



Mayor: Rowan Caseley
Chief Administrator Officer: Geoff Baker
Deputy Administrator: Wendy MacKinnon
Incorporated 1914

October 14, 2015

Allison MacEwen, Director
Regulatory Services Division
Island Regulatory and Appeals Commission
National Bank Tower, 134 Kent Street
Charlottetown, PEI
C1A 8R8



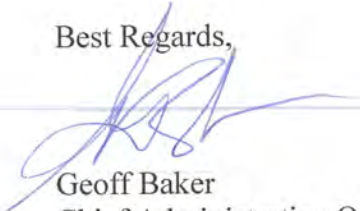
Re: Water and Pollution Control Corporation Rate Increase Application

Dear Mrs. MacEwen:

A meeting of the Kensington Water and Pollution Control Corporation was held on Tuesday, October 13, 2015. By way of a formal motion I have been directed to submit the attached water and sewer rate study to the Island Regulatory and Appeals Commission as application for a water and sewer rate increase effective January 1, 2016.

If you have any questions or concerns or would like to discuss this matter further please do not hesitate to contact the undersigned at 836-3781.

Best Regards,


Geoff Baker
Chief Administrative Officer
Town of Kensington

Utility Name: Town of Kensington Water and Pollution Control Corporation

**Rate Filing Prepared for Submission
to The Island Regulatory & Appeals Commission**

Contact Name: Geoffrey Baker
Utility Address: PO Box 418
Kensington, PEI
C0B 1M0
Telephone: 902-836-3781
Email: townmanager@townofkensington.com
Date: October 14, 2015

In accordance with Sections 9 and 15 of the *Water and Sewerage Act*, following is the Utility's application for a rate review.

1. Background information about the Utility (year established, description of system, current number of customers), and the overall reason(s) for the request for a rate change.

The Water and Pollution Control Corporation was established in January 1992. The Kensington WPCC currently has 645 customers billed on a monthly basis consisting of 185 metered commercial customers and 460 residential customers. The utility is requesting a rate increase to reduce the operating and cash flow deficits on the sewer and to reduce the cash flow deficit on the water. The Town of Kensington's sewage collection and treatment infrastructure consists of a network of collection pipes, two lift stations and two waste stabilization lagoons with approximately 10km of collection mains and force mains. Approximately 60% of the Town's sewer mains are constructed of concrete with the remaining approximately 40% consisting of PVC piping. The Town's water supply is provided by four wells. Most properties within the Town are now connected to the central water supply system. Additional areas have been added in recent years. All water supplied goes to a central location where flow is monitored and all supply is disinfected with chlorine. A 300,000 gallon water tower is located at the top of Gerald McCarville Drive.

2. Proposed capital projects or anticipated significant expenditures in the next 2-5 years.

	Type of Project/Expenditure	Utility's Expected Cost	Year
1.	<u>Pleasant Street Lift Station</u>	<u>64,000</u>	<u>2015</u>
2.	<u></u>	<u></u>	<u></u>
3.	<u></u>	<u></u>	<u></u>
4.	<u></u>	<u></u>	<u></u>

3. PROJECTED depreciation expenses for future expenditures.

	Description	Utility's NET Cost	Proj Depr Exp	Year
1.	Pleasant Street Lift Station	64,000	2%	2015
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____

4. PROJECTED interest expenses on long-term debt for future projects/purchases.

	Description	Loan Amount	Interest Rate	Proj Yrly Int Payment	Year
1.	Pleasant Street Lift Station	64,000	3.25%	1894.00	2015
2.	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____
4.	_____	_____	_____	_____	_____

5. a. Statement of actual revenue and expenditures and forecasted data - WITHOUT RATE RELIEF. (Any projected depreciation and/or interest expenses indicated in 3 & 4 above are included.) To complete Statement of Revenues and Expenses (without rate change) For [Click Here For WATER](#) OR [Here For SEWER](#).

b. Statement of actual revenue and expenditures and forecasted data - WITH RATE RELIEF AS PROPOSED BY THE UTILITY. (Any projected depreciation and/or interest expenses indicated in 3 & 4 above are included.) To complete Statement of Revenues and Expenses (with rate changed) [CLICK HERE](#) for WATER or [HERE](#) for SEWER.

6. Revenue and expenditure accounts that have increased or decreased by substantial amounts.

Account # _____ Account Name _____
 Explanation for Change _____

#6. Continued

Account # _____ Account Name _____

Explanation for Change _____

Account # _____ Account Name _____

Explanation for Change _____

Account # _____ Account Name _____

Explanation for Change _____

7. Utility customer information.

Customer Category	# of Customers	# of Units Billed
Water Flat Rate	456	458.7
Sewer Flat Rate	464	482.7
Water Metered	187	403.83
Sewer Metered	184	435.83

8. Projected number of new customers over the next 2-3 years.

PROJECTED:

Year	Customer Category	# of Customers	# of Units Billed
2016	Flat Rate & Metered	6	5.4
2017	Flat Rate & Metered	6	5.4
2018	Flat Rate & Metered	6	5.4

9. Proposed amortization period to recover any accumulated deficit.

Deficit Amount (\$)	# of Yrs Recovery	Yrly Payment	Int Rate	Yrly Int Pmt	Start Year
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Note: The proposed yearly repayment amount(s), including yearly interest, should be included in the projected expenditures in the statement of revenue and expenditures prepared under #5 above.

10. Utility's current rate, proposed rate and proposed effective date.

Current Annual Rate (per Single-Family Dwelling): 525.90

Proposed Annual Rate (per Single-Family Dwelling): \$538.37, 551.15, 564.27, 577.74, 591.56

Proposed Effective Date: Jan 1, 2016, 2017, 2018, 2019, 2020

Utility's Billing Cycle: Monthly

11. Information on any prior communication by the Utility to its ratepayers on the proposed rate changes.

The Town of Kensington has passed a motion at a public meeting of Council to submit an application to IRAC for a water and sewer rate increase.

12. Other information relevant to the rate filing.

In addition, the following items are attached to, and form part of, this submission:

13. A copy of the Utility Board's minute(s) giving authorization to prepare the rate application;
14. A copy of the Bylaw creating the Utility, pursuant to Section 38.1 of the *Municipalities Act*; and
15. A copy of the Utility's most recent audited financial statements.

Utility Name: Town of Kensington Water and Pollution Control Corporation

Statement of Revenue and Expenditures (WITHOUT RATE CHANGE)

\$ 648	# of Sewer Customers
\$ 919	# of Prop Units Billed
	# of Feet of Frontage

PER YEAR	Current	Proposed	DIFF \$	DIFF %
Flat Rate	\$ 305	\$ 305	0	\$
Flat Rate/Ft			FDIV/0	\$

	Actual 2013	Actual 2014	WITHOUT RATE CHG			WITHOUT RATE CHG		
			Proj 2015	Proj 2016	Proj 2017	Proj 2018	Proj 2019	Proj 2020
REVENUES								
521 Flat Rate Revenues	\$ 275,407	\$ 280,473	\$ 281,876	\$ 283,283	\$ 284,701	\$ 286,125	\$ 287,556	\$ 288,994
522 Measured Revenues								
523 Revenues from Public Authorities								
525 Interdepartmental Revenues								
530 Frontage Rates								
531 Sale of Sludge								
532 Delayed Payment Charges								
534 Rents from Sewer Property								
536 Other Sewer Revenues	700							
TOTAL REVENUES	\$ 276,107	\$ 280,473	\$ 281,876	\$ 283,283	\$ 284,701	\$ 286,125	\$ 287,556	\$ 288,994
EXPENDITURES								
Operating								
700 Salaries and Wages - Oper Emp								
705 Materials and Supplies								
710 Repairs and Maintenance	15,520	49,056	30,000	30,600	31,212	31,856	32,472	33,122
715 Rentals								
720 Power or Electricity	22,490	10,667	15,000	15,300	15,606	15,918	16,236	16,561
725 Chemicals								
	38,080	59,723	45,000	45,900	46,818	47,754	48,708	49,683
General								
750 Salaries and Wages - Admin Emp	141,600	149,100	145,350	148,257	151,222	154,247	157,332	160,478
755 Employee Pensions and Benefits								
760 Office Supplies and Other	1,698	1,722	1,756	1,791	1,827	1,864	1,901	1,939
761 Interest and Bank Service Charges	2,105	4,389	4,477	4,566	4,657	4,750	4,845	4,942
765 Contractual Services								
770 Transportation Expenses								
775 Insurance								
780 Amortization - Rate Case Expense								
785 Regulatory Commission Fees								
790 Miscellaneous Expenses	960	3,829	3,000	3,460	3,121	3,183	3,247	3,312
795 Bad Debt Expense								
Honorariums	1,305	1,859	2,000	2,142	2,184	2,228	2,272	2,318
Professional Fees	1,708	2,121	3,525	3,596	3,668	3,741	3,816	3,893
Professional Development	1,573	2,075	1,064	1,105	1,147	1,190	1,234	1,278
	154,923	168,988	163,372	165,517	168,826	172,203	175,647	179,160
Other								
902 Small Tools Written Off								
903 Depreciation Expenses (Sch 9A)	28,237	28,190	30,190	32,100	32,900	31,950	33,800	33,700
904 Interest on Long-Term Debt	44,469	37,778	39,568	36,937	36,527	33,632	30,708	27,759
	72,706	65,968	69,758	69,037	69,427	65,582	64,508	61,459
TOTAL EXPENDITURES	\$ 265,000	\$ 295,751	\$ 277,030	\$ 280,454	\$ 284,671	\$ 286,480	\$ 288,358	\$ 290,282
Net Income (Loss) Year	\$ 11,097	\$ (15,278)	\$ 4,847	\$ (2,171)	\$ 30	\$ (584)	\$ (802)	\$ (1,288)
Cumulative Surp (Def)	\$ (47,872)	\$ (61,170)	\$ (56,322)	\$ (53,502)	\$ (51,472)	\$ (53,835)	\$ (54,637)	\$ (53,925)

Conversion to Cash

Add: Amortization	28237	28190	30190	32100	32500	32900	33300	33700
Less: Principal Repayments	-48758	-48364	-71400	-81962	-82590	-83251	-83945	-81275
Net Income (Loss) Year	\$ (9,423)	\$ (33,481)	\$ (36,363)	\$ (47,031)	\$ (50,060)	\$ (50,715)	\$ (51,447)	\$ (48,863)
Cumulative Surp (Def)		\$ (42,904)	\$ (79,267)	\$ (126,299)	\$ (176,359)	\$ (227,073)	\$ (278,520)	\$ (327,383)

Statement of Revenue and Expenditures (WITH RATE CHANGE)

\$ 648	# of Sewer Customers
\$ 919	# of Prop Units Billed
	# of Feet of Frontage

PER YEAR	Current	Proposed	CHG%	DIFF \$
Flat Rate	\$ 305	\$ 351	15	\$ 45.33
Prop Rate/Ft			+0.00%	\$

	Actual	Actual	WITH RATE CHG			WITH RATE CHG				
			2013	2014	Proj 2015	Proj 2016	Proj 2017	Proj 2018	Proj 2019	Proj 2020
REVENUES										
521 Flat Rate Revenues	\$ 275,407	\$ 280,473	\$ 281,873.35	\$ 290,273	\$ 298,677	307,080	313,482	322,884		
522 Measured Revenues										
523 Revenues from Public Authorities										
525 Interdepartmental Revenues										
530 Frontage Rates										
531 Sale of Sludge										
532 Delayed Payment Charges										
534 Rents from Sewer Property										
536 Other Sewer Revenues	700									
TOTAL REVENUES	\$ 276,107	\$ 280,473	\$ 281,873	\$ 290,273	\$ 298,677	307,080	313,482	322,884		
EXPENDITURES										
Operating										
700 Salaries and Wages - Oper Emp										
705 Materials and Supplies										
710 Repairs and Maintenance	15,590	19,056	30,000	30,600	31,212	31,836	32,473	33,122		
715 Rentals						0				
720 Power or Electricity	22,490	10,667	15,000	15,300	15,606	15,918	16,236	16,561		
725 Chemicals										
	38,080	29,723	45,000	45,900	46,818	47,754	48,709	49,684		
General										
750 Salaries and Wages - Admin Emp	141,900	149,100	145,350	148,257	151,222	154,247	157,372	160,478		
755 Employee Pensions and Benefits						0	0			
760 Office Supplies and Other	1,698	1,722	1,756	1,791	1,827	1,864	1,901	1,939		
761 Interest and Bank Service Charges	2,299	4,359	4,477	4,566	4,657	4,750	4,845	4,942		
765 Contractual Services						0	0	0		
770 Transportation Expenses						0	0	0		
775 Insurance						0	0	0		
780 Amortization - Rate Case Expense						0	0	0		
785 Regulatory Commission Fees						0	0	0		
790 Miscellaneous Expenses	960	5,820	3,000	3,050	3,121	3,182	3,247	3,312		
795 Bad Debt Expense						0	0	0		
Honorariums	1,905	1,557	2,100	2,142	2,184	2,228	2,272	2,318		
Professional Fees	3,788	3,125	2,725	2,596	2,668	2,741	2,816	2,893		
Professional Development	1,975	2,075	2,064	2,105	2,147	2,190	2,234	2,278		
	134,223	168,089	142,272	145,517	148,876	152,203	155,647	159,160		
Other										
902 Small Tools Written Off										
903 Depreciation Expenses (Sch SA)	28,237	28,190	30,190	32,100	32,500	32,900	33,300	33,700		
904 Interest on Long-Term Debt	44,458	32,779	38,568	36,917	35,327	33,622	30,701	27,719		
	72,705	60,969	68,758	69,017	67,827	66,522	64,001	61,419		
TOTAL EXPENDITURES	\$ 265,009	\$ 293,780	\$ 277,010	\$ 280,414	\$ 284,671	\$ 286,489	\$ 289,359	\$ 290,282		
Net Income (Loss) Year	\$ 11,098	\$ (13,307)	\$ 4,864	\$ 9,859	\$ 14,006	\$ 20,591	\$ 27,122	\$ 33,602		
Cumulative Surp (Def)	\$ (47,872.35)	\$ (61,179)	\$ (56,315)	\$ (46,218)	\$ (32,508)	\$ (11,917)	\$ 15,205	\$ 48,807		

Conversion to Cash

Add: Amortization	28237	28190	30190	32100	32500	32900	33300	33700
Less: Principal Repayments	-48758	-48364	-71400	-81962	-82590	-83251	-83945	-81275
Net Income (Loss) Year	\$ (9,423)	\$ (33,481)	\$ (36,366)	\$ (40,040)	\$ (36,084)	\$ (29,761)	\$ (23,523)	\$ (13,973)
Cumulative Surp (Def)	\$ (42,904)	\$ (79,270)	\$ (119,311)	\$ (155,395)	\$ (185,155)	\$ (208,678)	\$ (222,651)	

Utility Name: Town of Kensington Water and Pollution Control Corporation

Statement of Revenue and Expenditures (WITHOUT RATE CHANGE)

\$ 643	# of Water Customers
\$ 862	# of Prop Units Billed
	# of Feet of Frontage

PER YEAR	Current	Proposed	DIFA	Diff
Rate Rate	\$ 221	\$ 221	0	\$
Prop Rate/Ft			NOV.0	\$

	WITHOUT RATE CHANGE					WITHOUT RATE CHANGE		
	Actual 2013	Actual 2014	Proj 2015	Proj 2016	Proj 2017	Proj 2018	Proj 2019	Proj 2020
REVENUES								
460 Unmetered Water Revenues	\$ 190,393	\$ 190,460	\$ 191,412	\$ 192,369	\$ 193,331	\$ 194,298	\$ 195,269	\$ 196,245
461 Metered Water Revenues								
462 Fire Protection Revenues	55,950	55,950	57,262	57,484	58,090	59,368	57,484	58,609
464 Other Sales to Public Authorities								
465 Sales to Irrigation Customers								
470 Delayed Payment Charges								
471 Miscellaneous Service Revenues								
474 Other Water Revenues	2,165	3,055	3,000	3,000	3,000	3,000	3,000	3,000
TOTAL REVENUES	\$ 248,508	\$ 249,465	\$ 251,674	\$ 252,853	\$ 254,421	\$ 256,666	\$ 255,753	\$ 257,854
EXPENDITURES								
Operating								
600 Salaries and Wages - Oper Emp								
605 Materials and Supplies								
610 Repairs and Maintenance	4,563	5,833	5,302	5,408	5,516	5,302	5,408	5,516
615 Rentals								
620 Power or Electricity	15,910	15,112	15,821	16,137	16,460	15,821	16,137	16,460
625 Chemicals	1,272	822	1,440	1,469	1,498	1,440	1,469	1,498
630 Water Testing and Analysis	4,330	4,663	4,800	4,896	4,994	4,800	4,896	4,994
	26,075	26,430	27,363	27,910	28,468	27,363	27,910	28,468
General								
650 Salaries and Wages - Admin Emp	141,600	149,100	148,257	151,222	154,247	157,332	160,478	163,688
655 Employee Pensions and Benefits								
660 Office Supplies & Other Office Exp	1,502	1,390	1,475	1,504	1,535	1,565	1,597	1,628
661 Interest and Bank Service Charges	2,297	4,390	3,410	3,479	3,548	3,619	3,691	3,765
665 Contractual Services								
670 Transportation Expenses								
675 Insurance								
680 Amortization - Rate Case Expense								
685 Regulatory Commission Fees								
690 Miscellaneous Expenses	663	4,636	4,692	4,785	4,881	4,979	5,078	5,180
695 Bad Debt Expense								
Honorariums	1,905	1,857	2,100	2,142	2,184	2,228	2,272	2,318
Professional Fees	3,788	3,125	3,525	3,596	3,668	3,741	3,816	3,893
Professional Development	1,923	747	1,900	1,938	1,976	2,016	2,056	2,097
	153,678	165,245	165,359	168,666	172,038	175,480	178,988	182,569
Other								
802 Small Tools Written Off								
803 Depreciation Expenses (Sch 9A)	17,785	16,035	16,235	16,435	16,635	16,835	17,035	17,235
804 Interest on Long-Term Debt	25,281	21,337	22,878	21,425	20,330	18,757	17,184	15,611
	43,066	37,372	39,113	37,860	36,965	35,592	34,219	32,846
TOTAL EXPENDITURES	\$ 222,819	\$ 229,047	\$ 231,836	\$ 234,436	\$ 237,472	\$ 238,435	\$ 241,117	\$ 243,883
Net Income (Loss) Year	\$ 25,689	\$ 20,418	\$ 19,838	\$ 18,417	\$ 16,949	\$ 18,230	\$ 14,636	\$ 13,971
Cumulative Surp (Def)	\$ 55,009	\$ 75,427	\$ 95,265	\$ 113,683	\$ 130,632	\$ 148,862	\$ 163,499	\$ 177,470

Conversion to Cash

Add: Amortization	17,785	16,035	16,235	16,435	16,635	16,835	17,035	17,235
Less: Principal Repayments	-48,496	-40,663	-47,516	-47,447	-47,447	-47,447	-47,447	-44,164
Net Income (Loss) Year	\$ (5,022)	\$ (4,210)	\$ (11,443)	\$ (12,595)	\$ (13,863)	\$ (12,382)	\$ (15,776)	\$ (12,958)
Cumulative Surp (Def)	\$ (9,232)	\$ (20,675)	\$ (33,269)	\$ (47,132)	\$ (59,514)	\$ (75,289)	\$ (88,247)	

Statement of Revenue and Expenditures (WITH RATE CHANGE)

\$ 643	# of Water Customers
\$ 862	# of Prop Units Billed
	# of Feet of Frontage

PER YEAR	Current	Proposed	DIFF %	DIFF \$
Flat Rate	\$ 2.21	\$ 2.33	7	\$ 16.54
Flat Rate/Ft			EDWDI	\$

	Actual 2013	Actual 2014	WITH RATE CHANGE			WITH RATE CHANGE		
			Proj 2015	Proj 2016	Proj 2017	Proj 2018	Proj 2019	Proj 2020
REVENUES								
460 Unmetered Water Revenues	\$ 190,393	\$ 190,460	191,413	194,271	197,129	199,987	202,845	205,703
461 Metered Water Revenues								
462 Fire Protection Revenues	55,950	55,950	57,262	57,484	58,090	59,368	57,484	58,609
464 Other Sales to Public Authorities								
465 Sales to Irrigation Customers								
470 Delayed Payment Charges								
471 Miscellaneous Service Revenues								
474 Other Water Revenues	2,165	3,055	3,000	3,000	3,000	3,000	3,000	3,000
TOTAL REVENUES	\$ 248,508	\$ 249,465	\$ 251,675	\$ 254,755	\$ 258,219	262,355	263,329	267,312
EXPENDITURES								
Operating								
600 Salaries and Wages - Oper Emp								
605 Materials and Supplies								
610 Repairs and Maintenance	4,563	5,833	5,302	5,408	5,516	5,626	5,739	5,854
615 Rentals						0	0	0
620 Power or Electricity	15,910	15,112	15,821	16,137	16,460	16,789	17,125	17,467
625 Chemicals	1,272	822	1,440	1,469	1,498	1,528	1,559	1,590
630 Water Testing and Analysis	4,330	4,663	4,800	4,896	4,994	5,094	5,196	5,300
	26,075	26,430	27,363	27,910	28,468	29,037	29,618	30,211
General								
650 Salaries and Wages - Admin Emp	141,600	149,100	148,257	151,222	154,247	157,332	160,478	163,688
655 Employee Pensions and Benefits						0	0	0
660 Office Supplies & Other Office Exp	1,502	1,390	1,475	1,504	1,535	1,565	1,597	1,628
661 Interest and Bank Service Charges	2,297	4,390	3,410	3,479	3,548	3,619	3,691	3,765
665 Contractual Services						0	0	0
670 Transportation Expenses						0	0	0
675 Insurance						0	0	0
680 Amortization - Rate Case Expense						0	0	0
685 Regulatory Commission Fees						0	0	0
690 Miscellaneous Expenses	663	4,636	4,692	4,785	4,881	4,979	5,078	5,180
695 Bad Debt Expense						0	0	0
Honorariums	1,905	1,857	2,100	2,142	2,184	2,228	2,272	2,318
Professional Fees	3,788	3,125	3,525	3,596	3,668	3,741	3,816	3,893
Professional Development	1,923	747	1,900	1,938	1,976	2,016	2,056	2,097
	153,678	165,245	165,359	168,666	172,038	175,479	178,989	182,568
Other								
802 Small Tools Written Off								
803 Depreciation Expenses (Sch 9A)	17,785	16,035	16,235	16,435	16,635	16,835	17,035	17,235
804 Interest on Long-Term Debt	25,281	21,337	22,878	21,425	20,330	18,757	17,184	15,611
	43,066	37,372	39,113	37,860	36,965	35,592	34,219	32,846
TOTAL EXPENDITURES	\$ 222,819	\$ 229,047	\$ 231,836	\$ 234,436	\$ 237,472	\$ 240,108	\$ 242,826	\$ 245,625
Net Income (Loss) Year	\$ 25,689	\$ 20,418	\$ 19,839	\$ 20,319	\$ 20,747	\$ 22,246	\$ 20,503	\$ 21,687
Cumulative Surp (Def)	\$ 55,009	\$ 75,427	\$ 95,266	\$ 115,585	\$ 136,332	\$ 158,578	\$ 179,081	\$ 200,768

Conversion to Cash									
Add: Amortization		17,785	16,035	16,235	16,435	16,635	16,835	17,035	17,235
Less: Principal Repayments		-48,496	-40,663	-47,516	-47,447	-47,447	-47,447	-47,447	-44,164
Net Income (Loss) Year		\$ (5,022)	\$ (4,210)	\$ (11,442)	\$ (10,693)	\$ (10,065)	\$ (8,366)	\$ (9,909)	\$ (5,242)
Cumulative Surp (Def)			\$ (9,232)	\$ (20,674)	\$ (31,367)	\$ (41,432)	\$ (49,798)	\$ (59,707)	\$ (64,948)

Town of Kensington
Minutes of Water and Pollution Control Corporation Meeting
Monday, May 11, 2015
8:33 PM

Board of Directors: Chair Rowan Caseley; Directors – Mann, Pickering, Mill, MacLean, Doucette & Spencer

Staff Members Present: Chief Administrative Officer, Geoff Baker; Deputy Administrator, Wendy MacKinnon; Administrative Assistant, Kimberley Caseley

1. Calling of Meeting to Order

1.1 Chair Rowan Caseley called the meeting to order at 8:33 PM and welcomed Directors and staff.

2. Approval of Tentative Agenda

2.1 *Moved by Director Spencer, seconded by Director Mill to approve the tentative agenda for the May 11, 2015 regular meeting of the Water and Pollution Control Corporation. Unanimously carried.*

3. Approval of Minutes

3.1 *Moved by Director Doucette, seconded by Director Spencer to approve the minutes from the regular meeting held on April 13, 2015. Unanimously carried.*

4. Business Arising from the Minutes

4.1 Nil

5. Approval of Accounts

5.1 *Moved by Director Mann, seconded by Director Spencer to approve the payment of expenditures for the month of April 2015 in the amount of \$7,812.49. Unanimously carried.*

5.2 *Moved by Director Mann, seconded by Director Pickering to approve the Summary Income Statement for April 2015, as presented by Director Mann. Unanimously carried.*

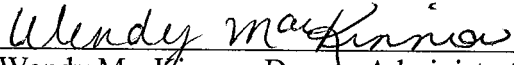
6. 2015 Water and Pollution Control Corporation Rate Study

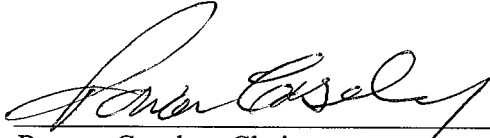
6.1 *Moved by Director Mann, seconded by Director MacLean THAT a contract for the development of the 2015 water and sewer rate study be awarded to WSP as per their proposal dated April 6, 2015 in the amount*

of \$3,980.00 plus HST. Unanimously carried.

7. Adjournment

- 7.1** *Moved by Director Spencer, seconded by Director MacLean to adjourn the meeting of the Water & Sewer Pollution Control Corporation at 8:37 PM. Unanimously carried.*


Wendy MacKinnon, Deputy Administrator


Rowan Caseley, Chair

Town of Kensington
Minutes of Water and Pollution Control Corporation Meeting
Tuesday, October 13, 2015
8:02 PM

Board of Directors: Chair Rowan Caseley; Directors – Mann, MacLean, Doucette, Pickering, Mill & Spencer

Staff Members Present: Chief Administrative Officer, Geoff Baker; Deputy Administrator, Wendy MacKinnon; Administrative Assistant, Kimberley Caseley

1. **Calling of Meeting to Order**
 - 1.1 Chair Rowan Caseley called the meeting to order at 8:02 PM and welcomed Directors and staff.
2. **Approval of Tentative Agenda**
 - 2.1 *Moved by Director Spencer, seconded by Director Mill to approve the tentative agenda for the October 13, 2015 regular meeting of the Water and Pollution Control Corporation. Unanimously carried.*
3. **Approval of Minutes**
 - 3.1 *Moved by Director Spencer, seconded by Director Doucette to approve the minutes from the regular meeting held on September 14, 2015. Unanimously carried.*
4. **Business Arising from the Minutes**
 - 4.1 Nil
5. **Approval of Accounts**
 - 5.1 *Moved by Director Mann, seconded by Director MacLean to approve the payment of expenditures for the month of September 2015 in the amount of \$35,041.47. Unanimously carried.*
 - 5.2 *Moved by Director Mann, seconded by Director Spencer to approve the Summary Income Statement for September 2015, as presented by Director Mann. Unanimously carried.*
6. **Island Regulatory Appeals Commission - Water & Sewer Rate Increase Application**
 - 6.1 *Moved by Director Mann, seconded by Director Doucette,*

BE IT RESOLVED that Directors of the Kensington Water and Pollution Control Corporation authorize staff to submit an application to the Island Regulatory Appeals Commission for a 1.5% per year rate increase for water and a 3% per year rate increase for sewer over a five year period commencing January 1, 2016.

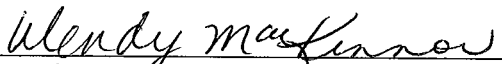
Unanimously carried.


7. Other

- 7.1 Discussions were had regarding the City of Charlottetown's transition to mandatory water meters on all utility customers. The Chair requested that it be referred to the Finance and Admin Committee.

8. Adjournment

- 8.1 *Moved by Director Spencer, seconded by Director MacLean to adjourn the meeting of the Water & Sewer Pollution Control Corporation at 8:162 PM. Unanimously carried.*


Wendy MacKinnon, Deputy Administrator


Rowan Caseley, Chair

**Town of Kensington
Minutes of Regular Council Meeting
Tuesday, October 13, 2015
7:00 PM**

Council Members Present: Mayor Rowan Caseley; Councillors: Deputy Mayor Mann, Spencer, MacLean, Pickering, Mill and Doucette

Staff Members Present: Chief Administrative Officer, Geoff Baker; Deputy Administrator, Wendy MacKinnon; Administrative Assistant, Kim Caseley; Police Chief, Lewis Sutherland

1. Calling of Meeting to Order

1.1 Mayor Caseley called the meeting to order at 7:00 PM and welcomed Council members and staff.

2. Approval of Tentative Agenda

2.1 *Moved by Councillor Mill, seconded by Councillor MacLean to approve the tentative agenda for the October 13, 2015 regular meeting of Town Council. Unanimously carried.*

3. Declaration of Conflict of Interest

3.1 Mayor Caseley discussed that Members of Town Council or staff who believe they may have a conflict of interest on any matter that will be discussed at this meeting should declare that potential conflict at this time, withdraw at the time of discussion and vacate the Council Chambers during deliberation and decision.

4. Delegations / Presentations

4.1 Nil

5. Approval of Minutes of Previous Meeting

5.1 *Moved by Councillor Doucette, seconded by Councillor Pickering to approve the minutes from the September 14, 2015 regular meeting of Town Council. Unanimously carried.*

6. Business Arising from Minutes

6.1 Regular Council Meeting September 14, 2015 - Nil.

7. Committee Reports

7.1 Public Safety Committee

- 7.1.1 *Moved by Councillor Doucette, seconded by Councillor Spencer to adopt the September 2015 Public Safety Committee Report as presented by Councillor Doucette. Unanimously carried.*
- 7.1.2 *Moved by Councillor Doucette, seconded by Councillor Spencer to adopt the September 2015 Fire Chiefs Report as prepared by Fire Chief Sudsbury. Unanimously carried.*
- 7.1.3 *Moved by Councillor Doucette, seconded by Councillor Spencer to approve the September 2015 Police Statistical Report as prepared by Chief Sutherland. Unanimously carried.*
- 7.14 *Moved by Councillor Doucette, seconded by Councillor Spencer to approve the stealth style markings on the new police vehicle. Unanimously carried.*

7.2 Community Services Committee

- 7.2.1 *Moved by Councillor Spencer, seconded by Councillor Doucette to approve the September 2015 Community Services Committee report as presented by Councillor Spencer. Unanimously carried.*
- 7.2.2 *Moved by Councillor Spencer, seconded by Councillor Mill to approve the Building Permit Summary Report for September 2015. Unanimously carried.*
- 7.2.3 *Moved by Councillor Spencer, seconded by Councillor Pickering THAT Town Council approve a subdivision of PID # 1015148, being lands of Andrew R. Morrison located along Barrett Street, into 2 separate parcels, being lots 9E and 9W, as per drawing no. 151-11143-S01, drawn by WSP. Unanimously carried.*
- 7.2.4 *Moved by Councillor Spencer, seconded by Councillor MacLean THAT Town Council direct Chief Administrative Officer, Geoff Baker, to initiate a Bylaw Amendment process to amend Section 4.37 (2)(b) to remove the specification of a masonry wall as the specific form of separation between two attached dwelling units, and instead require construction of the firewall based on the National Building Code and National Fire Code regulations. Unanimously carried.*

7.3 Wellness and Culture Committee

- 7.3.1 *Moved by Councillor Pickering, seconded by Councillor Doucette to approve the September 2015 Wellness and Culture Committee report as prepared by Councillor Pickering. Unanimously carried.*

7.4 Finance and Administration Committee Report

- 7.4.1 *Moved by Deputy Mayor Mann, seconded by Councillor Spencer to adopt the Finance and Administration Committee report for the month of September 2015, as presented by Deputy Mayor Mann. Unanimously carried.*
- 7.4.2 *Moved by Deputy Mayor Mann, seconded by Councillor MacLean to approve the payment of bills in the amount of \$163,897.22 for the month of September 2015. Unanimously carried*
- 7.4.3 *Moved by Deputy Mayor Mann, seconded by Councillor Spencer to approve the September 2015 Summary Income Statement as presented by Deputy Mayor Mann. Unanimously carried.*
- 7.4.4 *Moved by Deputy Mayor Mann, seconded by Councillor Spencer*

WHEREAS the Town of Kensington will require a Municipal Audit to be completed in fiscal years 2015, 2016 & 2017;

AND WHEREAS the Town of Kensington has issued a Request for Proposals through public invitation to eight firms;

AND WHEREAS the proposals were evaluated by staff against the terms of reference provided in the RFP for auditing and professional accounting services;

BE IT RESOLVED that the Town of Kensington award the contract for Municipal Auditing services for fiscal years 2015, 2016 and 2017 to Arsenault Best Cameron Ellis Chartered Accountants as per their proposal dated October 1, 2015 in the amount of \$9900.00 plus applicable taxes escalating by no more than inflation thereafter.

Unanimously carried.

- 7.4.5 *Moved by Deputy Mayor Mann, seconded by Councillor MacLean*

WHEREAS S. 43 of the Municipalities Act, R.S.P.E.I., Cap. M-13, Prince Edward Island authorizes a Council to borrow money for certain purposes;

AND WHEREAS the Town of Kensington will require bridge financing to complete the Capital Investment Plan projects to be completed in 2015 & 2016;

AND WHEREAS the total cost of all projects is estimated to be \$2,679,948.42 broken down as follows: \$316,781.25 from the Municipal Strategic Component of the New Gas Tax Fund; \$703,740.00 from the Town of Kensington's direct allocation under the Gas Tax Fund; and \$690,057.17 from the Town's own revenue sources; \$35,000.00 from the

Provincial Infrastructure Fund and \$934,370.00 from the Building Canada Fund;

AND WHEREAS the Town has received \$200,742.00 of the DA – Gas Tax funding to date and will receive an additional \$502,998.00 over the next 3 years and will need to expend these funds in year 2015 & 2016 to complete the CIP projects;

BE IT RESOLVED that the Town of Kensington be empowered to borrow up to \$502,998.00 from the Scotiabank repayable in full by Town Council over an amortization period not to exceed 3 years at a floating rate of interest payable monthly with 3 annual lump sum payment payable no later Dec 30 of each year, representing the proceeds of the 2016-2018 Direct Allocation- Gas Tax funding.

Unanimously carried.

7.4.6 *Moved by Deputy Mayor Mann, seconded by Councillor Doucette*

BE IT RESOLVED that Town Council authorize staff to submit an application to the Island Regulatory Appeals Commission for a 1.5% per year rate increase for water and a 3% per year rate increase for sewer over a five year period commencing January 1, 2016.

Unanimously carried.

7.4.7 *Moved by Deputy Mayor Mann, seconded by Councillor Doucette*

BE IT RESOLVED that Town Council approve an annual sponsorship of the Kensington Meals on Wheels in the amount of \$1,200.00.

Unanimously carried.

7.4.8 *Moved by Deputy Mayor Mann, seconded by Councillor Mill*

BE IT RESOLVED that Town Council accept the quote from Capital T Electric for \$4,420.70 plus HST for the installation of electronic speed signs.

Unanimously carried

7.5 **Mayor's Report**

7.5.1 *Moved by Deputy Mayor Mann, seconded by Councillor Pickering to approve the Mayors report for the month of September 2015 as presented by Mayor Caseley. Unanimously carried.*

8. Council Representative Reports

- 8.1 Deputy Mayor Mann reported that the FPEIM Semi Annual Meeting will be held on November 14, 2015 at the Tignish Legion. Council members wishing to attend should RSVP with Wendy MacKinnon.

There are several open board positions for the FPEIM and the nomination process is currently open.

- 8.2 Deputy Mayor Mann reported on the Kensington Area Chamber of Commerce:

8.2.1 The recent mixer hosted by the Haunted Mansion had a successful turnout.

8.2.2 An All Candidates Meeting was held on October 6, 2015 with all local federal candidates. A video of the event is available on YouTube.

8.2.3 November 18 the Chamber will host the Annual Business Awards Gala. Members of Council wishing to attend should RSVP with Wendy MacKinnon.

- 8.3 Mayor Caseley reported that the Heritage Library committee has been restructured and further correspondence will be presented through the Community Services Committee.

9. **Annexation of Lands of Matthew Gallant and Joni Albert Pid No. 465708-000**

- 9.1 *Moved by Councillor Spencer, seconded by Councillor MacLean*

WHEREAS the Town of Kensington has received a request from Matt Gallant for the annexation of lands identified as PID # 465708-000 consisting of approximately 0.34 acres;

AND WHEREAS this land parcel is in close proximity to the Town of Kensington municipal boundary;

BE IT RESOLVED that the Town of Kensington, in accordance with Section 12 of the Municipalities Act, Province of Prince Edward Island, formally apply to the Minister for annexation of lands as identified herein and as shown in the attached GIS documentation shown in the Province's Geolinc database.

Unanimously carried.

10. **Woodleigh Drive Sidewalk Replacment/School Street Paving – 2015 Capital Investment Plan**

- 10.1 *Moved by Councillor Spencer, seconded by Councillor Mill,*

WHEREAS tender documents were issued on September 21, 2015 for the completion of the Woodleigh Drive Sidewalk/School Street Paving project;

AND WHEREAS one tender was received from Curran and Briggs Ltd. in the amount of \$324, 950.00 including HST;

AND WHEREAS Curran and Briggs are capable in all respects to complete the required work;

BE IT RESOLVED that the contract for the completion of the Woodleigh Drive Sidewalk/School Street Paving project be awarded to Curran and Briggs Ltd. as per their tender dated October 5, 2015 in the amount of \$324,950.00 including HST.

Unanimously carried.

11. Railyards Property Lease Agreement Amendment

11.1 Moved by Deputy Mayor Mann, seconded by Councillor Spencer.

WHEREAS Beach Light Holdings Ltd. are in the process of acquiring the leasing rights to certain Kensington Railyards properties;

AND WHEREAS Kensington Town Council has previously approved the transfer of the aforementioned leasing rights;

AND WHEREAS a request has been received from Beach Light Holdings Ltd. to amend the original lease agreement to include a 50 year lease term effective September 14, 2015 and ending on September 13, 2065;

BE IT RESOLVED that Kensington Town Council approve a lease amendment between the Town of Kensington and Beach Light Holdings Ltd. to facilitate the re-starting of the lease term effective September 14, 2015 and ending on September 13, 2065;

BE IT FURTHER RESOLVED that the Chief Administrative Officer and the Mayor be authorized to execute on behalf of the Town of Kensington the Lease Amending Agreement and the Notice of Amended Lease.

Unanimously carried.

12. Correspondence

12.1 An email from Vicki Smith thanking Mayor Caseley and the Town for sending her a copy of the 2014 commemorative booklet and calendars.

12.2 A letter from the Team PEI – Special Olympics requesting financial support for the 2016 Summer Games.

Moved by Councillor Pickering, seconded by Councillor Mill to approve a \$150.00 uniform donation to Team PEI – Special Olympics. Unanimously carried.

12.3 KISH Newsletters from September and October

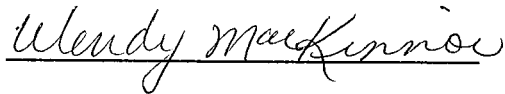
12.4 A request of Sponsorship from the Kensington Wild Hockey Club requesting the town to continue their annual sponsorship.

Moved by Councillor Spencer, seconded by Councillor Mill to approve a Player Sponsorship for the Kensington Wild Hockey Team at the value of \$750.00. Unanimously carried.

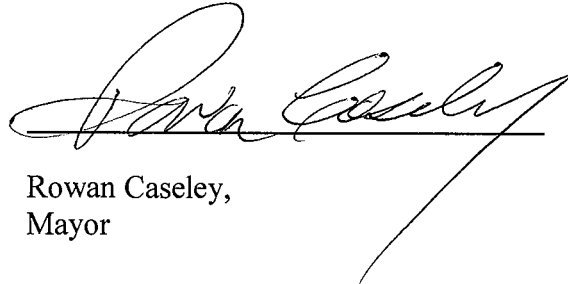
12.5 A sponsorship request from the Kensington & Area Chamber of Commerce. Council discussed their current contributions to the Chamber and declined further sponsorship.

13. **Adjournment**

Moved by Councillor Spencer, seconded by Councillor Doucette to adjourn the meeting at 8:02 PM. Unanimously carried.



Wendy MacKinnon,
Deputy Administrator



Rowan Caseley,
Mayor

A BY-LAW TO ESTABLISH

THE TOWN OF KENSINGTON WATER AND POLLUTION CONTROL CORPORATION

WHEREAS the Council of the Town of Kensington has determined that it will provide, pursuant to clause 31 (g) and (k) of the Municipalities Act, R.S. P.E.I. 1974, Cap. M 15, 2, as amended, sewage collection and treatment and water distribution and purification.

THEREFORE pursuant to Section 38.1 of the Municipalities Act,

BE IT ENACTED by Council as follows:

THE TOWN OF KENSINGTON


WATER AND POLLUTION CONTROL CORPORATION BY-LAW

1. This by-law may be cited as the Town of Kensington Water and Sewerage Utility By-law,
2. In this by-law:
 - (a) "Council" means the Council of the Town of Kensington;
 - (b) "Corporation" means the Town of Kensington Water and Pollution Control Corporation established herein;
 - (c) "Customer" means a person, firm or corporation who or which requests or is supplied with water and sewerage service at a specific location or locations;
 - (d) "Director" means a director of the corporation and includes the chairman;
 - (e) "Municipality" means the municipality of the Town of Kensington.
3. This by-law applies to the establishment and operation of a municipal sewage collection and treatment and water distribution and purification corporation for the Town of Kensington.
4.
 - (1) There is hereby established the Town of Kensington Water and Pollution Control Corporation.
 - (2) The Corporation shall be composed of a Board of Directors comprised of four or more members appointed from Council by the Mayor.
 - (3) One of the Directors shall be appointed by the Council as its "Chairman."

- (4) The Directors of the Corporation shall have terms of office during good behaviour the same as their Council term at the time of their appointment, but may be removed at any time by the Mayor.
 - (5) The Directors of the Corporation shall receive such remuneration as may be determined by the Council.
 - (6) At meetings of the corporation, three directors constitute a quorum over which the Chairman, if present, shall preside, and in the absence of the Chairman, one of the other Directors appointed by the Chairman may preside.
 - (7) Decisions of the Board of Directors shall be determined by the majority vote.
 - (8) In the case of equal division of opinion of the Directors, the matter shall be referred to the Council, whose decision is binding on the Corporation.
 - (9) The Chairman is the Chief Executive Officer of the Corporation and has supervision over and direction of the work and the staff of the Corporation.
5. The Corporation shall have the following functions:
- (a) Constructing, altering, extending, managing and controlling a system for providing the service of water and sewerage to the residents of the Municipality and, with the approval of Council, residents of areas adjacent to the municipality;
 - (b) Acquiring, alienating, holding and disposing of real or personal property;
 - (c) Engaging and paying personnel;
 - (d) Financing, with the approval of Council, any of its undertakings; and
 - (e) Assessing, charging and collecting rates and charges for services provided to any customer.
6. The Corporation shall levy such user rates or frontage charges as may be approved by the Island Regulatory and Appeals Board.
7. The Corporation shall maintain its accounts separate from the accounts of the Council or the Municipality.

8. The fiscal year of the Corporation shall be from 1 January to 31 December.
9. The Directors of the Corporation and any person acting on their instructions or authority are not personally liable for any loss or damage suffered by any person by reason of any act done by any of them in good faith in the exercise or purported exercise of the powers conferred under this by-law.
10. This by-law comes into force on the 20th day of January, 1992.

TOWN OF KENSINGTON


Mayor


Town Clerk

First Reading - January 13, 1992

Second Reading and Proclaimed Law in the
Town of Kensington, January 20, 1992



Consolidated Financial Statements

The Town of Kensington

December 31, 2014

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Consolidated statement of change in net debt	6
Schedule of tangible capital assets	7
Notes to the consolidated financial statements	8
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The Town of Kensington Management's Responsibility for Financial Reporting

December 31, 2014

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

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

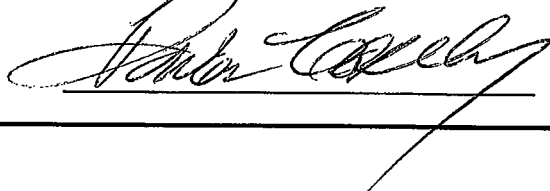
The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Town of Kensington and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Town of Kensington

CAO



Mayor





Independent auditors' report

Grant Thornton LLP
2ND Floor, Royal Bank Building
220 Water Street, PO Box 1660
Summerside, PE
C1N 2V5
T (902) 436-9155
F (902) 436-6913
www.GrantThornton.ca

To the Council of
The Town of Kensington

We have audited the accompanying consolidated financial statements of The Town of Kensington, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of operations and changes in fund balances, consolidated statement of change in net debt and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Town of Kensington as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Grant Thornton LLP

March 24, 2015

Summerside, Prince Edward Island

Chartered Accountants

The Town of Kensington Consolidated statement of operations and surplus

Year Ended December 31	Budget	2014	2013 <small>(restated in note 2)</small>
Revenue			
Property taxes (Note 10)	\$ 519,885	\$ 529,905	\$ 509,320
Government transfer			
Municipal Support Grant Program	222,051	220,969	218,781
Equalization	120,000	121,930	120,723
Other	-	14,538	22,450
Fire dues	199,536	198,645	198,844
Rental	145,350	146,584	146,794
Sales of services	747,922	773,082	798,315
Police fines	48,000	35,871	72,619
Other revenue	156,463	113,046	54,843
Water & Sewer utility	530,670	473,988	468,665
	<u>2,689,877</u>	<u>2,628,558</u>	<u>2,611,354</u>
Expenses			
General government	595,806	535,664	531,377
Protective	582,586	564,612	565,477
Sales of services	186,530	198,523	242,322
Transportation & Public Works	243,635	247,878	231,195
Parks and recreation	550,650	599,537	498,315
Water & Sewer utility	530,670	581,553	546,554
	<u>2,689,877</u>	<u>2,727,767</u>	<u>2,615,241</u>
Annual deficit before other income/(expense)	\$ <u>-</u>	(99,209)	(3,886)
Other income/(expense)			
Gain/loss on disposal of capital assets		-	3,460
Government transfers - capital		-	142,438
Annual (deficit) surplus		<u>\$ (99,209)</u>	<u>\$ 142,012</u>
<hr/>			
Accumulated surplus, beginning of year, as previously reported		\$ 4,715,911	\$ 4,537,419
Prior period adjustment (Note 2)		<u>(36,480)</u>	<u>-</u>
As restated		4,679,431	4,537,419
Annual (deficit) surplus		<u>(99,209)</u>	<u>142,012</u>
Accumulated surplus, end of year		<u>\$ 4,580,222</u>	<u>\$ 4,679,431</u>

See accompanying notes and schedules to the consolidated financial statements.

**The Town of Kensington
Consolidated statement of financial position**

December 31

2014

2013

(restated in note 2)

Financial assets

Cash	\$ 66,898	\$ 391,234
Receivables	194,156	225,203
Inventory	6,416	5,931
Restricted cash – gas tax funding (Note 3)	133,828	-
	<u>401,298</u>	<u>622,368</u>

Liabilities

Bank indebtedness (Note 4)	240,548	167,107
Payables and accruals	254,760	330,444
Deferred revenue (Note 5)	35,155	98,956
Deferred revenue - gas tax (Note 3)	133,828	-
Long term debt (Note 6)	3,833,097	4,173,189
	<u>4,497,387</u>	<u>4,769,696</u>

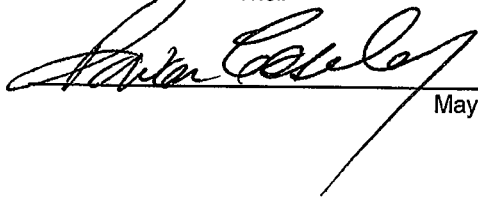
Net debt (4,096,089) (4,147,328)

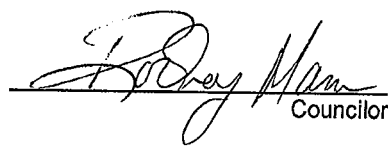
Non-financial assets

Prepaid expenses	35,332	35,332
Tangible capital assets – (Page 8)	8,640,979	8,791,426
	<u>8,676,311</u>	<u>8,826,758</u>

Accumulated surplus (Note 7) \$ 4,580,222 \$ 4,679,431

On Behalf of the Council


Mayor


Councilor

The Town of Kensington Consolidated statement of cash flows

Year Ended December 31

2014

2013
(restated in note 2)

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual (deficit) surplus	\$ (99,208)	\$ 142,011
Items not affecting cash		
Amortization	350,235	347,662
(Gain) loss on sale of capital assets	<u>-</u>	<u>(3,460)</u>
	251,027	486,213
Change in non-cash working capital		
Receivables	31,047	763
Prepaid expenses	-	(4,229)
Trade payables, accrued interest, and deferred revenue	<u>(6,101)</u>	<u>115,527</u>
	<u>275,973</u>	<u>598,274</u>
Financing activities		
Payment of long-term debt	(470,133)	(463,005)
Proceeds from issuance of long-term debt	130,000	35,000
Increase (decrease) in bank indebtedness	73,438	(176,103)
Change in restricted cash	<u>(133,828)</u>	<u>269,425</u>
	<u>(400,523)</u>	<u>(334,683)</u>
Capital activities		
Purchase of capital assets	(199,788)	(228,533)
Proceeds on sale of capital assets	<u>-</u>	<u>3,486</u>
	<u>(199,788)</u>	<u>(225,047)</u>
Net (decrease) increase in cash and cash equivalents	(324,338)	38,544
Cash and cash equivalents,		
Beginning of year	<u>391,236</u>	<u>352,692</u>
End of year	<u>\$ 66,898</u>	<u>\$ 391,236</u>

See accompanying notes and schedules to the consolidated financial statements.

The Town of Kensington
Consolidated statement of change in net debt

Year ended December 31	Budget (Note 9)	2014	2013 (restated in note 2)
Annual (deficit) surplus	\$ -	\$ (99,208)	\$ 142,011
Amortization	309,428	350,234	347,666
Change in prepaid assets	-	-	(4,229)
Acquisition of tangible capital assets	(200,000)	(199,788)	(228,533)
Proceeds on sale of tangible capital assets	-	-	3,486
(Gain)/loss on sale of tangible capital assets	-	-	(3,460)
Decrease in net debt	\$ <u>109,428</u>	<u>51,238</u>	256,941
Net debt, beginning of year		<u>(4,147,328)</u>	<u>(4,404,269)</u>
Net debt, end of year		\$ <u>(4,096,090)</u>	\$ <u>(4,147,328)</u>

See accompanying notes and schedules to the consolidated financial statements.

The Town of Kensington Schedule of tangible capital assets

December 31, 2014

	Land, Buildings and Wind Turbine	Streets and Sidewalks	Vehicles	Fire Vehicles	Signs and Equipment	Water & Sewer systems and Equipment	Total 2014	Total 2013
Cost:								
Opening balance, as previously reported	\$ 3,979,762	\$ 1,092,353	\$ 142,211	\$ 810,421	\$ 1,003,496	\$ 6,031,461	\$ 13,059,704	\$ 12,905,068
Acquisition of tangible capital assets	25,152	36,281	3,701	-	124,131	10,523	199,788	214,893
Cost of tangible capital assets disposed	-	-	(13,609)	-	-	-	(13,609)	(60,257)
Balance, end of year	<u>4,004,914</u>	<u>1,128,634</u>	<u>132,303</u>	<u>810,421</u>	<u>1,127,627</u>	<u>6,041,984</u>	<u>13,245,883</u>	<u>13,059,704</u>
Accumulated amortization:								
Opening balance, as previously reported	(1,315,917)	(836,782)	(92,995)	(446,319)	(139,003)	(1,437,261)	(4,268,277)	(3,994,485)
Annual amortization	(60,878)	(105,029)	(21,237)	(39,420)	(20,360)	(103,313)	(350,237)	(334,049)
Accumulated amortization of tangible capital assets disposed	-	-	13,609	-	-	-	13,609	60,257
Balance, end of year	<u>(1,376,795)</u>	<u>(941,811)</u>	<u>(100,623)</u>	<u>(485,739)</u>	<u>(159,363)</u>	<u>(1,540,574)</u>	<u>(4,604,905)</u>	<u>(4,268,277)</u>
Net book value of tangible capital assets	\$ <u>2,628,119</u>	\$ <u>186,824</u>	\$ <u>31,680</u>	\$ <u>324,682</u>	\$ <u>968,264</u>	\$ <u>4,501,410</u>	\$ <u>8,640,979</u>	\$ <u>8,791,426</u>

See accompanying notes to the consolidated financial statements.

The Town of Kensington

Notes to the consolidated financial statements

December 31, 2014

1. Summary of significant accounting policies

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

Basis of consolidation

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

Consolidated entities

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

Town of Kensington
Water and Sewerage Corporation
Kensington Area Industrial Commission

Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

Cash

Cash include cash on hand, balances with banks. Bank indebtedness is considered to be a financing activity.

Non-financial assets

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

Leases

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

Use of estimates

The presentation of consolidated financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those reported. Significant estimates include amortization of tangible capital assets.

The Town of Kensington

Notes to the consolidated financial statements

December 31, 2014

1. Summary of significant accounting policies (continued)

Revenue recognition

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

Government transfers

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

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

Tangible capital assets

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

Sewer system and lagoon	1.2%
Water system	1.2%
Utility Vehicle	20.0%
Sewer Equipment	20.0%
Water Equipment	20.0%
Buildings	2.5%
Fire Vehicles	6.67%
Vehicles	20.0%
Electronic equipment	25.0%
Equipment	10.0%
Streets and sidewalks	4.0%
Wind turbine	5.0%

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

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

The Town of Kensington

Notes to the consolidated financial statements

December 31, 2014

2. Adjustment to prior period

During the year, the Town identified an error with respect to the accounting treatment of a special project. The correction of this item has been applied retrospectively with restatement of the December 31, 2013 comparative figures as follows:

	Previously reported <u>2013</u>	Adjustment <u>2013</u>	Restated <u>2013</u>
Revenue	\$ 2,644,856	\$ 22,450	\$ 2,667,306
Government transfers – capital	176,113	(33,675)	142,438
Expenses	2,645,935	25,256	2,671,191
Annual surplus	178,491	(36,480)	142,011
Capital assets	8,816,682	(25,256)	8,791,426
Deferred revenue	87,730	11,224	98,954

3. Deferred revenues – Gas Tax

During the year the Town was allocated \$133,828 under the New Deal Gas Tax Funding for Incorporated Communities agreement. The Town must use their allocation of the New Deal Gas Tax funds for eligible infrastructure and capacity building projects as outlined in the agreement.

	<u>2014</u>	<u>2013</u>
Deferred, beginning of year	\$ -	\$ -
Allocation received and interest earned during the year	133,828	142,438
Eligible expenditures incurred	-	(142,438)
Deferred, end of year	<u>\$ 133,828</u>	<u>\$ -</u>

Under the Agreement on the Transfer of Federal Gas Tax Revenues through the New Deal for Cities and Communities, the Town has received funds which are restricted for expenditure on eligible projects. The Town will prepare, for approval by the governmental regulating body, a Capital Investment Plan which details anticipated expenditures.

4. Bank indebtedness

Bank indebtedness consists of a bank balance of \$206,598 less outstanding transfers and cheques of \$33,950. The Town has an authorized operating line of credit of \$325,000 bearing interest at prime less .25%, all of which, \$261,000 was unused at December 31, 2014. The Town has provided a borrowing resolution, as required by the bank. At December 31, 2014, prime rate was 3%.

The Town of Kensington

Notes to the consolidated financial statements

December 31, 2014

5. Deferred revenue	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 98,853	\$ 21,452
Amount received during the year	-	112,334
Amount recognized as revenue during the year	<u>(63,698)</u>	<u>(34,930)</u>
Balance, end of year	<u>\$ 35,155</u>	<u>\$ 98,856</u>
Special projects	\$ 27,455	\$ 89,896
Ice rentals	<u>7,700</u>	<u>9,060</u>
	<u>\$ 35,155</u>	<u>\$ 98,956</u>

6. Long-term debt	<u>2014</u>	<u>2013</u>
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The Town of Kensington

5.05% term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2021, repayable in monthly principal installments of \$2,720 plus interest, obtained to finance a new fire hall. As security, the Town has provided a borrowing resolution.	\$ 206,758	\$ 239,403
5.05% term loan, Bank of Nova Scotia, maturing in 2014, amortized to 2027, repayable in monthly installments of \$251, including principal and interest, obtained to finance repairs to the train station. As security, the Town has provided a borrowing resolution.	28,631	30,271
5.44% term loan, Province of Prince Edward Island, maturing in and amortized to 2026, repayable in quarterly installments of \$5,869, including principal and interest, obtained to finance purchase of land. As security, the Town has provided a borrowing resolution.	205,892	217,761
Prime plus 0.25% term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2034, repayable in monthly principal installments of \$796 plus interest, obtained to finance the purchase of land. As security, the Town has provided a borrowing resolution.	187,863	197,416
5.05% term loan, Bank of Nova Scotia, maturing in 2015, amortized to 2025, repayable in monthly installments of \$2,127, including principal and interest, obtained to finance a new fire truck. As security, the Town has provided a borrowing resolution.	206,882	221,557

The Town of Kensington
Notes to the consolidated financial statements
December 31, 2014

6. Long-term debt (cont'd)	<u>2014</u>	<u>2013</u>
Prime term loan, Bank of Nova Scotia, maturing in 2016, amortized to 2026, repayable in monthly principal installments of \$1,167 plus interest, obtained to finance the purchase of property. As security, the Town has provided a borrowing resolution.	\$ 162,167	\$ 176,167
Prime term loan, Bank of Nova Scotia, maturing in and amortized to 2017, repayable in monthly principal installments of \$733 plus interest, obtained to finance a police vehicle. As security, the Town has pledged a vehicle with replacement cost insurance and provided a borrowing resolution.	19,811	28,607
Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2022, repayable in monthly principal installments of \$4,086 plus interest, obtained to finance purchase of property. As security, the Town has provided a borrowing resolution.	372,564	421,592
Prime term loan, Bank of Nova Scotia, repayable in annual principal installments of \$142,439 plus interest in 2014, with remaining principal maturing in 2015, amortized to 2022, repayable in equal monthly principal installments plus interest, obtained to finance street upgrades. As security, the Town has provided a borrowing resolution.	109,122	251,561
Prime term loan, Bank of Nova Scotia, maturing in and amortized to 2015, repayable in monthly principal installments of \$1,785 plus interest, obtained to finance equipment. As security, the Town has pledged equipment with replacement cost insurance and provided a borrowing resolution.	19,631	41,046
Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2031, repayable in monthly principal installments of \$1,034 plus interest, obtained to finance the purchase of property. As security, the Town has provided a borrowing resolution.	202,801	215,213
Prime plus 1% term loan, Credit Union, maturing in and amortized to 2027, repayable in monthly principal installments of \$1,400 plus interest. As security, the Town has provided a promissory note.	218,800	235,600
Prime term loan, Bank of Nova Scotia, maturing in and amortized to 2018, repayable in monthly principal installments of \$584 plus interest, obtained to assist in the financing of a dehumidifier. As security, the Town has provided a borrowing resolution.	26,824	33,832

The Town of Kensington

Notes to the consolidated financial statements

December 31, 2014

6. Long-term debt (cont'd)	<u>2014</u>	<u>2013</u>
Prime term loan, Bank of Nova Scotia, maturing in and amortized to 2019, repayable in monthly principal installments of \$917 plus interest, obtained to finance storm sewer upgrades. As security, the Town has provided a borrowing resolution.	\$ 52,250	\$ -
Prime term loan, Bank of Nova Scotia, maturing in and amortized to 2019, repayable in monthly principal installments of \$417 plus interest, obtained to finance storm management upgrades. As security, the Town has provided a borrowing resolution.	21,131	-
Prime term loan, Bank of Nova Scotia, maturing in and amortized to 2019, repayable in monthly principal installments of \$833 plus interest, obtained to finance storm sewer upgrades. As security, the Town has provided a borrowing resolution.	47,500	-
Loan repaid during the year.	-	6,333
	<u>\$ 2,088,627</u>	<u>\$ 2,316,359</u>
The Town of Kensington Water and Pollution Control Corporation		
5.05% term loan, Bank of Nova Scotia, maturing in 2015, amortized to 2030, repayable in monthly installments of \$1,696 including interest, obtained to finance a wind turbine. As security, the Town has provided a borrowing resolution.	\$ 173,032	\$ 196,362
Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2022, repayable in monthly principal installments of \$1,944 plus interest, obtained to finance lagoon upgrades. As security, the Town has provided a borrowing resolution.	204,274	213,992
Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2037, repayable in monthly principal installments of \$625 plus interest, obtained to finance water and sewer extensions. As security, the Town has provided a borrowing resolution.	132,070	139,569
Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2020, repayable in monthly principal installments of \$730 plus interest, obtained to purchase generators. As security, the Town has pledged generators with replacement cost insurance and provided a borrowing resolution.	45,967	54,722
5.05% term loan, Bank of Nova Scotia, maturing in 2016, amortized to 2036, repayable in monthly principal installments of \$817 plus interest, obtained to finance water and sewer extensions. As security, the Town has provided a borrowing resolution.	289,052	298,039

The Town of Kensington

Notes to the consolidated financial statements

December 31, 2014

6. Long-term debt (cont'd)	<u>2014</u>	<u>2013</u>
Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2023, repayable in monthly principal installments of \$917 plus interest, obtained to finance water and sewer upgrades. As security, the Town has provided a borrowing resolution.	\$ 92,618	\$ 103,622
Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2033, repayable in monthly principal installments of \$2,398 plus interest, obtained to finance water and sewer upgrades. As security, the Town has provided a borrowing resolution.	534,844	563,625
Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2033, repayable in monthly principal installments of \$1,190 plus interest, obtained to finance water and sewer upgrades. As security, the Town has provided a borrowing resolution.	<u>272,613</u>	<u>286,899</u>
	<u>1,744,470</u>	<u>1,856,830</u>
	<u>\$ 3,833,097</u>	<u>\$ 4,173,189</u>

All Bank of Nova Scotia loans are considered due on demand as the loans are secured by demand promissory notes. For these loans, the Town has assumed the bank will not demand payment in the current year. Therefore, based on current repayment amounts, principal repayments in each of the next five years are due as follows:

	<u>General</u>	<u>Fire Department</u>	<u>Water & Sewerage</u>	<u>Total</u>
2015	\$ 183,796	\$ 48,094	\$ 115,017	\$ 346,907
2016	164,945	48,892	115,615	329,452
2017	159,190	49,732	116,243	325,165
2018	156,631	50,615	116,904	324,150
2019	142,625	51,544	117,599	311,768
Thereafter	<u>867,800</u>	<u>164,765</u>	<u>1,163,090</u>	<u>2,195,655</u>
	<u>\$ 1,674,987</u>	<u>\$ 413,642</u>	<u>\$ 1,744,468</u>	<u>\$ 3,833,097</u>

Bank of Nova Scotia prime rate at December 31, 2014 was 3% (2013 - 3%). Credit Union prime rate at December 31, 2014 was 3.25% (2013 - 3%).

The Town of Kensington
Notes to the consolidated financial statements

December 31, 2014

7. Accumulated surplus	<u>2014</u>	<u>2013</u>
Municipal position		
Reserve funds	\$ 146,974	\$ 108,933
Operating funds	<u>4,433,248</u>	<u>4,570,497</u>
	<u>\$ 4,580,222</u>	<u>\$ 4,679,430</u>
Reserve fund – Fire department		
Balance, beginning of year	\$ 108,933	\$ 80,958
Allocations (from) to reserves (net)	<u>38,041</u>	<u>27,795</u>
Balance, end of year	<u>\$ 146,974</u>	<u>\$ 108,933</u>

8. Other employment benefits

Accumulated sick leave

Full time employees accumulate sick leave at the rate of 1.25 days per month. For service prior to January 1, 2013 employees are entitled to carry forward any unused portion of earned sick leave. At December 31, 2014, the liability for unused sick leave, that is required to be paid out upon severance or retirement, amounted to \$34,632 (2013 - \$34,559) and the contingent amount for unused sick leave that is not required to be paid out upon severance or retirement amounted to \$73,306 (2013 - \$67,271). No actuarial valuation has been performed pertaining to this liability. Effective with January 1, 2014, the policy changed to provide for an annual payout of the sick leave earned less any sick days taken in January of the following year. In January 2015, unused sick leave amounting to \$17,632 was paid to employees.

Accumulated vacation

Full time employees accumulate vacation at the following rates: 0.83 days per month for 1-3 years of service; 1.25 days per month for 3-5 years of service; and 1.67 days per month for greater than 5 years of service. In the event the employee does not use all earned vacation in a given year, the unused portion can be carried forward to a maximum of 10 days. As of December 31, 2014, the liability for unused vacation amounted to \$12,503 (2013 - \$11,348).

RRSP matching

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

	<u>2014</u>	<u>2013</u>
Plans providing pension benefits	\$ <u>25,041</u>	\$ <u>21,940</u>

The Town of Kensington

Notes to the consolidated financial statements

December 31, 2014

9. Budget

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that is used for actual results. The fiscal plan in the statement of changes in net debt has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the consolidated financial statements:

	Approved fiscal plan	Adjustments	Adjusted fiscal plan
Annual surplus	\$ -	\$ -	\$ -
Amortization of tangible capital assets	309,428	-	309,428
Acquisition of tangible capital	-	(200,000)	(200,000)
Decrease in net debt	<u>\$ 309,428</u>	<u>\$ (200,000)</u>	<u>\$ 109,428</u>

10. Property taxes

	<u>2014</u>	<u>2013</u>
Commercial property tax	\$ 147,412	\$ 140,472
Non-commercial property tax	<u>382,493</u>	<u>368,848</u>
	<u>\$ 529,905</u>	<u>\$ 509,320</u>

11. Rate regulation

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

12. Contractual agreement

The Town has entered into an agreement to provide employment security-related services for a private company until 2016. During the year the Town earned \$378,856 (2013 – \$348,361) of revenue from this contract.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

The Town of Kensington

Notes to the consolidated financial statements

December 31, 2014

14. Segment disclosure

The Town is a diversified municipal unit that provides a wide range of services to its citizens. For management reporting purposes the Town's operations and activities are organized and reported by 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 activity is reported in these funds. The services provided by these departments are as follows:

General government services

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

Protective services

This department is primarily responsible for police and fire protection for its residents. The Town's other protective services include costs related to building inspection and animal and pest control.

Sale of services

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

Transportation services and public works

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

Parks and recreation services

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

Water and sanitation services

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

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

The Town of Kensington

Schedule of segment disclosures

Year ended December 31, 2014

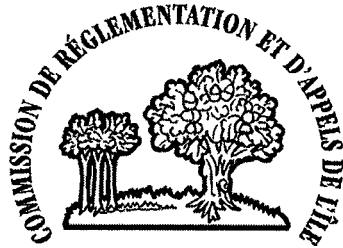
Revenues	General Government	Protective	Sale of Services	Transportation & Public Works	Parks & Recreation	Total General	Water & Sewer Utility	Elimination	Consolidated 2013
Property taxes	\$ 509,320	\$ -	\$ -	\$ -	\$ -	\$ 509,320	\$ -	\$ -	\$ 509,320
Government transfer	-	-	-	-	-	-	-	-	-
Municipal Support Grant Program	-	90,000	-	128,781	-	218,781	-	-	218,781
Equalization	120,723	-	-	-	-	120,723	-	-	120,723
Other	22,450	-	-	-	-	22,450	-	-	22,450
Infrastructure	142,438	-	-	-	-	142,438	-	-	142,438
Fire Dues	-	198,844	-	-	-	198,844	-	-	198,844
Rental	146,794	-	-	-	-	146,794	-	-	146,794
Sales of services	-	-	413,353	-	399,962	813,315	-	(15,000)	798,315
Police fines	-	72,619	-	-	-	72,619	-	-	72,619
Other revenue	46,390	-	-	-	8,452	54,843	-	-	54,843
Gain on sale of equipment	3,460	-	-	-	-	3,460	-	-	3,460
Water & Sewer utility	-	-	-	-	-	-	524,615	(55,950)	468,665
	<u>991,575</u>	<u>361,463</u>	<u>413,353</u>	<u>128,781</u>	<u>408,415</u>	<u>2,303,587</u>	<u>524,615</u>	<u>(70,950)</u>	<u>2,757,252</u>
Expenditures									
Salaries & Benefits	187,407	316,117	237,609	66,836	214,079	1,022,048	123,008	-	1,145,056
Goods & Services	306,004	128,413	4,714	91,656	215,331	746,118	249,048	(70,950)	924,216
Amortization	51,712	99,092	-	71,108	21,003	242,915	104,747	-	347,662
Interest	57,204	21,854	-	1,596	13,775	94,429	69,751	-	164,180
Other	-	-	-	-	34,127	34,127	-	-	34,127
	<u>602,327</u>	<u>565,477</u>	<u>242,322</u>	<u>231,195</u>	<u>498,315</u>	<u>2,139,637</u>	<u>546,554</u>	<u>(70,950)</u>	<u>2,615,241</u>
Annual surplus (deficit)	<u>\$ 389,248</u>	<u>\$ (204,014)</u>	<u>171,030</u>	<u>\$ (102,414)</u>	<u>\$ (89,900)</u>	<u>\$ 163,950</u>	<u>(21,939)</u>	<u>-</u>	<u>\$ 142,011</u>

The Town of Kensington

Schedule of segment disclosures

Year ended December 31, 2014

Revenues	General Government	Protective	Sale of Services	Transportation & Public Works	Parks & Recreation	Total General	Water & Sewer Utility	Elimination	Consolidated 2014
Property taxes	\$ 529,905	\$ -	\$ -	\$ -	\$ -	\$ 529,905	\$ -	\$ -	\$ 529,905
Government transfer									
Municipal Support Grant Program	-	90,000	-	130,969	-	220,969	-	-	220,969
Equalization	121,930	-	-	-	-	121,930	-	-	121,930
Other	14,538	-	-	-	-	14,538	-	-	14,538
Fire Dues	-	198,645	-	-	-	198,645	-	-	198,645
Rental	146,584	-	-	-	-	146,584	-	-	146,584
Sales of services	-	-	378,856	-	409,225	788,082	-	(15,000)	773,082
Police fines	-	35,871	-	-	-	35,871	-	-	35,871
Other revenue	43,096	-	-	-	69,950	113,046	-	-	113,046
Water & Sewer utility	-	-	-	-	-	-	529,938	(55,950)	473,988
	<u>856,053</u>	<u>324,516</u>	<u>378,856</u>	<u>130,969</u>	<u>479,176</u>	<u>2,169,571</u>	<u>529,938</u>	<u>(70,950)</u>	<u>2,628,558</u>
Expenditures									
Salaries & Benefits	204,023	324,643	189,711	70,360	227,497	1,016,234	130,317	-	1,146,552
Goods & Services	298,527	126,656	8,812	107,918	235,699	777,611	288,808	(70,950)	995,470
Amortization	56,084	94,897	-	68,664	27,278	246,923	103,312	-	350,235
Interest	47,981	18,415	-	936	12,623	79,955	59,115	-	139,071
Other	-	-	-	-	96,441	96,441	-	-	96,441
	<u>606,615</u>	<u>564,612</u>	<u>198,523</u>	<u>247,878</u>	<u>599,537</u>	<u>2,217,164</u>	<u>581,553</u>	<u>(70,950)</u>	<u>2,727,767</u>
Annual surplus (deficit)	<u>\$ 249,438</u>	<u>\$ (240,096)</u>	<u>\$ 180,333</u>	<u>\$ (116,909)</u>	<u>\$ (120,362)</u>	<u>\$ (47,594)</u>	<u>\$ (51,616)</u>	<u>\$ -</u>	<u>\$ (99,209)</u>



**THE ISLAND REGULATORY AND
APPEALS COMMISSION**
Prince Edward Island
Île-du-Prince-Édouard
CANADA

Charlottetown

Prince Edward Island

ANNUAL REPORT

- OF -

**Town of Kensington - Water and Sewerage
Corporation**

FOR THE YEAR ENDED

DECEMBER 31, 2014

Information on this Form is collected pursuant to the *Water & Sewerage Act* and will be used by the Commission in the administration of the said *Act*. For additional information, contact the Commission at 902-892-3501 or by email at info@irac.pe.ca.

MUNICIPALITY OF Kensington Water and Sewerage Corporation

REPORT TO THE ISLAND REGULATORY AND APPEALS COMMISSION

OF PRINCE EDWARD ISLAND

FOR THE YEAR ENDED DECEMBER 31, 2014

GENERAL INSTRUCTIONS

- All questions and financial statements which form part of this report must be completed. Explanations must be provided if information is not given.
 - Each municipality/utility should make its report out in duplicate, keeping one copy for reference purposes in case correspondence with regard to this report becomes necessary.
- A copy of the municipality's annual audited financial statement for the last fiscal period should accompany this report.
- This report must be completed and mailed in order to arrive at the Commission not later than the 31st of March.

MUNICIPALITY OF Kensington Water and Sewerage Corporation
REPORT TO THE ISLAND REGULATORY AND APPEALS COMMISSION
OF PRINCE EDWARD ISLAND
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 1

UTILITY INFORMATION

Chairman of Sewer and/or Water Committee: Mr. Gordon Coffin

Town/Community Administrator: Mr. Geoffrey Baker

Office Tel Number: 902-836-3781 Office Fax Number: 902-836-3741

Office Address: 55 Victoria Street, Kensington, PEI

Office Hours: Monday to Friday 9:00 AM - 5:00 PM Email: mail@townofkensington.com

Name of Person Making this Report: _____

Signature

Schedule 2

MODIFICATIONS AND EXTENSIONS

Briefly outline all modifications and extensions carried out during the year including number of feet of sewer line and water mains laid (excluding service connections).

None

Schedule 3

CUSTOMERS

	Sewer	Water
Number of Customers	<u>646</u>	<u>641</u>
Number of Proportionate Units Billed	<u>913</u>	<u>890</u>
Number of Metered Customers	<u>182</u>	<u>185</u>
Number of Feet on Which Frontage Rates are Charged	<u>0</u>	

Schedule 4 - Sewer

MUNICIPALITY OF Kensington Water and Sewerage Corporation

STATEMENT OF REVENUE AND EXPENDITURES - SEWER

YEAR ENDED DECEMBER 31, 2014

Operating

Revenues

521	Flat Rate Revenues	\$280,473	
522	Measured Revenues		
523	Revenues from Public Authorities		
525	Interdepartmental Revenues		
530	Frontage Rates		
531	Sale of Sludge		
532	Delayed Payment Charges		
534	Rents from Sewer Property		
536	Other Sewer Revenues	0	<u>\$280,473</u>

Operating Expenses

700	Salaries and Wages - Operational Employees		
705	Materials and Supplies		
710	Repairs and Maintenance	49,056	
715	Rentals		
720	Power or Electricity	10,667	
725	Chemicals		<u>59,723</u>

General Expenses

750	Salaries and Wages - Administrative Employees		
755	Employee Pensions and Benefits		
760	Office Supplies and Other Office Expenses	1,722	
761	Interest and Bank Service Charges	4,389	
765	Contractual Services		
770	Transportation Expenses		
775	Insurance		
780	Amortization - Rate Case Expense		
785	Regulatory Commission Fees		
790	Miscellaneous Expenses	5,820	
795	Bad Debt Expense	0	
	Honorariums	1,857	
	Professional fees	3,125	
	Professional development	2,075	
			<u>18,988</u>

Allocations from other departments

	Allocation from Town Centre		
	Allocation from General Government	75,600	
	Allocation from Public Works	73,500	<u>149,100</u>

Operating Income (Loss) 52,662

Non-Operating Income and Expenses

902	Small Tools Written Off During the Year		
903	Depreciation Expenses - Schedule 9A	28,190	

904 Interest on Long-Term Debt	<u>37,779</u>	<u>65,969</u>
Other Income (See Guide)		<u> </u>
Net Income (Loss)		<u>\$ (13,307)</u>
Surplus (Deficit) January 1		<u>(47,872)</u>
Surplus (Deficit) December 31		<u><u>\$ (61,179)</u></u>

Schedule 4 - Water

MUNICIPALITY OF Kensington Water and Sewerage Corporation

**STATEMENT OF REVENUE AND EXPENDITURES - WATER
YEAR ENDED DECEMBER 31, 2013**

Operating

Revenues

460	Unmetered Water Revenues	\$190,460	
461	Metered Water Revenues		
462	Fire Protection Revenues	55,950	
464	Other Sales to Public Authorities		
465	Sales to Irrigation Customers		
470	Delayed Payment Charges		
471	Miscellaneous Service Revenues		
474	Other Water Revenues	3,055	\$249,464

Operating Expenses

600	Salaries and Wages - Operational Employees		
605	Materials and Supplies		
610	Repairs and Maintenance	5,833	
615	Rentals		
620	Power or Electricity	15,112	
625	Chemicals	822	
630	Water Testing and Analysis	4,663	26,430

General Expenses

650	Salaries and Wages - Administrative Employees		
655	Employee Pensions and Benefits	-	
660	Office Supplies and Other Office Expenses	1,390	
661	Interest and Bank Service Charges	4,390	
665	Contractual Services	-	
670	Transportation Expenses	-	
675	Insurance	-	
680	Amortization - Rate Case Expense	-	
685	Regulatory Commission Fees	-	
690	Miscellaneous Expenses	4,636	
695	Bad Debt Expense	-	
	Honorariums	1,857	
	Professional development	747	
	Professional fees	3,125	16,144

Allocations from other departments

Allocation from Town Centre	75,600	
Allocation from General Government	73,500	
Allocation from Public Works		149,100

Operating Income (Loss) 57,790

Non-Operating Income and Expenses

802 Small Tools Written Off During the Year

803	Depreciation Expenses - Schedule 9A	16,035	
804	Interest on Long-Term Debt	21,337	37,372
	Other Income (See Guide)		
	Net Income (Loss)		\$ 20,418
	Surplus (Deficit) January 1		55,009
	Surplus (Deficit) December 31		\$ 75,427

Schedule 7

MUNICIPALITY OF Kensington Water and Sewerage Corporation

**SEWER AND/OR WATER REVENUE FUND
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2014**

ASSETS

Cash		-
Investments (temporary)		
Customer accounts receivable - arrears, Schedule 6	\$ 51,448	
Less: Allowance for uncollectable accounts	-	51,448
Other accounts receivable		1,849
Due from captial fund		115,998
Plant materials and supplies		
Prepaid expenses		-
Deferred charges		
Other assets (specify)		
		\$ 169,295

LIABILITIES AND SURPLUS

Bank loans and overdrafts		\$ 32,248
Accounts payable		34,462
Accrued liabilities		-
Due to other funds (specify)	Sewer and Water Capital Fund	
	General Fund	88,339
Other liabilities		-
	Subtotal	\$ 155,049
Surplus (Deficit)		14,247
		\$ 169,296

Schedule 8

MUNICIPALITY OF Kensington Water and Sewerage Corporation

**SEWER AND/OR WATER CAPITAL AND LOAN FUND
BALANCE SHEET**

YEAR ENDED DECEMBER 31, 2014

ASSETS

Cash		\$
Due from other funds (specify)		
Other (specify)		
	Subtotal	<u>-</u>
Sewer system - undepreciated cost - Schedule 9A		1,875,257
Water system - undepreciated cost - Schedule 9A		<u>2,629,792</u>
	Subtotal	<u>4,505,050</u>
		<u>\$ 4,505,050</u>

LIABILITIES AND CONTRIBUTIONS IN AID OF CONSTRUCTION

Long-term debt - Schedule 10		\$ 1,744,470
Bank loans		
Accounts payable		
Due from general fund		115,998
Prior period adjustment		
	Subtotal	<u>1,860,468</u>
Sewer system - contributions in aid of construction - Schedule 9B		1,013,758
Water system - contributions in aid of construction - Schedule 9B		<u>1,630,824</u>
	Subtotal	<u>2,644,582</u>
		<u>\$ 4,505,050</u>

Schedule 9A - Sewer

Kensington Water and Sewerage Corporation

Sewer and/or Water Capital and Loan Fund

Analysis of Sewer System

Schedule of Depreciation

Year Ended December 31, 2013

	1	2	3	4 (1 + 2 - 3)	5	6 (4 x 5)	7	8	9 (6 + 7 - 8)	10 (4 - 9)
	Cost January 1	Additions	Deductions	Cost December 31	Depreciation Rate	Depreciation	Depreciation Reserve January 1	Deductions to Reserve	Depreciation Reserve December 31	Undepreciated Cost December 31
Collection Plant										
	%									
353 Land and Land Rights	\$ 1,293	\$ -	\$ -	\$ 1,293	0.00%	\$ -	\$ -	\$ -	\$ -	\$ 1,293
354 Structures and Improvements	231,214			231,214	1.20%	2,775	39,875		42,650	\$ 188,565
360 Collection Sewers, Force, Gravity and Special	1,528,528	5,851	-	1,534,379	1.20%	18,299	232,129		250,428	1,283,951
389 Other Miscellaneous Equipment Other (Specify)										
System Pumping Plant										
353 Land and Land Rights										
354 Structures and Improvements	142,852		-	142,852	1.20%	1,714	63,220		64,934	77,918
370 Receiving Wells	22,171			22,171	5.00%	1,109	13,308		14,417	7,754
371 Pumping Equipment	118,702.69			118,703	5.00%	5,422	71,835		77,257	41,446
389 Other Miscellaneous Equipment Other (Specify)				-		-			-	-
Treatment and Disposal Plant										
380 Treatment and Disposal Equipment	563,150			563,150	5.00%	28,157	316,365		344,522	218,627
381 Plant Sewers	66,513			66,513	5.00%	3,326	39,912		43,238	23,276
382 Outfall Sewer Lines	14,508			14,508	1.20%	174	9,553		9,727	4,781
389 Other Miscellaneous Equipment Fencing				-		-			-	-
General Plant										
390 Office Furniture and Equipment		0		-	10.00%				-	-
391 Transportation Equipment				-	20.00%				-	-
392 Stores Equipment										
393 Tools, Shop and Garage Equipment Other (Specify)	35,285.79			35,286	12.00%	349	7,290		7,639	27,647
Totals	\$ 2,724,218	\$ 5,851	\$ -	\$ 2,730,069		\$ 61,325	\$ 793,487	\$ -	\$ 854,812	\$ 1,875,257

Less: Amortization - Contributions in Aid of Construction
(Taken from Column 6 of Schedule 9B - Sewer) (33,135)

Net Depreciation Line 903 \$ 28,190

Schedule 9B - Sewer

Kensington Water and Sewerage Corporation

Sewer and/or Water Capital and Loan Fund

Analysis of Sewer System

Contributions in Aid of Construction

Year Ended December 31, 2014

	1	2	3	4	5	6	7	8	9	10
				(1 + 2 - 3)		(4 x 5)			(6 + 7 - 8)	(4 - 9)
	Contributions			Contributions	Amortization		Amortization	Deductions	Amortization	Net
	January 1	Additions	Deductions	December 31	Rate	Amortization	Reserve	to	Reserve	Contributions
	January 1			December 31			January 1	Reserve	December 31	December 31
%										
Collection Plant										
353 Land and Land Rights	\$	\$	\$			\$	\$	\$	\$	\$
354 Structures and Improvements	144,158			144,158	1.20%	1,730	20,603		22,333	121,825
360 Collection Sewers, Force, Gravity and Special	764,651	-		764,651	1.20%	9,176	98,745		107,921	656,730
389 Other Miscellaneous Equipment Other (Specify)										
System Pumping Plant										
353 Land and Land Rights										
354 Structures and Improvements	109,105	-		109,105	1.20%	1,309	47,967		49,277	59,828
370 Receiving wells	15,169			15,169	1.20%	182	8,520		8,702	6,467
371 Pumping Equipment	69,401			69,401	1.20%	833	39,003		39,836	29,565
389 Other Miscellaneous Equipment Other (Specify)										
Treatment and Disposal Plant										
380 Treatment and Disposal Equipment	352,586			352,586	5.00%	17,629	211,548		229,178	123,408
381 Plant Sewers	45,509			45,509	5.00%	2,275	27,300		29,576	15,933
382 Outfall Sewer Lines									-	
389 Other Miscellaneous Equipment Private Contributions	-			-		-	0		-	-
General Plant										
390 Office Furniture and Equipment										
391 Transportation Equipment										
392 Stores Equipment										
393 Tools, Shop and Garage Equipment Other (Specify)										
Totals	\$ 1,500,579	\$ -	\$ -	\$ 1,500,579	-	\$ 33,135	\$ 453,687	\$ -	\$ 486,821	\$ 1,013,758

Schedule 9A - Water

Kensington Water and Sewerage Corporation

**Sewer and/or Water Capital and Loan Fund
Analysis of Water System
Schedule of Depreciation
Year Ended December 31, 2014**

	1	2	3	4	5	6	7	8	9	10
	Cost	Additions	Deductions	Cost	Depreciation	Depreciation	Depreciation	Deductions	Depreciation	Undepreciated
	January 1			December 31	Rate		January 1	to	Reserve	Cost
								Reserve	December 31	December 31
Source of Supply Plant										
	%									
303 Land and Land Rights	\$ 2,336	\$ -	\$ -	\$ 2,336	0.00%	\$ -	\$ -	\$ -	\$ -	\$ 2,336
304 Structures and Improvements				\$ -	1.20%	-	-	-	-	-
305 Collecting & Impounding Reservoirs	262,364			\$ 262,364	1.20%	3,148	50,368		53,516	208,848
307 Wells and Springs	235,640			\$ 235,640	1.20%	2,828	23,836		26,664	208,977
309 Supply Mains				\$ -	1.20%	-			-	-
Other (Specify)										
Pumping Plant										
303 Land and Land Rights										
304 Structures and Improvements	8,540			8,540	1.20%	103	719		822	7,718
311 Pumping Equipment	33,335			33,335	5.00%	1,667	13,497		15,164	18,171
Other (Specify)										
Water Treatment Plant										
320 Water Treatment Equipment				-	5.00%	-			-	-
Other										
Transmission and Distribution Plant										
303 Land and Land Rights										
331 Transmission & Distribution Mains	2,729,115	4,673		2,733,787	1.20%	32,556	533,289		565,845	2,167,942
333 Services	7,077			7,077	2.00%	142	4,449		4,591	2,486
334 Meters & Meter Installations						-			-	-
335 Hydrants	13,973			13,973	2.00%	280	2,773		3,053	10,920
Other (Specify)										
General Plant										
340 Office Furniture and Equipment				-		-			-	-
341 Transportation Equipment	-			-	20.00%		-		-	-
342 Stores Equipment									-	-
343 Tools, Shop and Garage Equipment	18,501			18,501	20.00%	904	15,203		16,107	2,394
347 Miscellaneous Equipment									-	-
348 Other Tangible Property										
Other (Specify)										
Totals	\$ 3,310,881	\$ 4,673	\$ -	\$ 3,315,554	-	\$ 41,627	\$ 644,134	\$ -	\$ 685,762	\$ 2,629,792

Less: Amortization - Contributions in Aid of Construction
(Taken from Column 6 of Schedule 9B - Water) (25,592)

Net Depreciation Line 803 \$ 16,035

Schedule 9B - Water

Kensington Water and Sewerage Corporation

**Sewer and/or Water Capital and Loan Fund
Analysis of Water System**

Contributions in Aid of Construction

Year Ended December 31, 2014

	1	2	3	4	5	6	7	8	9	10
				(1 + 2 - 3)		(4 x 5)			(6 + 7 - 8)	(4 - 9)
	Contributions January 1	Additions	Deductions	Contributions December 31	Amortization Rate	Amortization	Amortization Reserve January 1	Deductions to Reserve	Amortization Reserve December 31	Net Contributions December 31
Source of Supply Plant										
					%					
303 Land and Land Rights	1558.00	\$		1,558		\$	\$	\$		1,558
304 Structures and Improvements				-	1.20%	-	-		-	-
305 Collecting & Impounding Reservoirs	33,333			33,333	1.20%	400	6,400		6,800	26,533
307 Wells and Springs	129,234			129,234	1.20%	1,551	12,938		14,489	114,745
309 Supply Mains				-	1.20%		-		-	-
Other (Specify)				-			-		-	-
Pumping Plant										
303 Land and Land Rights				-						
304 Structures and Improvements	4,425			4,425	1.20%	53	477		530	3,895
311 Pumping Equipment	18,184			18,184	5.00%	909	8,181		9,090	9,094
Other (Specify)				-						
Water Treatment Plant										
320 Water Treatment Equipment				-	5.00%		-		-	-
Other										
Transmission and Distribution Plant										
303 Land and Land Rights				-						
331 Transmission & Distribution Mains	1,889,902			1,889,902	1.20%	22,679	392,224		414,903	1,474,999
333 Services				-	2.00%	-	-		-	-
334 Meters & Meter Installations				-			-		-	-
335 Hydrants				-	2.00%	-	-		-	-
Gas Tax Funding				-	1.20%	-	-		-	-
Public Contributions				-	1.20%	-	-		-	-
General Plant										
340 Office Furniture and Equipment										
341 Transportation Equipment										
342 Stores Equipment										
343 Tools, Shop and Garage Equipment										
347 Miscellaneous Equipment										
348 Other Tangible Property										
Other (Specify)										
Totals	\$ 2,076,636	\$ -	\$ -	\$ 2,076,636		\$ 25,592	\$ 420,220	\$ -	\$ 445,812	\$ 1,630,824

**SEWER AND/OR WATER CAPIT
ANALYSIS OF LONG-T**

Description of Each Loan
or Debenture Issue

Sewer and Water

Loan repaid during the year

5.05% term loan, Bank of Nova Scotia, maturing in 2015, amortized to 2030, repayable in monthly installments of \$1,696 including interest, obtained to finance a wind turbine. As security, the Town has provided a borrowing resolution.

Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2022, repayable in monthly principal installments of \$1,944 plus interest, obtained to finance lagoon upgrades. As security, the Town has provided a borrowing resolution.

Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2037, repayable in monthly principal installments of \$625 plus interest, obtained to finance water and sewer extensions. As security, the Town has provided a borrowing resolution.

5.05% term loan, Bank of Nova Scotia, maturing in 2016, amortized to 2036, repayable in monthly principal installments of \$817 plus interest, obtained to finance water and sewer extensions. As security, the Town has provided a borrowing resolution.

Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2020, repayable in monthly principal installments of \$730 plus interest, obtained to purchase generators. As security, the Town has pledged generators with replacement cost insurance and provided a borrowing resolution.

Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2023, repayable in monthly principal installments of \$917 plus interest, obtained to finance water and sewer upgrades. As security, the Town has provided a borrowing

resolution.

Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2033, repayable in monthly principal installments of \$2,398 plus interest, obtained to finance water and sewer upgrades. As security, the Town has provided a borrowing resolution.

Prime term loan, Bank of Nova Scotia, maturing in 2017, amortized to 2033, repayable in monthly principal installments of \$1,190 plus interest, obtained to finance water and sewer upgrades. As security, the Town has provided a borrowing resolution.

Totals

Schedule 10

Kensington Water and Sewerage Corporation

**GENERAL AND LOAN FUND
TERM DEBT**

2014

Outstanding January 1	Add New Debt Incurred	Subtotal	Deduct Repayments	Outstanding December 31
\$ -	\$ -	\$ -	\$ -	\$ -
196,362		196,362	(23,330)	173,032
213,992		213,992	(9,718)	204,274
139,569		139,569	(7,499)	132,070
298,039		298,039	(8,987)	289,052
54,722		54,722	(8,755)	45,967

103,622		103,622	(11,004)	92,618
563,625		563,625	(28,781)	534,844
286,899		286,899	(14,286)	272,613
1,856,830	-	1,856,830	(112,360)	1,744,470

SANITARY SEWER SYSTEMS

	Rate of Straight Line Depreciation
COLLECTION PLANT	
Structures & Improvements	1.20
Sanitary Laterals	1.20
Sewer Mains	1.20
SYSTEM PUMPING PLANT	
Structures & Improvements	1.20
Pumping Equipment	5.00
TREATMENT PLANT	
Lift Equipment	5.00
Pump Equipment	5.00
Outfalls	1.20
GENERAL PLANT	
Office Furniture & Equipment	10.00
Informations Systems	20.00
Transportation	20.00
Tools & Shop	20.00

WATER SYSTEMS

	Rate of Straight Line Depreciation
SOURCE OF SUPPLY PLANT	
Structures & Improvements	1.20
Collecting & Impounding Reservoirs	1.20
Wells & Springs	1.20
Supply Mains	1.20
PUMPING PLANT	
Structures & Improvements	1.20
Electrical Pumping Equipment	5.00
Diesel Pumping Equipment	5.00
WATER TREATMENT PLANT	
Equipment	5.00
TRANSMISSION AND DISTRIBUTION PLANT	
Structures & Improvements	1.20
Transmission Mains	1.20
Distribution Mains	1.20
Services	2.00
Meters	5.00
Hydrants	2.00
Storage Reservoir	1.20
GENERAL PLANT	
Office Furniture & Equipment	10.00
Informations Systems	20.00
Transportation	20.00
Tools & Shop	20.00

	Annual Surplus Per PSAS FS	(107,566)
Less	Government transfers received	-
Plus	Depreciation on contributions in aid of construction	58,726
Plus	Internal transfer - Fire Protection	55,950
	Annual Surplus Per IRAC	7,111
	Per IRAC Report	7,111
	Difference	(0)
	Accumulated Surplus per PSAS FS	2,658,835
Less	Contributions in Aid of Construction per IRAC	2,644,582
	Surplus per IRAC	14,253
	Per IRAC Report	14,247
	Difference	6