

The Village of Kingston

Kingston, Nova Scotia

Financial Statements

March 31, 2010

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Morse Brewster Lake

Chartered Accountants

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Auditors' Report

To the Chairman and Commissioners of The Village of Kingston

We have audited the consolidated statement of financial position of **The Village of Kingston** as at March 31, 2010, and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of **The Village of Kingston** as at March 31, 2010 and the results of its operations for the year then ended, in accordance with Canadian generally accepted accounting principles.

Berwick, Nova Scotia
June 16, 2010

Morse Brewster Lake

Registered Municipal Auditor

The Village of Kingston

Consolidated Statement of Financial Activities

Year Ended March 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u> (Restated)
Revenue			
Taxes	\$ 448,945	\$ 446,714	\$ 423,445
Environmental health service rate	450,495	454,281	400,883
Sidewalk construction area rate	49,025	48,844	76,594
Grants in lieu of taxes	2,400	1,871	2,520
Interest	300	9,188	15,007
Miscellaneous	7,700	13,493	13,645
Tourist bureau sales	700	647	697
Sewer connection	3,200	3,900	3,575
Rent	1,200	1,200	1,200
Donations and grants	11,500	15,883	23,934
Capital grants	-	516,504	92,556
	<u>975,465</u>	<u>1,512,525</u>	<u>1,054,056</u>
Expenditures			
General government services	169,252	165,368	168,144
Public works	173,067	152,987	134,559
Street lights	63,394	57,071	59,250
Environmental health	348,224	342,010	316,921
Recreational and cultural services	15,500	17,000	17,000
Economic development services	17,000	18,082	13,318
Amortization	-	199,409	155,847
Interest on long term debt	20,003	21,139	14,606
	<u>806,440</u>	<u>973,066</u>	<u>879,645</u>
Annual Surplus	\$ <u>169,025</u>	\$ <u>539,459</u>	\$ <u>174,411</u>

The Village of Kingston

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2010

	<u>2010</u>	<u>2009</u> (Restated)
Annual Surplus	\$ 539,459	\$ 174,411
Add (Deduct):		
Acquisition of tangible capital assets	(911,683)	(176,583)
Amortization of tangible capital assets	199,409	155,847
Use of prepaids assets	<u>3,474</u>	<u>2,691</u>
Increase (Decrease) in Net Assets	(169,341)	156,366
Net Financial Assets, beginning of year	<u>226,051</u>	<u>69,685</u>
Net Financial Assets, end of year	<u>\$ 56,710</u>	<u>\$ 226,051</u>

The Village of Kingston

Consolidated Statement of Changes in Financial Position

Year Ended March 31, 2010

	<u>2010</u>	<u>2009</u> (Restated)
Cash flow from operating activities:		
Annual surplus	\$ 539,459	\$ 174,411
Depreciation and amortization	199,409	155,847
Change in		
Accounts receivable	(88,702)	49,038
Prepaid expenses	3,474	2,691
Payables and accruals	<u>(15,561)</u>	<u>71,705</u>
	<u>638,079</u>	<u>453,692</u>
Cash flow from investing activities:		
Purchase of investments	(5,405)	(10,923)
Purchase of tangible capital assets	<u>(911,683)</u>	<u>(176,583)</u>
	<u>(917,088)</u>	<u>(187,506)</u>
Cash flow from financing activities:		
Proceeds on issue of debenture	-	160,000
Proceeds from short term borrowings	125,000	-
Reduction of long term debt	<u>(56,000)</u>	<u>(52,500)</u>
	<u>69,000</u>	<u>107,500</u>
Cash Increase (Decrease)	(210,009)	373,686
Cash and Equivalencies, beginning of year	<u>315,501</u>	<u>(58,185)</u>
Cash and Equivalencies, end of year	<u>\$ 105,492</u>	<u>\$ 315,501</u>

The Village of Kingston
Operating Fund Balance Sheet
March 31, 2010

	<u>2010</u>	<u>2009</u>
Assets		
Current		
Cash	\$ -	\$ 166,027
Accounts receivable	53,627	46,007
Inventory	803	7,420
Prepaid expenses	10,206	7,063
Due from reserves	228,500	-
Due from capital fund	<u>3,846</u>	<u>-</u>
	<u>\$ 296,982</u>	<u>\$ 226,517</u>
Liabilities		
Current		
Bank indebtedness	\$ 130,940	\$ -
Payables and accruals	100,970	116,532
Due to capital fund	<u>-</u>	<u>69,398</u>
	231,910	185,930
Surplus		
Operating Surplus (note 4)	<u>65,072</u>	<u>40,587</u>
	<u>\$ 296,982</u>	<u>\$ 226,517</u>

On Behalf of the Village of Kingston

_____, Chairman

The Village of Kingston

Statement of Operations

Year Ended March 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenue			
General tax rates	\$ 448,945	\$ 446,714	\$ 423,445
Environmental health service rate	450,495	454,281	400,883
Sidewalk construction area rate	49,025	48,844	76,594
Grants in lieu of taxes	2,400	1,871	2,520
Interest	300	3,787	4,082
Miscellaneous	7,700	13,493	13,645
Tourist bureau sales	700	647	697
Sewer connection	3,200	3,900	3,575
Rent	1,200	1,200	1,200
Donations and grants	<u>11,500</u>	<u>15,883</u>	<u>23,934</u>
	<u>975,465</u>	<u>990,620</u>	<u>950,575</u>
Expenditures			
General government services (page 9)	169,252	165,368	168,144
Public works (page 9)	173,067	152,987	134,559
Street lights	63,394	57,071	59,250
Environmental health services (page 10)	348,224	342,010	316,921
Economic development services	15,500	18,082	13,318
Recreation and cultural services	17,000	17,000	17,000
Interest on long term debt	20,003	21,139	14,606
Amortization	<u>-</u>	<u>199,409</u>	<u>155,847</u>
	<u>806,440</u>	<u>973,066</u>	<u>879,645</u>
Net Revenue/Expenditure	169,025	17,554	70,930
Principal repayments	(72,500)	(56,000)	(52,500)
Net transfers to:			
Capital fund	(25,000)	(41,608)	(63,994)
Capital reserve	<u>(71,525)</u>	<u>(94,870)</u>	<u>(110,283)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ (174,924)</u>	<u>\$ (155,847)</u>

The Village of Kingston

Capital Fund Balance Sheet March 31, 2010

	<u>2010</u>	<u>2009</u>
Assets		
Current		
Cash	\$ -	\$ 7,909
Infrastructure Program receivable	81,082	-
Due from revenue fund	<u>-</u>	<u>69,398</u>
	81,082	77,307
 Tangible Capital Assets	 <u>3,450,083</u>	 <u>2,737,808</u>
	<u>\$ 3,531,165</u>	<u>\$ 2,815,115</u>
Liabilities		
Current		
Short term borrowings	\$ 125,000	\$ -
Due to revenue fund	<u>3,846</u>	<u>-</u>
	128,846	-
 Long Term Debt (note 3)	 <u>304,000</u>	 <u>360,000</u>
	<u>432,846</u>	<u>360,000</u>
Surplus		
 Investment in Capital Assets (note 5)	 <u>3,098,319</u>	 <u>2,455,115</u>
	<u>\$ 3,531,165</u>	<u>\$ 2,815,115</u>
On Behalf of the Village of Kingston		

_____, Chairman

The Village of Kingston

Schedules to Statement of Operations

Year Ended March 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
General Government Services			
Salaries and benefits - office	\$ 31,224	\$ 26,385	\$ 26,119
Advertising	3,800	3,395	3,627
Audit and legal	5,000	6,875	18,167
Bank charges	700	1,109	949
Commission allowances	16,500	15,454	15,750
Crossing guard	7,569	12,914	10,897
Grants and memberships	1,000	203	587
Insurance	17,050	14,541	13,460
Fire department banquet	1,000	1,000	1,000
Land lease	1,450	1,308	2,015
Library	4,200	3,603	3,391
Miscellaneous administration	6,400	10,489	4,249
Office and miscellaneous	10,137	8,760	12,136
Special events	8,500	10,028	10,254
Tax collection	19,919	19,822	20,002
Civic Building			
Electricity	4,372	3,425	3,499
Fuel	8,625	5,731	6,467
Insurance	14,806	13,894	13,460
Other	3,000	3,662	-
Repairs and maintenance	<u>4,000</u>	<u>2,770</u>	<u>2,115</u>
	<u>\$ 169,252</u>	<u>\$ 165,368</u>	<u>\$ 168,144</u>
Public Works			
Salaries wages and benefits	\$ 57,967	\$ 57,862	\$ 49,132
Snow removal	50,000	31,866	27,352
Supplies	11,000	13,549	4,874
Truck operating	5,600	4,692	4,095
Village maintenance	23,500	21,433	16,667
Park	<u>25,000</u>	<u>23,585</u>	<u>32,439</u>
	<u>\$ 173,067</u>	<u>\$ 152,987</u>	<u>\$ 134,559</u>

The Village of Kingston

Schedules to Statement of Operations

Year Ended March 31, 2010

	2010 <u>Budget</u>	2010 <u>Actual</u>	2009 <u>Actual</u>
Environmental Health Services			
Salaries and benefits- office	\$ 31,224	\$ 26,307	\$ 26,139
Legal and audit	5,000	6,875	7,667
Bank charges	700	515	2,045
Office supplies	9,340	10,022	8,150
Wages and benefits	83,712	82,584	69,630
Materials	196,748	189,093	184,464
Truck operating	5,600	4,656	4,162
Tools	1,000	-	-
Miscellaneous	1,000	6,130	484
Collection	<u>13,900</u>	<u>15,828</u>	<u>14,180</u>
	<u>\$ 348,224</u>	<u>\$ 342,010</u>	<u>\$ 316,921</u>

The Village of Kingston

Statement of Reserve Funds

Balance Sheet

March 31, 2010

	Sewer Reserve	Sidewalk Reserve	Equipment Reserve	Water Reserve	Operating Reserve	2010 Total	2009 Total
Assets							
Cash	\$ 22,205	\$ 144,831	\$ 35,208	\$ 10,662	\$ 23,526	\$ 236,432	\$ 141,565
Term deposits	<u>58,813</u>	<u>235,690</u>	<u>20,016</u>	<u>31,960</u>	<u>-</u>	<u>346,479</u>	<u>341,075</u>
	<u>\$ 81,018</u>	<u>\$ 380,521</u>	<u>\$ 55,224</u>	<u>\$ 42,622</u>	<u>\$ 23,526</u>	<u>\$ 582,911</u>	<u>\$ 482,640</u>
Liabilities							
Due to							
Operating Fund	\$ 11,409	\$ 217,091	\$ -	\$ -	\$ -	\$ 228,500	\$ -
Reserves	<u>69,609</u>	<u>163,430</u>	<u>55,224</u>	<u>42,622</u>	<u>23,526</u>	<u>354,411</u>	<u>482,640</u>
	<u>\$ 81,018</u>	<u>\$ 380,521</u>	<u>\$ 55,224</u>	<u>\$ 42,622</u>	<u>\$ 23,526</u>	<u>\$ 582,911</u>	<u>\$ 482,640</u>

Statement of Changes in Reserves Fund Balances

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 482,640	\$ 361,431
Add (Deduct):		
Interest earned	5,401	10,926
Provision from operating fund	94,870	110,283
Transferred to purchase capital assets	<u>(228,500)</u>	<u>-</u>
Balance, end of year	<u>\$ 354,411</u>	<u>\$ 482,640</u>

On Behalf of the Village of Kingston:

Chairman _____

Commissioner _____

The Village of Kingston

Notes to Financial Statements

March 31, 2010

1. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Village of Kingston are prepared in accordance with generally accepted accounting principals for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Revenue and Expenditures

Major revenue and expenditures items are recorded on an accrual basis.

Financial Instruments

The Village's financial instruments consist of cash, short term deposits, accounts receivables, accounts payables, accrued liabilities short term borrowings and long term debt. Unless otherwise noted, it is managements's opinion that the Village is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The most significant accounting estimates in these financial statements include allowance for doubtful accounts and estimated useful life of tangible capital assets.

Change in Accounting Policy

The Village of Kingston adopted the new requirements of the PSAB handbook section PS1200 Financial Statement Presentation and PS 3150 Tangible Capital Assets for the fiscal year beginning April 1, 2009. As a result, the format and presentation of the financial statements has changed. Tangible capital assets, previously unamortized, are amortized over their estimated useful life. The principal portion of long term debt is no longer expensed. Prior year comparative balances have been restated to conform to the current year presentation.

The Village of Kingston

Notes to Financial Statements

March 31, 2010

1. Significant Accounting Policies (continued)

Non-Financial Assets

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

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset are amortization on a straight line basis over their estimated useful life as follows:

Land improvements	20 to 50 years
Buildings	40 years
Machinery and equipment	5 to 10 years
Sidewalks	20 years
Sewer system	50 years

2. Tangible Capital Assets

	Cost <u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Write Downs</u>	Cost <u>Closing</u>	<u>Amortization</u>	Accum <u>Amort</u>	Net Book <u>Value</u>
Land	\$ 146,421	\$ -	\$ -	\$ -	\$ 146,421	\$ -	\$ -	\$ 146,421
Land improvements	191,447	-	-	-	191,447	12,242	44,893	146,554
Buildings	437,332	-	-	-	437,332	10,315	204,729	232,603
Machinery & equipment	317,695	123,633	-	-	441,328	29,077	281,215	160,113
Sidewalks	297,734	709,909	-	-	1,007,643	44,253	240,011	767,632
Sewer System	<u>3,684,717</u>	<u>78,142</u>	<u>-</u>	<u>-</u>	<u>3,762,859</u>	<u>103,522</u>	<u>1,766,099</u>	<u>1,996,760</u>
	<u>\$ 5,075,346</u>	<u>\$ 911,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,987,030</u>	<u>\$ 199,409</u>	<u>\$ 2,536,947</u>	<u>\$ 3,450,083</u>

The Village of Kingston
Notes to Financial Statements
March 31, 2010

3. Long Term Debt

The Nova Scotia Finance Corporation holds the financing on the property and equipment secured by debentures:

	<u>2010</u>	<u>2009</u>
Debenture 92-A-1 was refinanced into Debenture 22-A-1 with an annual principal payment of \$20,000., maturity date May 15, 2012, interest rates of 5.75% to 6.125%.	\$ 60,000	\$ 80,000
Debenture 24-A-1- annual principal payments of \$20,000., maturity date June 10, 2014, interest rates of 4.50% to 5.45%.	100,000	120,000
Debenture 28-B-1- annual principal payments of \$16,000., maturity date October 24, 2018, interest rates of 3.10% to 5.095%.	<u>144,000</u>	<u>160,000</u>
	<u>\$ 304,000</u>	<u>\$ 360,000</u>

Principal repayment required for the next year is \$56,000.

4. Surplus

	<u>2010</u>	<u>2009</u>
Surplus, beginning of year	\$ 40,587	\$ 40,587
Add:		
Annual surplus	(174,924)	(155,847)
Amortization	<u>199,409</u>	<u>155,847</u>
Surplus, end of year	<u>\$ 65,072</u>	<u>\$ 40,587</u>

The Village of Kingston

Notes to Financial Statements

March 31, 2010

5. Investment In Capital Assets

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 2,455,115	\$ 4,553,313
Adjustment to historical cost of tangible capital assets	-	30,220
Accumulated amortization recorded	<u>-</u>	<u>(2,181,621)</u>
Balance, as restated	-	2,401,912
Add:		
Capital expenditures out of revenue Nova Scotia Finance Corporation principal repayments	41,609	63,994
Transfer from reserves	56,000	52,500
Infrastructure program grant Interpretative Centre	228,500	-
Amortization	516,504	79,596
	-	12,960
	<u>(199,409)</u>	<u>(155,847)</u>
Balance, end of year	<u>\$ 3,098,319</u>	<u>\$ 2,455,115</u>

6. Contingencies

There is one claim or possible claim outstanding against the Village of Kingston. The outcomes of this claim is not determinable. Provision has been provided in the accounts of the Village for possible loss on this claim. Any excess settlement resulting from the resolution of this claim will be treated as a charge to operations in the period the settlement occurs.

7. Other Matters

The total remuneration paid to each commissioner and the senior management official are as follows:

Commissioners	
Armstrong, Martha	\$ 3,000
Beaman, Doug	1,000
Beardsley, Brad	1,000
Beardsley, Tom (Chair)	4,500
Clarke, Dale	1,750
Craig, Muriel	500
Lowe, David	1,500
Nickerson, Steve	750
Reid, Lorne	3,000
Staff	
Towne, Greg (Clerk/Treasurer)	<u>21,923</u>
	<u>\$ 38,923</u>