of the years outstanding. The Town further offered it would write off the remaining balance of \$299,909, which includes interest write offs of \$41,787. The County declined this offer. Town Council discussed the matter late in 2018 and directed staff to offer arbitration to settle the matter. Details and focus of the arbitration scope have gone back and forth between the two parties and, to date, no agreement has been reached on the scope of the arbitration process. At end of year 2019, the Town of Kentville Sanitary Sewer Area Service wrote off \$299,909, which is comprised of \$258,122 in billings and \$41,787 interest. Any further increase or reduction in the amounts due is undeterminable at March 31, 2019.

**26. Contingent liability- employment litigation**

The Town received notice of a Statement of Claim from legal counsel representing a former employee. The Town of Kentville has engaged Stewart McKelvey to represent the Town in this matter. The claim could be settled either in a prehearing meeting or at a hearing. At the statement date, there is no indication of a date for either option. The amount of any liability (if any) cannot be reasonably estimated.

**27. Comparative figures**

In some instances, comparative figures have been reclassified to conform to current year's financial statement presentation.



## Town of Kentville

### Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

		2019	2018
	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>TAXATION REVENUE</b>			
<b>Assessable property</b>			
Residential	\$ 5,703,200	\$ 5,696,925	\$ 5,518,319
Commercial			
Commercial property	1,899,200	1,891,538	1,936,574
Resource			
Taxable assessments	38,700	41,527	38,940
Forest (less than 50,000 acres)	100	85	85
Other assessable property taxes			
Farm property acreage	500	542	532
	<u>7,641,700</u>	<u>7,630,617</u>	<u>7,494,450</u>
<b>Special tax agreements</b>			
Bell Aliant- based on revenue	38,000	42,144	39,626
Business Park- based on Special Tax Legislation	629,600	636,163	645,435
	<u>667,600</u>	<u>678,307</u>	<u>685,061</u>
<b>Subtotal assessable property</b>	<b>8,309,300</b>	<b>8,308,924</b>	<b>8,179,511</b>
<b>Other rates, charges and assessments</b>			
Economic development	109,600	109,816	82,164
Special assessments- betterments	9,100	8,777	10,433
Fire area rate	165,600	165,151	146,826
Fire protection rate	414,700	414,763	414,763
Transfer to volunteer fire department- Fire area rate	(165,600)	(165,151)	(146,826)
Transfer to Kentville water utility- Fire protection rate	(414,700)	(414,763)	(414,763)
	<u>118,700</u>	<u>118,593</u>	<u>92,597</u>
<b>Total taxation revenue levied</b>	<b>8,428,000</b>	<b>8,427,517</b>	<b>8,272,108</b>
<b>Expenditures as a reduction of tax revenue</b>			
Appropriation to regional school board	(1,556,300)	(1,502,640)	(1,533,487)
Transfer to Province, Corrections	(85,300)	(85,329)	(86,589)
Deficit of Regional Housing Authority	(90,000)	(58,041)	(46,308)
	<u>(1,731,600)</u>	<u>(1,646,010)</u>	<u>(1,666,384)</u>
	<u>\$ 6,696,400</u>	<u>\$ 6,781,507</u>	<u>\$ 6,605,724</u>
<b>GRANTS IN LIEU OF TAXES</b>			
<b>Federal government</b>	<b>\$ 398,200</b>	<b>\$ 391,644</b>	<b>\$ 402,220</b>
<b>Provincial government</b>			
Provincial property	118,000	117,824	120,486
	<u>\$ 516,200</u>	<u>\$ 509,468</u>	<u>\$ 522,706</u>

See accompanying notes to the consolidated financial statements

A-25

## Town of Kentville

### Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

2019

2018

	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>SERVICES PROVIDED TO OTHER GOVERNMENTS</b>			
Provincial government	\$ 112,700	\$ 113,649	\$ 111,365
Other local government	96,400	97,668	126,530
	<u>\$ 209,100</u>	<u>\$ 211,317</u>	<u>\$ 237,895</u>
<b>SALES OF SERVICES</b>			
Administration	\$ 36,500	\$ 36,445	\$ 38,410
Protective services	575,000	615,326	581,327
Transportation services	9,000	1,277	6,150
Recreation services	4,400	4,348	5,435
	<u>\$ 624,900</u>	<u>\$ 657,396</u>	<u>\$ 631,322</u>
<b>OTHER REVENUE FROM OWN SOURCES</b>			
Licenses and permits	\$ 9,700	\$ 9,430	\$ 10,317
Fines	30,500	32,965	34,616
Rentals	432,100	385,420	378,129
Miscellaneous	46,600	47,664	53,994
	<u>\$ 518,900</u>	<u>\$ 475,479</u>	<u>\$ 477,056</u>
<b>UNCONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS</b>			
Provincial government			
Municipal Grants Act- Equalization	\$ 167,800	\$ 167,850	\$ 167,850
NSPI- Grant in lieu of taxes	8,000	8,051	8,124
NSPI- HST offset	51,000	53,783	52,417
	<u>\$ 226,800</u>	<u>\$ 229,684</u>	<u>\$ 228,391</u>
<b>CONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS</b>			
Federal government			
Canada summer jobs	\$ 14,300	\$ 17,808	\$ 4,562
Senior mentoring program	22,800	22,800	4,562
	<u>37,100</u>	<u>40,608</u>	<u>4,562</u>
Provincial government			
Law enforcement	100,000	104,714	102,500
Economic development			3,938
Recreation	25,000	37,885	31,372
	<u>125,000</u>	<u>142,599</u>	<u>137,810</u>
Other		4,651	1,700
	<u>\$ 162,100</u>	<u>\$ 187,858</u>	<u>\$ 144,072</u>

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**Town of Kentville****Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31

2019

2018

	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>General government services</b>			
Legislative			
Mayor's remuneration	\$ 38,600	\$ 40,070	\$ 37,632
Mayor's expenses	10,000	6,899	7,727
Legislative benefits	8,600	8,617	8,057
Council remuneration	133,000	136,600	129,767
Council expense	38,800	29,849	22,777
	<u>229,000</u>	<u>222,035</u>	<u>205,960</u>
General administration			
Administrative and financial management	755,900	742,645	724,389
Taxation			
Reduced taxes (MGA, Section 69)	12,600	22,076	12,468
Reduced taxes (MGA, Section 71)	53,500	52,878	57,225
Property Valuation Services Corporation	88,900	88,899	89,362
Common services	123,100	132,521	131,888
Other general administrative services	20,000	20,380	21,109
	<u>1,054,000</u>	<u>1,059,399</u>	<u>1,036,441</u>
Debt charges			
Interest on long-term debt	5,600	5,568	6,131
Term loan interest			26
Debenture discount	8,000	5,325	7,359
	<u>13,600</u>	<u>10,893</u>	<u>13,516</u>
Valuation allowances			
Uncollectible receivables	2,200	2,921	(4,810)
Accrued liability	65,000	38,826	11,205
	<u>67,200</u>	<u>41,747</u>	<u>6,395</u>
Other general government services			
Conventions and travel	20,000	20,428	20,557
Liability insurance	13,000	13,010	11,930
Grants			9,729
Legal and audit	22,000	25,451	24,093
Management fees		36,318	34,726
Other	2,000	10,334	6,584
	<u>57,000</u>	<u>105,541</u>	<u>107,619</u>
	<u>\$ 1,420,800</u>	<u>\$ 1,439,615</u>	<u>\$ 1,369,931</u>

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See accompanying notes to the consolidated financial statements

A-27

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**Town of Kentville****Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31

2019

2018

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	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>Protective services</b>			
Police protection			
Administration	\$ 575,500	\$ 588,288	\$ 622,912
Crime investigation, prevention and protective services	1,748,300	1,775,170	2,045,789
Training	25,000	19,806	14,941
Police station and buildings	58,200	62,232	64,391
Police automotive equipment	53,600	53,388	49,199
Other	5,800	3,827	2,230
	<u>2,466,400</u>	<u>2,502,711</u>	<u>2,799,462</u>
Law enforcement			
Transfer to Province- Prosecuting attorney	7,500	10,200	7,815
Legal	57,500	13,673	91,493
Other	78,400	62,369	70,467
	<u>143,400</u>	<u>86,242</u>	<u>169,775</u>
Fire protection			
Transfer- Kentville Volunteer Fire Department- Operating	175,300	174,612	167,040
Emergency measures			
Emergency measures	31,300	27,809	17,256
Animal control	12,000	3,358	4,635
Building inspection	30,300	32,052	21,581
Fire inspection	25,000	41,864	29,286
Other	10,000	5,520	11,090
	<u>108,600</u>	<u>110,603</u>	<u>83,848</u>
Debt charges			
Interest on long-term debt	23,500	23,508	26,495
	<u>\$ 2,917,200</u>	<u>\$ 2,897,676</u>	<u>\$ 3,246,620</u>

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See accompanying notes to the consolidated financial statements

A-28

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**Town of Kentville****Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31

2019

2018

	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>Transportation services</b>			
Common services			
Administration	\$ 213,200	\$ 136,523	\$ 160,603
Professional services	5,000	5,407	3,181
General equipment	270,800	286,870	294,944
Small tools and equipment	6,500	11,875	3,552
Workshops, yards, buildings	36,400	40,337	35,273
	<u>531,900</u>	<u>481,012</u>	<u>497,553</u>
Road transport			
Roads and streets	441,800	493,453	494,617
Street lighting	152,000	153,523	152,891
Traffic services	55,000	64,454	72,673
Parking	40,300	40,644	44,557
Other road transport	5,400	3,935	9,173
Other transportation			
Private work - other	25,000	20,339	26,962
Private work - water	71,800	74,008	83,088
	<u>791,300</u>	<u>850,356</u>	<u>883,961</u>
Public transit operating contribution	171,000	228,357	190,417
Public transit special contribution	14,600	14,600	13,955
	<u>185,600</u>	<u>242,957</u>	<u>204,372</u>
Debt charges			
Term loan interest	700	661	1,772
Interest on long-term debt	83,600	83,748	97,498
	<u>84,300</u>	<u>84,409</u>	<u>99,270</u>
	<u>\$ 1,593,100</u>	<u>\$ 1,658,734</u>	<u>\$ 1,685,156</u>

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**Town of Kentville****Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31

**2019****2018**

	<u>Budget</u> <u>unaudited</u>	<u>Actual</u>	<u>Actual</u>
<b>Environmental health services</b>			
Garbage and waste collection and disposal			
Garbage and waste collection	\$ 38,800	\$ 31,471	\$ 39,306
Municipal dumps	8,000	8,000	8,000
Valley Waste Resource Management Authority	593,900	635,302	584,268
Other	3,500		
	<u>\$ 644,200</u>	<u>\$ 674,773</u>	<u>\$ 631,574</u>
<b>Public health services</b>			
Other	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>
<b>Environmental development services</b>			
Environmental planning and zoning			
Administration	\$ 210,700	\$ 211,114	\$ 201,360
Research and planning	2,500	3,486	2,924
Legal	2,000	27,775	2,185
Other planning and zoning	3,000	650	1,314
	<u>218,200</u>	<u>243,025</u>	<u>207,783</u>
Community development			
Transfers to Regional Economic Network	26,600	26,024	26,024
Transfer for economic development	84,600	84,600	82,500
Other community development	21,000	21,724	22,743
	<u>132,200</u>	<u>132,348</u>	<u>131,267</u>
Natural resource development	<u>6,000</u>	<u>2,483</u>	<u>3,156</u>
Debt charges			
Term loan interest	8,200	6,000	6,895
Interest on long-term debt	34,100	34,083	34,552
	<u>42,300</u>	<u>40,083</u>	<u>41,447</u>
Other environmental development services			
Tourism and other development services	<u>249,800</u>	<u>249,216</u>	<u>244,578</u>
	<u>\$ 648,500</u>	<u>\$ 667,155</u>	<u>\$ 628,231</u>

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See accompanying notes to the consolidated financial statements

A-30

## Town of Kentville

### Schedules to Consolidated Statement of Financial Activities

Year Ended March 31

	2019	2018
	<u>Budget</u> unaudited	<u>Actual</u> <u>Actual</u>
<b>Recreation and cultural services</b>		
Recreation facilities		
Administration	\$ 465,400	\$ 447,749
Swimming pool	20,100	20,920
Arena	341,000	329,803
Parks and playgrounds	154,200	164,963
Recreation centre	35,900	38,535
Other recreation facilities	22,800	19,935
	<u>1,039,400</u>	<u>1,021,905</u>
Cultural buildings and facilities		
Library, museum and cultural	93,400	88,107
Transfer to Province- Regional Library	37,000	36,948
	<u>130,400</u>	<u>125,055</u>
Debt charges		
Term loan interest	2,400	2,392
Debenture interest	26,500	26,603
	<u>28,900</u>	<u>28,995</u>
Other recreational and cultural services		
Recreation grants and programs	56,000	53,684
Tree maintenance	69,000	68,178
	<u>125,000</u>	<u>121,862</u>
	<u>\$ 1,323,700</u>	<u>\$ 1,297,817</u>
<b>Administration and general</b>		
Supervision	\$ 14,200	\$ 14,250
Meter reading	37,800	34,904
Consumer billing and accounting	23,800	23,750
Officers' and executives' salaries	18,400	18,400
Other general office salaries	22,900	22,850
General office expense	15,400	13,784
Legal	800	25
Audit	7,000	7,039
Rent	12,000	12,000
Regulatory expense	2,500	3,592
Insurance	9,900	9,934
Employee welfare	34,200	33,048
Training	6,000	4,436
Transportation	8,900	11,270
Professional studies		2,820
Miscellaneous, general expenses	14,600	11,939
	<u>\$ 228,400</u>	<u>\$ 224,016</u>



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**Town of Kentville****Schedules to Consolidated Statement of Financial Activities**

Year Ended March 31

2019

2018

	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>Supply</b>			
Supervision and engineering	\$ 8,300	\$ 6,239	\$ 9,158
Labor	7,600	6,981	6,882
Supplies and expense	1,000	3,155	1,056
	<u>\$ 16,900</u>	<u>\$ 16,375</u>	<u>\$ 17,096</u>
<b>Pumping</b>			
Supervision and engineering	\$ 8,400	\$ 6,239	\$ 9,158
Labor	7,600	6,981	6,882
Supplies and expense	160,100	168,752	151,427
	<u>\$ 176,100</u>	<u>\$ 181,972</u>	<u>\$ 167,467</u>
<b>Purification</b>			
Supervision and engineering	\$ 11,100	\$ 8,319	\$ 12,211
Labor	60,500	55,847	55,056
Supplies and expense	198,000	217,142	200,667
	<u>\$ 269,600</u>	<u>\$ 281,308</u>	<u>\$ 267,934</u>
<b>Transmission and distribution</b>			
Supervision and engineering	\$ 27,800	\$ 20,798	\$ 30,528
Operation and meters	22,700	20,942	20,646
Maintenance of mains	97,000	37,384	118,296
Maintenance of services	60,000	78,432	71,321
Maintenance of meters	10,000	17,045	11,009
Maintenance of hydrants	30,000	33,542	29,312
Maintenance of other distribution plant	20,000	6,833	23,377
	<u>\$ 267,500</u>	<u>\$ 214,976</u>	<u>\$ 304,489</u>
<b>Other</b>			
Other	<u>\$ 3,000</u>	<u>\$ 373</u>	
Debt charges			
Interest on long-term debt	28,400	31,695	\$ 43,609
Other debt charges	3,600	3,771	3,585
	<u>32,000</u>	<u>35,466</u>	<u>47,194</u>
Valuation allowances			
Allowance for uncollectibles	4,000	(1,952)	10,096
Accrued liability	800	804	775
	<u>4,800</u>	<u>(1,148)</u>	<u>10,871</u>
	<u>\$ 39,800</u>	<u>\$ 34,691</u>	<u>\$ 58,065</u>

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See accompanying notes to the consolidated financial statements

A-32

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**Town of Kentville****Schedule of General Operating Fund and Sanitary Sewer Area Service**

Year Ended March 31

2019

2018

		<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>				
Taxation revenue	A-25	\$ 6,696,400	\$ 6,781,507	\$ 6,605,724
Grants in lieu	A-25	516,200	509,468	522,706
Services provided	A-26	209,100	211,317	237,895
Sales of services	A-26	624,900	657,396	631,322
Other revenue from own sources	A-26	518,900	475,479	477,056
Interest		107,300	143,742	119,678
Unconditional transfers	A-26	226,800	229,684	228,391
Conditional transfers	A-26	162,100	187,858	144,072
Rates		1,312,500	1,273,820	1,299,975
Other		1,200	1,725	1,100
		<u>10,375,400</u>	<u>10,471,996</u>	<u>10,267,919</u>
<b>Expenditures</b>				
General government services		1,420,800	1,403,297	1,335,205
Protective services	A-28	2,917,200	2,897,676	3,246,620
Transportation services	A-29	1,593,100	1,658,734	1,685,156
Environmental health services	A-30	644,200	674,773	631,574
Public health services	A-30	4,000	4,000	4,000
Environmental development services	A-30	648,500	667,155	628,231
Recreation and cultural services	A-31	1,323,700	1,297,817	1,267,501
Wastewater				
Administration		122,700	348,517	188,632
Wastewater maintenance		71,400	50,022	64,710
Pumping stations		48,500	92,072	48,053
Treatment		728,000	740,162	793,105
Other		8,500	8,518	10,815
		<u>9,530,600</u>	<u>9,842,743</u>	<u>9,903,602</u>
Net revenues		844,800	629,253	364,317
Net transfers		<u>(841,400)</u>	<u>(604,448)</u>	<u>(215,430)</u>
Change in operating surplus		<u>\$ 3,400</u>	24,805	148,887
Opening fund balance			Nil	Nil
Current year surplus transferred to reserve funds			<u>(24,805)</u>	<u>(148,887)</u>
Ending surplus			<u>\$ Nil</u>	<u>\$ Nil</u>

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**Town of Kentville**  
**Schedule of General Operating Fund and Sanitary Sewer Area Service**  
 Year Ended March 31

	2019	2018
	<u>Actual</u>	<u>Actual</u>
Change in operating surplus (page A-33)	<u>\$ 24,805</u>	<u>\$ 148,887</u>
Ending surplus, General Operating	\$ 24,805	\$ 11,459
Ending surplus, Sanitary Sewer Area Service (restricted)	<u>Nil</u>	<u>137,428</u>
Combined ending surplus, before transfers	<u>\$ 24,805</u>	<u>\$ 148,887</u>

**Town of Kentville**  
**Schedule of General Capital Fund**  
Year Ended March 31

		2019	2018
	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Grants - contribution	\$ 198,800	\$ 48,525	\$ 167,051
Capital contribution	43,300	5,635	314,376
Proceeds on sale	41,000	76,029	5,294
	<u>283,100</u>	<u>130,189</u>	<u>486,721</u>
<b>Expenditures</b>			
General government service	101,700	58,315	186,457
Protective services	117,400	102,016	18,675
Transportation services	1,903,600	1,249,933	557,572
Environmental health services	195,000	130,664	88,088
Environmental development services	198,500	36,696	69,938
Recreation and cultural services	497,400	385,998	1,197,666
Write down- properties held for sale		727,419	
	<u>3,013,600</u>	<u>2,691,041</u>	<u>2,118,396</u>
Net (expenditure)	(2,730,500)	(2,560,852)	(1,631,675)
Issue of debt	1,089,400	1,420,988	1,856,889
Repayment of debt	(1,023,400)	(1,705,789)	(2,078,368)
Recoveries		86,190	91,938
Net transfers	<u>2,664,500</u>	<u>2,201,179</u>	<u>1,922,654</u>
Change in fund balance	<u>\$ Nil</u>	(558,284)	161,438
Opening fund balance		<u>(536,507)</u>	<u>(697,945)</u>
Closing fund balance		<u>\$ (1,094,791)</u>	<u>\$ (536,507)</u>

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**Town of Kentville****Schedule of General Capital Fund Investment in Capital Assets**

Year Ended March 31

2019

2018

	<u>Actual</u>	<u>Actual</u>
Tangible capital assets	<u>\$ 52,294,905</u>	<u>\$ 50,598,244</u>
Accumulated amortization	(21,779,936)	(20,470,307)
Outstanding debt and loans	(6,908,360)	(7,284,301)
Properties held for sale debt and loans	511,452	648,643
Propane tank debenture	561,932	602,071
	<u>(27,614,912)</u>	<u>(26,503,894)</u>
Investment in capital assets	24,679,993	24,094,350
Fund balance	<u>(1,094,791)</u>	<u>(536,507)</u>
	<u>\$ 23,585,202</u>	<u>\$ 23,557,843</u>

**Town of Kentville**  
**Schedule of Water Operating Fund**

Year Ended March 31

		2019	2018
	<u>Budget</u> unaudited	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Metered	\$ 1,250,000	\$ 1,265,281	\$ 1,253,639
Flat rate	9,200	9,718	9,323
Public fire protection	603,700	603,731	603,731
Other	10,100	10,071	8,450
	<u>1,873,000</u>	<u>1,888,801</u>	<u>1,875,143</u>
<b>Expenditures</b>			
Source of supply	16,900	16,375	17,096
Power and pumping	176,100	181,972	167,467
Water treatment	269,600	281,308	267,934
Transmission and distribution	267,500	214,976	304,489
Administration and general	228,400	224,016	223,043
Fiscal	28,400	31,695	43,609
Other	11,400	2,996	14,456
	<u>998,300</u>	<u>953,338</u>	<u>1,038,094</u>
Net revenues	874,700	935,463	837,049
Net transfers and depreciation	(864,500)	(925,263)	(790,701)
Change in fund balance	<u>\$ 10,200</u>	<u>10,200</u>	<u>46,348</u>
Opening fund balance		<u>253,322</u>	<u>206,974</u>
Closing fund balance		<u>\$ 263,522</u>	<u>\$ 253,322</u>

Change in fund balance	\$ 10,200	\$ 46,348
Add: transfer, accumulated surplus	<u>100,000</u>	<u>100,000</u>
Excess revenue	<u>\$ 110,200</u>	<u>\$ 146,348</u>

**Town of Kentville**  
**Schedule of Water Capital Fund**

Year Ended March 31

		2019	2018
	<u>Budget unaudited</u>	<u>Actual</u>	<u>Actual</u>
<b>Expenditures</b>			
Capital expenditures	\$ 586,000	\$ 428,811	\$ 501,624
Net (expenditure)	(586,000)	(428,811)	(501,624)
Issue of debt		152,500	
Repayment of debt	(227,200)	(379,700)	(227,200)
Net transfers	813,200	659,880	724,955
Change in fund balance	\$ Nil	3,869	(3,869)
Opening fund balance		74,233	78,102
Closing fund balance		\$ 78,102	\$ 74,233



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**Town of Kentville****Schedule of Water Capital Fund Investment in Capital Assets**

Year Ended March 31

	2019	2018
	<u>Actual</u>	<u>Actual</u>
Tangible capital assets	<u>\$ 18,551,195</u>	<u>\$ 18,199,464</u>
Accumulated amortization and depreciation	<u>(6,611,987)</u>	<u>(6,216,441)</u>
Outstanding debt	<u>(788,601)</u>	<u>(1,105,800)</u>
	<u>(7,490,588)</u>	<u>(7,322,241)</u>
Investment in capital assets	<u>11,060,607</u>	<u>10,877,223</u>
Fund balance	<u>78,102</u>	<u>74,233</u>
	<u>\$ 11,138,709</u>	<u>\$ 10,951,456</u>

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See accompanying notes to the consolidated financial statements

A-39

	2019						2018				
	General			Sanitary Sewer			Water				
	Operating	Capital	Perpetual	Operating	Capital	Depreciation	Operating	Capital	Depreciation	Total	Actual
<b>Financial Assets</b>											
Cash	\$ 715,793	\$ 1,261,857	\$ 1,005,912	\$ 333,669	\$ 110,370	\$ 130,812	\$ 113,620	\$ 289,454	\$ 654,168	\$ 4,615,655	\$ 4,713,550
Receivables	24,928	21,532	83,394	333,669	110,370	130,812	57,000	65,995	1,205	254,054	286,907
	<u>740,721</u>	<u>1,283,389</u>	<u>1,089,306</u>				<u>170,620</u>	<u>355,449</u>	<u>655,373</u>	<u>4,869,709</u>	<u>5,000,457</u>
Investments (Note 6)	740,721	1,283,389	12,115,750	333,669	110,370	130,812	170,620	355,449	655,373	12,115,750	12,168,189
			<u>13,205,056</u>							<u>16,985,459</u>	<u>17,168,646</u>
<b>Liabilities</b>											
Payables		46,294	6,224	124,481					6,177	183,176	113,439
Deferred revenue		<u>24,624</u>		<u>124,481</u>					<u>6,177</u>	<u>24,624</u>	<u>500,788</u>
		<u>70,918</u>	<u>6,224</u>							<u>207,800</u>	<u>614,227</u>
<b>NET FINANCIAL ASSETS</b>	<u>740,721</u>	<u>1,212,471</u>	<u>13,198,832</u>	<u>209,188</u>	<u>110,370</u>	<u>130,812</u>	<u>170,620</u>	<u>355,449</u>	<u>649,196</u>	<u>16,777,659</u>	<u>16,554,419</u>
<b>FUND BALANCES</b>	<u>\$ 740,721</u>	<u>\$ 1,212,471</u>	<u>\$ 13,198,832</u>	<u>\$ 209,188</u>	<u>\$ 110,370</u>	<u>\$ 130,812</u>	<u>\$ 170,620</u>	<u>\$ 355,449</u>	<u>\$ 649,196</u>	<u>\$ 16,777,659</u>	<u>\$ 16,554,419</u>

See accompanying notes to the consolidated financial statements

**Town of Kentville**  
**Schedule of Reserve Funds**  
 Year Ended March 31

	2019										2018	
	Budget unaudited	General Operating	General Capital	Perpetual	Operating	Sanitary Sewer Capital	Sanitary Sewer Depreciation	Operating	Water Capital	Water Depreciation	Total	Actual
Revenue												
Transfer - Federal Gas Tax	\$ 734,400		\$ 946,868								\$ 946,868	\$ 146,113
Capital contribution												46,256
Interest/dividends	430,000	\$ 1,288	4,932	\$ 496,052						\$ 11,711	513,983	470,273
Capital gains	100,000			108,475							108,475	37,758
Other	1,264,400	1,288	951,800	604,527						11,711	1,569,326	175,877
												876,277
Expenditures												
Administration				36,318							36,318	34,726
Other				3,227							3,227	
				39,545							39,545	34,726
Net revenues	1,264,400	1,288	951,800	564,982						11,711	1,529,781	841,551
Net transfers	(1,264,400)	(162,295)	(726,440)	(467,047)	\$ (124,482)	\$ (110,000)	\$ 70,800	\$ 57,000	\$ (42,503)	198,426	(1,306,541)	(1,492,591)
Change in fund balance	\$ Nil	(161,007)	225,360	97,935	(124,482)	(110,000)	70,800	57,000	(42,503)	210,137	223,240	(651,040)
Opening fund balance		901,728	987,111	13,100,897	333,670	220,370	60,012	113,620	397,952	439,059	16,554,419	17,205,459
Closing fund balance		\$ 740,721	\$ 1,212,471	\$ 13,198,832	\$ 209,188	\$ 110,370	\$ 130,812	\$ 170,620	\$ 355,449	\$ 649,196	\$ 16,777,659	\$ 16,554,419

See accompanying notes to the consolidated financial statements

**Town of Kentville**  
**Schedule to the Consolidated Financial Statements- Segmented Information**  
For the year ended March 31, 2019

	General Government	Protective services	Transportation services	Environmental health services	Public health services	Planning & development	Recreation & culture	Water services	Wastewater services	Total
Revenues										
Taxation revenue	\$ 6,781,507									\$ 6,781,507
Grants in lieu	509,468									509,468
Services provided		\$ 113,649	\$ 20,575				\$ 77,093			211,317
Sales of services	36,444	615,327	1,277				4,348			657,396
Other revenue from own sources	76,862	40,598	6,000			\$ 17,729	334,290			475,479
Unconditional transfers	229,684									229,684
Conditional transfers		129,716					58,142			187,858
Transfer - Federal Gas Tax	946,868									946,868
Grants	54,160									54,160
Wastewater rates								\$ 1,273,820		1,273,820
Water rates									\$ 1,274,999	1,274,999
Public fire protection									603,731	603,731
Other revenue	653,971							1,725		6,706
Interest and dividends	108,475							5,090		662,815
Capital gains										108,475
Proceeds from sale of assets	9,397,439	920,990	54,329			17,729	473,873	1,888,801	1,279,299	14,060,312
Expenses										
Salaries, wages and benefits	795,612	2,090,930	407,307	\$ 24,360		325,053	733,534	279,549	116,692	4,773,037
Contracted services		174,612		635,301						809,913
Purchase of services from public sector		73,916		8,000						822,078
Materials, goods supplies and utilities	418,862	524,510	924,061	7,112		186,398	483,216	637,071	373,918	3,555,148
Grants and transfers to organizations	74,954		242,957		\$ 4,000	115,624	15,123			452,658
Transfers to Province	88,899	10,200					36,948			136,047
Allowances for uncollectibles	41,747									41,747
Other expenses								1,252		1,252
Interest on long-term debt	5,568	23,508	83,748			34,083	26,603	31,694	8,518	213,722
Bank charges and short term interest	13,972		661			6,000	2,392	3,771		26,796
Amortization, depreciation, write downs, net gains (losses)	112,963	86,734	886,640			31,477	324,500	472,625	137,504	2,052,443
	1,552,577	2,984,410	2,545,374	674,773	4,000	698,635	1,622,316	1,425,962	1,376,794	12,884,841
Excess (deficiency) of revenue over expenses, before Other	7,844,862	(2,063,420)	(2,463,193)	(674,773)	(4,000)	(680,906)	(1,148,443)	462,839	(97,495)	1,175,471
Other										
Properties held for sale						(727,419)				(727,419)
Excess (deficiency) of revenue over expenses	\$ 7,844,862	\$ (2,063,420)	\$ (2,463,193)	\$ (674,773)	\$ (4,000)	\$ (1,408,325)	\$ (1,148,443)	\$ 462,839	\$ (97,495)	\$ 448,052

See accompanying notes to the consolidated financial statements

**Town of Kentville**  
**Schedule to the Consolidated Financial Statements- Segmented Information**  
For the year ended March 31, 2018

	General Government	Protective services	Transportation services	Environmental health services	Public health services	Planning & development	Recreation & culture	Water services	Wastewater services	Total
Revenues										
Taxation revenue	\$ 6,605,724									\$ 6,605,724
Grants in lieu	522,706									522,706
Services provided		\$ 111,365	\$ 20,049				\$ 106,481			237,895
Sales of services	38,412	581,327	6,148				5,435			631,322
Other revenue from own sources	71,164	47,111	6,000			\$ 17,900	334,881			477,056
Unconditional transfers	228,391									228,391
Conditional transfers		102,500	3,938				37,634			144,072
Transfer - Federal Gas Tax	146,113									146,113
Grants	481,427						46,256			527,683
Wastewater rates								\$ 1,299,975		1,299,975
Water rates								\$ 1,262,962		1,262,962
Public fire protection								603,731		603,731
Other revenue	585,626		54,686					3,612	1,100	59,398
Interest and dividends	37,758							4,838	4,325	59,789
Capital gains										37,758
Proceeds from sale of assets			980						4,314	5,294
	8,717,321	842,303	91,801			17,900	530,687	1,875,143	1,309,714	13,384,869
Expenses										
Salaries, wages and benefits	779,087	2,391,901	462,304	\$ 32,035		314,115	708,562	296,315	118,069	5,102,388
Contracted services		167,040		584,268						751,308
Purchase of services from public sector		50,867		8,000						851,972
Materials, goods supplies and utilities	392,913	602,503	919,211	7,271		160,145	493,680	693,726	183,326	3,452,775
Grants and transfers to organizations	79,422		204,372		\$ 4,000	112,524	11,500			411,818
Transfers to Province	89,362	7,815					36,948			134,125
Allowances for uncollectibles	6,395									6,395
Other expenses	6,131	26,494	97,497			34,552	16,657	859	859	234,662
Interest on long-term debt	16,620		1,772			6,895	153	43,608	9,723	30,119
Bank charges and short term interest								3,586	1,093	1,871,165
Amortization, depreciation, write downs, net gains (losses)	112,054	99,612	817,828			24,696	263,973	427,900	125,102	1,871,165
	1,481,984	3,346,232	2,502,984	631,574	4,000	652,927	1,531,473	1,465,994	1,230,418	12,847,586
Excess (deficiency) of revenue over expenses, before Other	7,235,337	(2,503,929)	(2,411,183)	(631,574)	(4,000)	(655,027)	(1,000,786)	409,149	79,296	537,283
Other										
Properties held for sale						121,191				121,191
Excess (deficiency) of revenue over expenses	\$ 7,235,337	\$ (2,503,929)	\$ (2,411,183)	\$ (631,574)	\$ (4,000)	\$ (513,836)	\$ (1,000,786)	\$ 409,149	\$ 79,296	\$ 658,474

See accompanying notes to the consolidated financial statements

**Town of Kentville Water Utility**  
**Non-consolidated Financial Statements**  
March 31, 2019

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# Town of Kentville Water Utility

## Non-consolidated Financial Statements

### Contents

### Section B

#### Page

Index	
Independent Auditors' Report	1
Operating Fund	
Statement of Financial Position	2
Statement of Financial Activities	3
Capital Fund	
Statement of Financial Position	4
Statement of Financial Activities	5
Statement of Investment in Capital Assets	6
Schedule of Utility Plant and Equipment	7
Reserve Funds	8
Notes to the Non-consolidated Financial Statements	9-12
Schedules of Non-consolidated Financial Statements	
Schedules to Statement of Financial Activities of the Water Operating Fund	13-14
Schedule of Capital Debt Charges	15
Schedule of Capital Projects Funding	16
Statement of Capital Financing	17



## AUDITOR'S REPORT ON SUPPLEMENTAL FINANCIAL STATEMENTS

### Members of Town Council Town of Kentville

Our audit of the Town of Kentville for the year ended March 31, 2019 was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Financial Statements of the Town of Kentville Water Utility are presented for purposes of additional information and are not a required part of the audited financial statements.

This information has been extracted from the accounts of the Town of Kentville for the year ended March 31, 2019 and has not been subjected to auditing procedures designed specifically to express an audit opinion on the results of the Kentville Water Utility. As such, no audit opinion is expressed thereon. This supplemental information has been prepared to assist the Town of Kentville Water Utility to comply with the financial reporting provisions of the Nova Scotia Utility and Review Board and may not be suitable for other purposes.

Kentville, Nova Scotia  
June 24, 2019

*Kent & Duffett*

Chartered Professional Accountants  
Licensed Professional Accountants  
Registered Municipal Auditor

**Town of Kentville**  
**Water Utility Operating Fund**  
**Statement of Financial Position**

March 31	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 19,811	
Receivables		
Rates (less: allowance for doubtful accounts \$4,215; 2018- \$8,581 )	228,775	\$ 222,462
Other (less: allowance for doubtful accounts \$12,000; 2018- \$12,000)	241,573	223,337
Due from own funds and agencies (Note 1)		
Depreciation reserve	6,177	4,539
Prepaid expense	10,719	13,560
	<u>\$ 507,055</u>	<u>\$ 463,898</u>
<b>Liabilities</b>		
Payables and accruals		
Bank indebtedness		\$ 80,426
Trade	\$ 39,862	44,786
Due to own funds and agencies (Note 1)		
Water operating reserve	57,000	
Water capital reserve	65,995	
General operating fund, Town of Kentville	35,875	41,458
Customers' deposits	12,017	11,926
Accrued liability (Note 6)	32,784	31,980
	<u>243,533</u>	<u>210,576</u>
<b>Surplus</b>		
Surplus	263,522	253,322
	<u>\$ 507,055</u>	<u>\$ 463,898</u>

ON BEHALF OF THE TOWN

 MAYOR

 TOWN CLERK

**Town of Kentville**  
**Water Utility Operating Fund**  
**Statement of Financial Activities**

March 31

	<u>Budget</u> unaudited	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
<b>Operating revenue</b>			
Metered	\$ 1,250,000	\$ 1,265,281	\$ 1,253,639
Public fire protection	603,700	603,731	603,731
Sprinkler service	9,200	9,718	9,323
Other operating revenue	5,000	5,090	4,837
	<u>1,867,900</u>	<u>1,883,820</u>	<u>1,871,530</u>
<b>Operating expenditure</b>			
Source of supply (B-13)	16,900	16,375	17,096
Power and pumping (B-13)	176,100	181,972	167,466
Water treatment (B-13)	269,600	281,309	267,934
Transmission and distribution (B-14)	267,500	214,976	304,488
Transportation	8,900	11,270	11,113
Administration and general (B-14)	224,300	211,521	222,716
Depreciation	314,300	308,123	296,561
Taxes	167,000	166,945	166,940
	<u>1,444,600</u>	<u>1,392,491</u>	<u>1,454,314</u>
<b>Net operating profit</b>	<u>423,300</u>	<u>491,329</u>	<u>417,216</u>
<b>Non-operating revenue</b>			
Other	5,100	4,981	3,612
<b>Non-operating expenditure</b>			
Debt charges			
Principal	227,200	227,200	227,200
Interest	28,400	31,694	43,609
Debenture discount	3,600	3,771	3,585
Private work	3,000	374	
Interest on customers' deposits		76	85
Capital from revenue	26,000		
Transfer to Water operating reserve		57,000	
Transfer to Water capital reserve	30,000	65,995	
Dividend to owner	100,000	100,000	100,000
	<u>418,200</u>	<u>486,110</u>	<u>374,479</u>
Excess revenue	\$ 10,200	10,200	46,349
Surplus, beginning of year		253,322	206,973
Surplus, end of year		<u>\$ 263,522</u>	<u>\$ 253,322</u>

See accompanying notes to the non-consolidated financial statements

B-3

**Town of Kentville**  
**Water Utility Capital Fund**  
**Statement of Financial Position**

March 31

2019

2018

**Assets**

Cash and cash equivalents

Cash	\$ 93,395	\$ 40,628
Depreciation funds	654,168	462,523

Receivables

Other	1,205	638
Due from own funds and agencies (Note 1)		
Water Utility capital reserve fund		46,093
Depreciation reserve fund		19,563
General operating fund, Town of Kentville		1,755

Utility plant in service (B- 7)	18,551,195	18,195,595
Construction work in progress		3,869
	<u>\$ 19,299,963</u>	<u>\$ 18,770,664</u>

**Liabilities**

Payables and accruals

Trade	\$ 15,294	\$ 32,242
Due to other funds and agencies (Note 1)		
Water Utility operating fund	6,177	4,539
Water Utility capital fund		19,563
General capital fund, Town of Kentville		1,564

Term debt (Note 3)

Debentures issued (B-15)		
Debentures issued to Provincial government or its agencies		
Municipal Finance Corporation	878,600	1,105,800

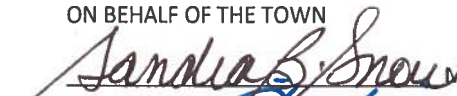
Accumulated depreciation (Note 5)	5,429,943	5,165,736
	<u>6,330,014</u>	<u>6,329,444</u>

**Equity**

Investment in capital assets	12,242,651	11,927,928
Fund balance-Water general capital	78,102	74,233
	<u>12,320,753</u>	<u>12,002,161</u>

Fund balance- Water depreciation	649,196	439,059
	<u>12,969,949</u>	<u>12,441,220</u>
	<u>\$ 19,299,963</u>	<u>\$ 18,770,664</u>

ON BEHALF OF THE TOWN

 MAYOR

 TOWN CLERK

**Town of Kentville**  
**Water Utility Capital Fund**  
**Statement of Financial Activities**

March 31

	<b>Budget unaudited</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Expenditure</b>			
Capital expenditures	\$ 586,000	\$ 432,680	\$ 497,755
Construction work in progress		(3,869)	3,869
	<u>586,000</u>	<u>428,811</u>	<u>501,624</u>
<b>Net (expenditure)</b>	<u>(586,000)</u>	<u>(428,811)</u>	<u>(501,624)</u>
<b>Financing and transfers</b>			
Issue of debt		152,500	
Repayment of debt	(227,200)	(379,700)	(227,200)
Transfers from own funds and agencies	813,200	659,880	724,955
	<u>586,000</u>	<u>432,680</u>	<u>497,755</u>
<b>Change in fund balance</b>	<u>\$ Nil</u>	3,869	(3,869)
<b>Beginning fund balance</b>		<u>74,233</u>	<u>78,102</u>
<b>Ending fund balance</b>		<u>\$ 78,102</u>	<u>\$ 74,233</u>

**Town of Kentville**  
**Water Utility Capital Fund**  
**Statement of Investment in Capital Assets**

March 31	2019	2018
<b>Balance, beginning of period</b>	<b>\$ 12,002,160</b>	<b>\$ 11,573,766</b>
Add:		
Term debt retired- debenture principal	227,200	227,200
Depreciation funds	109,697	451,662
Capital reserve funds	108,500	46,093
Gas Tax reserve	214,483	
	<u>659,880</u>	<u>724,955</u>
Less:		
Net book value of pump disposal	33,165	
Depreciation of tangible capital assets	308,123	296,561
	<u>341,288</u>	<u>296,561</u>
<b>Balance, end of period</b>	<b>\$ 12,320,752</b>	<b>\$ 12,002,160</b>

**Town of Kentville**  
**Water Utility Capital Fund**  
**Schedule of Utility Plant and Equipment**

March 31	2019	2018
<b>Tangible plant</b>		
Land and land rights		
Source of supply land	\$ 51,019	\$ 51,019
Transmission land	74,391	74,391
Transmission land- right-of-way	19,251	19,251
	<u>144,661</u>	<u>144,661</u>
<b>Structure and improvements</b>		
Source of supply		
Collecting and impounding reservoirs- dam	53,275	53,275
Wells	1,195,834	1,195,834
Other water source structure	5,500	5,500
Power and pumping	260,947	260,947
Water treatment	394,186	394,186
Distribution reservoirs and standpipes	122,335	122,335
Water tank- Prospect Avenue	951,989	951,989
Water tank- Belcher Street - 2	859,338	859,338
Water tank- Chester Ave	697,784	697,784
Water tank- Industrial park	343,781	343,781
	<u>4,884,969</u>	<u>4,884,969</u>
<b>Equipment</b>		
Electric pumping	190,185	190,185
Motor operated tools and equipment	29,747	29,747
Small tools and work equipment	57,030	57,030
Digital mapping	12,105	12,105
Control and monitoring equipment	376,159	376,159
Vehicles	142,017	97,534
Generator	46,668	46,668
	<u>853,911</u>	<u>809,428</u>
Water treatment	236,116	236,116
<b>Mains</b>		
Transmission	1,851,270	1,851,270
Distribution	8,795,529	8,472,546
	<u>10,646,799</u>	<u>10,323,816</u>
<b>Services</b>	<u>385,898</u>	<u>385,898</u>
<b>Meters</b>	<u>470,812</u>	<u>470,812</u>
<b>Software/computers</b>	<u>48,422</u>	<u>48,422</u>
<b>Meter conversion</b>	<u>315,417</u>	<u>309,631</u>
<b>Hydrants</b>	<u>391,654</u>	<u>391,654</u>
<b>Pumps</b>	<u>160,246</u>	<u>177,898</u>
<b>Other</b>	<u>12,290</u>	<u>12,290</u>
	<u>\$ 18,551,195</u>	<u>\$ 18,195,595</u>



**Town of Kentville**  
**Water Utility Reserve Funds**  
**Statement of Financial Position**

March 31			2019	2018
	<u>KWC Operating</u>	<u>KWC Capital</u>	<u>Total</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 113,620	\$ 289,452	\$ 403,072	\$ 557,665
Due from Water operating	57,000	65,995	122,995	
	<u>170,620</u>	<u>355,447</u>	<u>526,067</u>	<u>557,665</u>
<b>Liabilities</b>				
Due to Water operating				46,093
	<u>\$ 170,620</u>	<u>\$ 355,447</u>	<u>\$ 526,067</u>	<u>\$ 511,572</u>
<b>Reserves</b>	<u>\$ 170,620</u>	<u>\$ 355,447</u>	<u>\$ 526,067</u>	<u>\$ 511,572</u>

**Town of Kentville**  
**Water Utility Reserve Funds**  
**Statement of Financial Activities**

March 31			2019	2018
	<u>KWC Operating</u>	<u>KWC Capital</u>	<u>Total</u>	<u>Total</u>
<b>Opening Balance</b>	\$ 113,620	\$ 397,952	\$ 511,572	\$ 557,665
<b>Additions</b>				
Water operating	57,000	65,995	122,995	
<b>Deductions</b>				
Water capital		108,500	108,500	46,093
<b>Closing Balance</b>	<u>\$ 170,620</u>	<u>\$ 355,447</u>	<u>\$ 526,067</u>	<u>\$ 511,572</u>

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# Town of Kentville Water Utility

## Notes to the Non-Consolidated Financial Statements

March 31, 2019

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### 1. Significant accounting policies

These financial statements have been prepared to conform in all material respects to the accounting principles for Nova Scotia water utilities by the Nova Scotia Utility and Review Board.

#### a) Non consolidation

Non-consolidated financial statements of the Town of Kentville Water Utility are prepared by management in accordance with Canadian generally accepted accounting principles for local governments and the Water Utility Accounting and Reporting handbook of the Nova Scotia Utility and Review Board, as required under Section 4000. Significant aspects of the accounting policies adopted by the Town of Kentville Water Utility are as follows:

#### b) Reporting entity

The non-consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and financial position of the reporting entity.

#### c) Basis of accounting

Revenues and expenditures are reported using the accrual basis of accounting. This basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### d) Due to/from own funds and agencies

The Water Utility carries inter-fund balances of costs incurred on behalf of the Water Utility. The Water Utility intends to repay all due to/from balances by the date of its next year-end, March 31, 2020.

#### e) Valuation allowance

##### *Uncollected rates*

The Town of Kentville Water Utility provides a valuation allowance for estimated losses that will be incurred in collecting receivables outstanding.

#### f) Capital assets

Capital assets are reported as expenditures in the period they are acquired. Capital assets and projects in progress are recorded at the utility's cost except for donated assets which are recorded at fair market value when obtained. Interest incurred during construction on significant water capital projects is capitalized. Interest is not calculated for projects temporarily funded from operations. Capital assets are depreciated at rates prescribed by the Nova Scotia Utility and Review Board.

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# Town of Kentville Water Utility

## Notes to the Non-Consolidated Financial Statements

March 31, 2019

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### 1. Significant accounting policies (continued)

#### g) Interest on reserve funds

Interest on operating and capital reserve funds is recorded as income in the Town of Kentville General Operating fund. Interest earned on depreciation funds is recorded in that fund, as required by the Nova Scotia Utility and Review Board.

#### h) Allocation of municipal costs to Water Utility funds

Where identifiable, costs incurred by the Town of Kentville General Operating fund on behalf of the Water Utility are charged to the utility funds. Salary and wage related costs are allocated in proportion to time spent performing functions on behalf of the Water Utility. Interest is not calculated and recorded on monthly balances due between Water Utility funds and other funds.

#### i) Debenture discount

Significant debenture discounts are amortized over the term of the associated debt. To March 31, 2019, four debenture discounts have been treated in this fashion. Issue May 29, 2011 has three years remaining, issue May 15, 2012 has four years remaining, issue June 5, 2014 has six years remaining and issue May 30, 2018 has four years remaining.

#### j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

#### k) Use of estimates

In preparing the Town of Kentville Water Utility's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

#### l) Financial instruments

##### Fair values

The estimated fair value of cash and cash equivalents, receivables, inventories, bank indebtedness and payables approximates carrying values due to the relatively short term nature of the instruments and /or floating interest rates on the instruments. The estimated fair value of long-term debt also approximates carrying value due to interest rates that are based on the lender's rate.

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## Town of Kentville Water Utility

### Notes to the Non-Consolidated Financial Statements

March 31, 2019

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#### 2. Asset valuation allowances

<b>Rates</b>	<u>2019</u>	<u>2018</u>
Balance, beginning of year	<b>\$8,581</b>	\$4,485
Add: provision for the year		4,096
Less: write-offs	<b>2,414</b>	
provision for the year	<u>1,952</u>	<u>      </u>
Balance, end of year	<b><u>\$4,215</u></b>	<b><u>\$8,581</u></b>
 <b>Other</b>	 <b><u>2019</u></b>	 <b><u>2018</u></b>
Balance, beginning of year	<b>\$12,000</b>	\$6,000
Add: provision for the year	<u>      </u>	<u>6,000</u>
Balance, end of year	<b><u>\$12,000</u></b>	<b><u>\$12,000</u></b>

#### 3. Long term debt

Principal repayments during the next five years are due as follows:

	<u>Water Capital</u>
2019	\$227,200
2020	\$227,200
2021	\$227,200
2022	\$106,500
2023	\$60,500

All long-term debt outstanding at year-end has been properly authorized by Nova Scotia Department of Municipal Affairs.

#### 4. Depreciation reserve bank account

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	<b>\$462,523</b>	\$591,618
Add: depreciation transfer	<b>309,761</b>	295,659
interest	<b>11,144</b>	7,812
Less: funds used current & prior year's projects	<b><u>129,260</u></b>	<b><u>432,566</u></b>
Balance, at end of year	<b><u>\$654,168</u></b>	<b><u>\$462,523</u></b>

#### 5. Accumulated allowance for depreciation

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	<b>\$5,165,736</b>	\$4,869,174
Add: current year's depreciation	<b>308,123</b>	296,562
Less: accumulated depreciation on disposals	<b><u>43,916</u></b>	<u>      </u>
Balance, at end of year	<b><u>\$5,429,943</u></b>	<b><u>\$5,165,736</u></b>

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## Town of Kentville Water Utility

### Notes to the Non-Consolidated Financial Statements

March 31, 2019

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#### 6. Sick pay accrual

The Town of Kentville Water Utility has a sick leave policy, which entitles employees with five or more years of service to a cash payment of a percentage of their accumulated sick days, on their termination of employment. The total liability at March 31, 2019 is \$32,784 (2018-\$31,980). This amount is accrued in the Kentville Water Commission Operating Fund.

#### 7. Pension plans

Two pension plans are set up for membership of all permanent employees of the Town of Kentville Water Utility. Contributions are shared by the Town of Kentville Water Utility and the members as follows: employee 7% and employer 7% of employee's pensionable earnings.

A **defined contribution pension plan** has been set up to conform to the Pension Benefits Act. All permanent employees belong to this plan. Sharing of contributions is as noted above for all employees other than CUPE Local 4403 members. CUPE Local 4403 members contribute 2% and the Town of Kentville Water Utility contributes 1.5% to this plan on behalf of CUPE Local 4403 members.

A **multi-sector pension plan** has been set up for the members of CUPE Local 4403. This Multi-Sector Pension Plan (MSPP) is offered through the Canadian Union of Public Employees (CUPE) and conforms to the Pension Benefits Act. CUPE employees shall contribute 5% to the MSPP and the employer shall contribute 5.5%. The Union acknowledges and agrees that under the current pension legislation, and/or regulations, the employer has no requirement to fund any deficit in the Plan but is required to contribute only that amount as required by the collective agreement in force between the parties.

During the year, the Town of Kentville Water Utility made contributions in the amount of \$2,094 (2018 - \$2,065) on behalf of its employees to the defined contribution plan and \$7,679 (2018-\$7,570) to the multi-sector pension plan.

#### 8. Rate of return on rate base

For the year ended March 31, 2019, the Kentville Water Utility had a rate of return on rate base of 4.53% (2018 – 3.88%).

#### 9. Collective agreement

The collective agreement with CUPE Local 4403, ratified on July 31, 2015, expired on March 31, 2019. The Town and the Local have begun negotiations.

#### 10. Comparative figures

In some instances, comparative figures have been restated to conform to current year's presentation.

**Town of Kentville**  
**Water Utility Operating Fund**  
**Schedules to Statement of Financial Activities**

March 31

	<u>Budget</u> unaudited	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
<b>Source of supply</b>			
Supervision and engineering	\$ 8,300	\$ 6,239	\$ 9,158
Operation labour	7,600	6,981	6,882
Maintenance of plant	1,000	3,155	1,056
	<u>\$ 16,900</u>	<u>\$ 16,375</u>	<u>\$ 17,096</u>
<b>Power and pumping</b>			
Supervision and engineering	\$ 8,400	\$ 6,239	\$ 9,158
Operation labour	7,600	6,981	6,882
Power	142,000	141,955	129,762
Supplies and expenses	1,100	1,051	1,043
Maintenance of plant	17,000	25,746	20,621
	<u>\$ 176,100</u>	<u>\$ 181,972</u>	<u>\$ 167,466</u>
<b>Water treatment</b>			
Supervision and engineering	\$ 11,100	\$ 8,319	\$ 12,211
Operation labour	60,500	55,847	55,056
Supplies and expenses	131,000	128,300	124,399
Maintenance of structures and improvements	18,000	17,183	29,045
Maintenance of equipment	19,000	22,595	18,691
Water testing costs	20,000	38,986	20,891
Heat, light, power and telephone	10,000	10,079	7,641
	<u>\$ 269,600</u>	<u>\$ 281,309</u>	<u>\$ 267,934</u>

**Town of Kentville**  
**Water Utility Operating Fund**  
**Schedules to Statement of Financial Activities**

March 31

	<b>Budget unaudited</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Transmission and distribution</b>			
Supervision and engineering	\$ 27,800	\$ 20,798	\$ 30,528
Operation and meters	22,700	20,942	20,646
Maintenance of distribution reservoirs - standpipes	18,000	6,804	19,783
Maintenance of structures and improvements	2,000	29	3,593
Maintenance of transmission mains	12,000	106	11,109
Maintenance of distribution mains	85,000	37,278	107,187
Maintenance of services	60,000	78,432	71,321
Maintenance of meters	10,000	17,045	11,009
Maintenance of hydrants	30,000	33,542	29,312
	<u>\$ 267,500</u>	<u>\$ 214,976</u>	<u>\$ 304,488</u>
<b>Collection , administration and general</b>			
Supervision	\$ 14,200	\$ 14,250	\$ 13,920
Meter reading	37,800	34,904	34,429
Consumer billing and accounting	23,800	23,750	23,200
Uncollectible accounts	13,500	7,548	19,376
Other accounting and collection expenses	100	86	176
Officers' and executives' salaries	18,400	18,400	19,300
Other general office salaries	22,900	22,850	22,293
General office expenses and supplies	16,800	11,695	15,188
Legal	800		25
Audit	7,000	7,039	6,779
Rent - office	12,000	12,000	12,000
Regulatory expense	2,500	3,592	3,868
Insurance	9,900	9,934	8,762
Employee welfare and pensions	34,200	33,048	32,650
General	3,600	4,365	1,837
Training	6,000	4,436	5,207
Professional studies		2,820	2,931
Provision for sick leave	800	804	775
	<u>\$ 224,300</u>	<u>\$ 211,521</u>	<u>\$ 222,716</u>

**Town of Kentville**  
**Water Utility Capital Fund**  
**Schedule of Capital Debt Charges**  
Year Ended March 31

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 2018</u>	<u>Issued 2019</u>	<u>Redeemed 2019</u>	<u>Balance 2019</u>	<u>Interest &amp; Accrued</u>	<u>Interest Rates 2019</u>
2003	2018	\$ 183,000		\$ 183,000		\$ 1,715	5.750%
2011	2021	482,800		120,700	\$ 362,100	15,407	3.874%
2012	2027	230,000		46,000	184,000	6,136	2.792%
2014	2024	210,000		30,000	180,000	5,227	1.923%
2018	2023		\$ 152,500		152,500	3,209	2.060%
<b>TOTAL DEBENTURE</b>		<b>\$ 1,105,800</b>	<b>\$ 152,500</b>	<b>\$ 379,700</b>	<b>\$ 878,600</b>	<b>\$ 31,694</b>	



**Town of Kentville**  
**Water Utility Capital Fund**  
**Schedule of Water Utility Capital Projects Funding**

March 31

2019

	<u>Total Capital Cost</u>	<u>Depreciation Funds</u>	<u>Capital Reserve</u>	<u>Gas Tax Reserve</u>
Mains				
Distribution	\$ 322,983		\$ 108,500	\$ 214,483
Meters & meter conversion	5,786	\$ 5,786		
Pumps	59,428	59,428		
Vehicles	44,483	44,483		
	<hr/>			
Total Water Utility	\$ 432,680	\$ 109,697	\$ 108,500	\$ 214,483

**Town of Kentville**  
**Water Utility Capital Fund**  
**Statement of Capital Financing**

March 31

2019

2018

**Source**

Funds available from prior year		
Cash	\$ 40,628	\$ 61,607
Depreciation bank account	462,523	591,618
Receivables- New Building Canada		54,926
Due from operating fund- Water Utility		12
Due from other funds	67,411	4,507
Other receivables	638	486
Transfer from depreciation reserve	109,697	451,662
Transfer from water capital reserve	108,500	46,093
Transfer from operating funds- Water Utility- depreciation	308,123	296,561
Transfer from Gas Tax reserve	214,483	
Interest on depreciation funds	11,711	7,963
Decrease in construction work in progress	3,868	
Balance temporarily financed at end of period		
Payables- trade	15,294	32,242
Due to operating fund- Water Utility	6,177	4,539
Due to capital fund- Water Utility		19,563
Due to other funds		1,564
	<u>\$ 1,349,053</u>	<u>\$ 1,573,343</u>

**Application**

Balance temporarily financed at end of previous period		
Payables- trade	\$ 32,242	\$ 515
Due to operating fund- Water Utility	4,539	5,440
Due to other funds	21,127	42,903
Capital asset acquisitions	432,680	497,755
Increase in construction work in progress		3,868
Transfer to capital fund- Water Utility	109,697	451,662
Funds available for application		
Cash	93,395	40,628
Depreciation bank account	654,168	462,523
Due from capital reserve fund- Water Utility		46,093
Due from depreciation reserve		19,563
Due from other funds		1,755
Other receivables	1,205	638
	<u>\$ 1,349,053</u>	<u>\$ 1,573,343</u>