

**Province of Prince Edward Island  
Independent Auditor's Report on the Annual  
Expenditure Report Rollup**

**Administrative Agreement on the Federal Gas  
Tax Fund  
2014-2024**

For the year ended April 1, 2018 – March 31, 2019



## Independent Auditor's Report on the Annual Expenditure Report Rollup

To the Government of Canada and Province of Prince Edward Island

### Opinion

We have audited the accompanying Annual Expenditure Report of the Province of Prince Edward Island and a summary of significant accounting policies, and other explanatory information for the year ended March 31, 2019 (together "the financial statement"). The financial statement has been prepared by management using the cash receipts and disbursements basis of accounting described in Note 2.

In our opinion, this financial statement of the Province of Prince Edward Island ("the Province") for the year ended March 31, 2019 is presented, in all material respects, in accordance with the cash receipts and disbursements basis of accounting described in Note 2.

### Basis for Opinion

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

### Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 of this financial statement, which describes the basis of accounting. The Report is prepared to provide information to the Government of Canada and the Province of Prince Edward Island. As a result, the statement may not be suitable for another purpose.

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash receipts and disbursements basis of accounting described in Note 2 to this financial statement, which includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis of the preparation of this financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of this financial statement that is free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibility

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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



Chartered Professional Accountants

Charlottetown, PE  
October 10, 2019

# PROVINCE OF PRINCE EDWARD ISLAND

Annual Expenditure Report

For the year ended March 31, 2019

Annual Report Financial Table	Annual	Cumulative
	2018-2019	2014-2024
<b>Province of Prince Edward Island in aggregate</b>		
Opening Balance	\$ 4,312,988	\$ 2,357,521
Received from Canada	\$ 16,500,000	\$ 78,228,652
Interest Earned	\$ 105,071	\$ 248,441
Repayment of funds from ultimate recipients	\$ -	\$ 189,143
Administrative Cost	\$ (373,889)	\$ (1,462,484)
Transferred to Ultimate Recipients (note 3)	\$ (16,546,722)	\$ (75,563,825)
<b>Closing Balance of unspent funds</b>	<b>\$ 3,997,448</b>	<b>\$ 3,997,448</b>
<b>Ultimate Recipients in aggregate</b>		
Opening Balance	\$ 7,505,201	\$ 3,678,008
Received from the Province (note 3)	\$ 16,546,722	\$ 75,563,825
Interest Earned	\$ 73,200	\$ 220,682
Spent on Eligible Projects (note 4)	\$ (15,282,715)	\$ (70,430,964)
Repayment to Province	\$ -	\$ (189,143)
Administration Cost	\$ -	\$ -
<b>Closing balance of unspent funding (note 4)</b>	<b>\$ 8,842,407</b>	<b>\$ 8,842,407</b>

The accompanying notes are an integral part of this financial information

# Department of Transportation, Infrastructure and Energy

Notes to the Financial Statement

For the Year Ended March 31, 2019

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## 1. Operations:

On May 27, 2014, the Government of Canada ("Canada") and the Province of Prince Edward Island signed the "Administrative Agreement on the Federal Gas Tax Fund" (the "Agreement") setting out revenue sharing arrangements for Federal gas tax revenues for investment in environmentally sustainable municipal infrastructure. The Agreement resulted in \$ 78 million flowing to Prince Edward Island municipalities for the first five years (2015-2019) of the program. This agreement replaces the "First Agreement" signed November 22, 2005 and the amending agreement signed September 3, 2008.

## 2. Basis of presentation:

The Annual Expenditure Report sets out the receipts and disbursements of the Province of Prince Edward Island and the Ultimate Recipient as required by section 1.1 & 1.2 of Schedule D of the Administrative Agreement on the Federal Gas Tax Fund dated May 27, 2014, between the Government of Canada and the Province of Prince Edward Island, for the year ended March 31, 2019.

# Department of Transportation, Infrastructure and Energy

Notes to the Financial Statement

For the Year Ended March 31, 2019

## 3. Transferred to ultimate recipients (received from Province of PEI):

The amounts received from the Province of Prince Edward Island during the 2019 fiscal year is made up of the following amounts:

	2019
Amounts received by incorporated communities	\$ 8,900,857
Amounts received by the Department of Transportation, Infrastructure and Energy	4,950,000
Amounts received by the Municipal Strategic Component:	
Alberton	713,315
North Rustico	496,550
Cornwall	460,558
Three Rivers	290,637
Summerside	241,955
Wellington	27,148
Kensington	11,954
Amounts received by the Notional Allocation Component:	
North Shore	127,459
Belfast	43,094
Afton	32,169
Miltonvale Park	30,352
Malpeque Bay	27,088
Breadalbane	21,528
West River	19,507
Eastern Kings	18,480
Lot 11 and area	16,716
Clyde River	15,163
Brackley	14,768
New Haven Riverdale	12,767
Warren Grove	9,661
Meadowbank	8,898
Murray River	8,792
Linkletter	8,424
Bedeqe	8,161
York	7,476
Greenmount - Montrose	6,792
Union Road	6,186
Bonshaw	5,739
Hazelbrook	4,528
	\$ 16,546,722

# Department of Transportation, Infrastructure and Energy

Notes to the Financial Statement

For the Year Ended March 31, 2019

## 4. Closing balance of unspent funding:

The balance indicates the gross amount of funding left that can be used on eligible projects. However, during the year there were five municipalities that spent in excess of their direct allocation. The direct allocation is a population based allocation over five years. The municipalities have spent in excess of their allocation in the current year, therefore they will be required to spend less than their allocation in future years to make up the difference.

	2019
Closing balance of unspent funding, gross	\$ 8,842,407
Municipalities that spent in excess:	
Stratford	67,015
Summerside	22,045
Three Rivers	12,387
Linkletter	3,987
York	542
North Rustico	308
Miltonvale Park	2
Closing balance of unspent funding, net	\$ 8,948,693