

TOWN OF BORDEN-CARLETON
Consolidated Financial Statements
March 31, 2024

TOWN OF BORDEN-CARLETON
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March 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

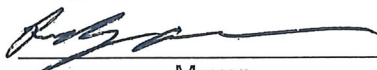
The accompanying consolidated financial statements of the Town of Borden-Carleton are the responsibility of management and have been prepared in accordance with Canadian Accounting Standards for the Public Sector. A summary of the significant accounting policies are described in the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with a certainty until future periods.

To meet its responsibility, management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MRSB Chartered Professional Accountants Inc., independent external auditors appointed by the Town. The accompanying Independent 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 Borden-Carleton:



Mayor

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of the Town of Borden-Carleton

Opinion

We have audited the consolidated financial statements of Town of Borden-Carleton (the Town), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Town'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 the Town or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

MRSB Chartered Professional Accountants Inc.

MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.



Charlottetown, PE

September 9, 2024

TOWN OF BORDEN-CARLETON
Consolidated Statement of Financial Position
March 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents		
Unrestricted	\$ 419,256	\$ 459,134
Restricted	352,551	220,004
Accounts receivable (Note 3)	169,365	281,995
	941,172	961,133
Liabilities		
Accounts payable and accrued liabilities	136,994	276,839
Deferred revenue (Note 4)	371,128	350,111
Long term debt (Note 5)	961,795	973,257
	1,469,917	1,600,207
Lease commitments (Note 6)		
Net debt (Statement 6)	(528,745)	(639,074)
Non-financial assets		
Prepaid expense	12,513	5,288
Tangible capital assets (Schedules 1 and 2)	9,097,472	8,848,017
	9,109,985	8,853,305
Accumulated surplus (Statement 5)	\$ 8,581,240	\$ 8,214,231

ON BEHALF OF COUNCIL

 _____ Mayor
 _____ Councillor

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Consolidated Statement of Operations
Year Ended March 31, 2024

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Town (Schedule 3)	\$ 870,865	\$ 993,586	\$ 909,812
Sewerage (Schedule 5)	169,000	180,453	172,152
Water (Schedule 6)	141,000	144,280	140,751
Gateway Arena (Schedule 7)	105,500	138,173	122,686
	<u>1,286,365</u>	<u>1,456,492</u>	<u>1,345,401</u>
Expenditures			
Town (Schedule 3)	823,650	836,415	782,905
Sewerage (Schedule 5)	247,500	255,248	214,021
Water (Schedule 6)	243,700	205,022	192,770
Gateway Arena (Schedule 7)	191,800	227,280	201,098
	<u>1,506,650</u>	<u>1,523,965</u>	<u>1,390,794</u>
Operating deficit	<u>(220,285)</u>	<u>(67,473)</u>	<u>(45,393)</u>
Other revenues			
Town (Schedule 3)	15,000	209,385	85,386
Sewerage (Schedule 5)	130,000	189,345	339,710
Water (Schedule 6)	90,000	1,683	371,393
Gateway Arena (Schedule 7)	72,000	34,069	136,111
	<u>307,000</u>	<u>434,482</u>	<u>932,600</u>
Annual surplus	86,715	367,009	887,207
Accumulated surplus - beginning of year	<u>8,214,231</u>	<u>8,214,231</u>	<u>7,327,024</u>
Accumulated surplus - end of year (Note 8)	<u>\$ 8,300,946</u>	<u>\$ 8,581,240</u>	<u>\$ 8,214,231</u>

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Consolidated Statement of Changes in Net Debt
Year Ended March 31, 2024

	Budget 2024	Actual 2024	Actual 2023
Annual surplus	\$ 86,715	\$ 367,009	\$ 887,207
Amortization of tangible capital assets	245,000	255,570	242,145
Purchase of tangible capital assets	(775,800)	(505,026)	(968,269)
Proceeds on disposal of tangible capital assets	-	2,500	85,830
(Increase) decrease in prepaid expense	-	(7,224)	(2,797)
Gain on disposal of tangible capital assets	-	(2,500)	-
	<u>(530,800)</u>	<u>(256,680)</u>	<u>(643,091)</u>
Decrease (increase) in net debt	(444,085)	110,329	244,116
Net debt - beginning of year	(639,074)	(639,074)	(883,190)
Net debt - end of year	\$ (1,083,159)	\$ (528,745)	\$ (639,074)

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Consolidated Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
Cash flows from operating activities		
Annual surplus	\$ 367,009	\$ 887,207
Items not affecting cash:		
Amortization of tangible capital assets	255,570	242,145
Gain on disposal of tangible capital assets	(2,500)	-
	<u>620,079</u>	<u>1,129,352</u>
Changes in non-cash working capital:		
Accounts receivable	112,630	(122,853)
Prepaid expense	(7,225)	(2,797)
Accounts payable and accrued liabilities	(139,843)	149,019
Deferred revenue	21,017	(499,202)
	<u>(13,421)</u>	<u>(475,833)</u>
	<u>606,658</u>	<u>653,519</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(505,026)	(968,269)
Proceeds on disposal of tangible capital assets	2,500	85,830
	<u>(502,526)</u>	<u>(882,439)</u>
Cash flows from financing activities		
Repayment of long term debt	(71,463)	(76,115)
Proceeds from long term debt	60,000	-
	<u>(11,463)</u>	<u>(76,115)</u>
Increase (decrease) in cash	92,669	(305,035)
Cash and cash equivalents - beginning of year	679,138	984,173
Cash and cash equivalents - end of year	\$ 771,807	\$ 679,138
Cash and cash equivalents consist of:		
Unrestricted	\$ 419,256	\$ 459,134
Restricted	352,551	220,004
	<u>\$ 771,807</u>	<u>\$ 679,138</u>

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

1. DESCRIPTION OF BUSINESS

The Town of Borden-Carleton (the "Town") was incorporated under the Prince Edward Island Municipalities Act. The Town is a non-profit organization under the Income Tax Act. Its principal activities include the provision of local government services to residents of the incorporated area.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements of the Town of Borden-Carleton have been prepared by management in accordance with Canadian Accounting Standards for the Public Sector.

These consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services are performed or the tangible capital assets are acquired.

Funds within the consolidated financial statements consist of the operating funds for general operations, the fire department and the water and sewerage utilities. Transfers between funds are recorded as adjustments to the appropriate fund balance.

Basis of consolidation

These consolidated financial statements for the Town of Borden-Carleton reflect the assets, liabilities, revenues, expenditures, change in net debt and annual surplus of the Town. The Town is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Borden-Carleton Water and Sewerage Corporation; and
Gateway Arena

Cash

Cash and cash equivalents include cash on hand, restricted and unrestricted balances on deposit with financial institutions.

Accounts receivable

Accounts receivable arise from utility dues, grants receivable, and Harmonized Sales Tax receivable. An allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed non-collectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

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TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Park	4%
Buildings	2.5% and 5%
Fire vehicles	6.67%
Equipment	10%
Electronic equipment	25%
Streets and sidewalks	4%
Vehicles	20%
Sewer system	1.2%
Sewer equipment	1.2%
Water system	1.2%
Water equipment	5%
Water reservoir	1.2%

Full amount of the annual amortization is charged in the year of acquisition. Tangible capital assets acquired but not placed into use are not amortized until the asset is available for use.

The Water and Sewerage tangible capital assets are amortized using the straight-line method over the estimated useful life as directed by the Island Regulatory and Appeals Commission.

The Town regularly reviews its tangible capital assets to eliminate obsolete items.

Impairment of long lived assets

The Town tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations. As at March 31, 2024, no asset retirement obligations have been identified by management.

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TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates on the amounts can be determined.

Non-financial assets

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

Revenue recognition

Property tax billings are based on the assessed value of real property in the Town and are payable in each calendar year. Municipal tax rates are reviewed, established, and approved annually by the Town Council. These revenues are recognized monthly when received from the Province.

Sewer and water dues are charged based on rates approved by the Island Regulatory and Appeals Commission (IRAC). These charges are assessed annually and are recognized when billings come due.

Revenue from transactions with performance obligations are recognized when (or as) the Town satisfies a performance obligation. Revenue from transactions with no performance obligations are recognized when the Town has the authority to claim or retain an inflow of economic resources and a past transaction has given rise to an asset.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

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TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The presentation of the consolidated financial statements in conformity with Canadian Accounting Standards for the Public Sector requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The following are areas in which management makes significant accounting estimates:

- The amounts recorded for amortization of tangible capital assets on the consolidated statement of operations is subject to management's assessment of the estimated useful life of the Town's tangible capital assets.
- The recognized amounts of potential claims and liabilities depend on management's assessment of future costs and the probability these events will occur.

3. ACCOUNTS RECEIVABLE

	2024	2023
Utility dues	\$ 73,457	\$ 81,764
Government funding	61,208	159,734
HST receivable (payable)	17,285	(6,865)
Town trade	12,533	23,557
Arena trade	12,704	31,627
	177,187	289,817
Allowance for doubtful accounts	(7,822)	(7,822)
	\$ 169,365	\$ 281,995

4. DEFERRED REVENUE

	2024	2023
Canada Community Building Fund	\$ 309,626	\$ 205,652
Safe restart	23,999	45,000
Insurance proceeds	21,224	86,440
Utility dues	7,201	9,377
Equalization grant	7,078	-
Donation	2,000	-
Fire dues	-	3,642
	\$ 371,128	\$ 350,111

Under the Canada Community Building Fund, the Town is allocated \$100,000 per year for fiscal years ending March 31, 2019 to 2024. These funds, along with interest earned, must be used for eligible infrastructure and capacity building projects. Any funds received under this program, including interest earned, but not yet spent are recognized as deferred revenue at the end of the period.

During the year, the Town received Canada Community Building Funding of \$411,077, earned interest of \$274, and incurred eligible expenditures of \$288,131.

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

5. LONG TERM DEBT

	2024	2023
<u>Town</u>		
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$1,433 plus interest. The loan matures on February 16, 2029 and is secured by general security agreement giving first charge on Metaflab pumper fire truck with a carrying value of \$89,492.	\$ 84,547	\$ 103,849
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$283 plus interest. The loan is due for renewal on January 19, 2029 matures on March 19, 2043 and was secured by general security agreement giving first charge on fixed and floating assets.	64,694	66,640
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$500 plus interest. The loan matures on March 22, 2029 and is secured by general security agreement giving first charge on 2006 Peterbuilt truck, model 335.	60,000	-
	209,241	170,489
<u>Water and Sewerage</u>		
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$2,627 plus interest. The loan is due for renewal on January 19, 2029, matures on March 19, 2043 and is secured by general security agreement.	404,529	436,052
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$1,600 plus interest. The loan is due for renewal on January 30, 2029, matures on November 30, 2038 and is secured by general security agreement.	283,331	300,076
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$283. The loan is due for renewal on January 19, 2029, matures on March 19, 2043 and is secured by general security agreement giving first charge on fixed and floating assets.	64,694	66,640
	752,554	802,768
	\$ 961,795	\$ 973,257

Principal repayments of long term debt are expected to be repaid over the next five years as follows:

2025	\$ 80,730
2026	80,730
2027	80,730
2028	80,730
2029	80,730

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

6. LEASE COMMITMENTS

The Town has entered into a lease agreement for the lease of a office equipment, office space and leased property. The minimum lease payments due over the next two years are as follows:

2025	\$	13,173
2026		3,334

7. GOVERNMENT TRANSFERS

	2024	2023
<u>Government Transfers for Capital</u>		
<u>Town</u>		
Canada Community Building Fund	\$ 124,453	\$ 14,795
Municipal Capital Expenditure Grant	26,856	9,969
Province of Prince Edward Island - Heat pump rebate	8,435	1,800
Atlantic Canada Opportunities Agency	-	31,072
	159,744	57,636
<u>Sewerage</u>		
Canada Community Building Fund	173,449	307,527
Municipal Capital Expenditure Grant	15,896	32,183
	189,345	339,710
<u>Water</u>		
Municipal Capital Expenditure Grant	1,683	33,739
Canada Community Building Fund	-	337,654
	1,683	371,393
<u>Gateway Arena</u>		
Canada Community Building Fund	9,476	123,737
PEI Community Revitalization funding	8,435	-
Municipal Capital Expenditure Grant	858	12,374
	18,769	136,111
	369,541	904,850
<u>Government Transfers for Operations</u>		
<u>Town</u>		
Province of PEI - Municipal Support grant	75,907	73,596
Province of PEI - Wage grants	37,056	37,153
Province of PEI - Safe Restart	23,776	-
Province of PEI - Recreation grant	5,000	5,000
Canada Summer Jobs	2,030	-
Province of PEI - Property Taxes	1,121	-
Province of PEI - Fiona claims	-	12,195
	144,890	127,944

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TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

7. GOVERNMENT TRANSFERS (continued)

	2024	2023
<u>Government Transfers for Operations</u>		
<u>Gateway Arena</u>		
Province of PEI - Wage grants	10,128	9,366
Province of PEI - Recreation grant	8,500	8,500
Province of PEI - Grant in lieu of property tax	4,647	4,729
Province of PEI - COVID operational support	-	-
	23,275	22,595
	168,165	150,539
	\$ 537,706	\$ 1,055,389

8. ACCUMULATED SURPLUS

	2024	2023
Unrestricted surplus	\$ 445,590	\$ 339,474
Investment in tangible capital assets (Note 9)	8,135,650	7,874,757
	\$ 8,581,240	\$ 8,214,231

9. INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets (Schedule 1 and 2)	\$ 13,432,866	\$ 12,932,859
Accumulated Amortization (Schedule 1 and 2)	(4,335,421)	(4,084,845)
Long-term debt (Note 5)	(961,795)	(973,257)
	\$ 8,135,650	\$ 7,874,757

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

10. BUDGET FIGURES

A reconciliation of the 2024 fiscal operating budget prepared by Council to the budget figures disclosed in the consolidated financial statements is as follows:

Town of Borden-Carleton budgeted annual deficit	\$ (24,085)
Sewer Utility budgeted annual deficit	(110,000)
Water Utility budgeted annual deficit	(124,000)
Add: Transfers for capital - Sewer	130,000
Add: Transfers for capital - Water	90,000
Add: Transfers for capital - Arena	72,000
Add: Debt repayment - Water	21,300
Add: Debt repayment - Sewer	31,500
	<u>31,500</u>
	<u>\$ 86,715</u>

The budget figures provided on Statements 2 and 3 and Schedules 3 to 7 have not been audited or reviewed by the external auditor.

11. RATE REGULATION

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

12. LINE OF CREDIT AVAILABILITY

The Water and Sewerage Utility has an approved overdraft limit of \$110,000 with the Consolidated Credit Union Ltd. with a rate of prime plus 0.50%. The overdraft on this account was not utilized at year end and the terms of this account are renewable June 30, 2042.

The Town has an approved overdraft limit of \$160,000 with Consolidated Credit Union Ltd with a rate of prime plus 0.50%. The overdraft on this account was not utilized at year end and the terms of this account are renewable June 30, 2042.

The Gateway Arena has an approved overdraft limit of \$20,000 with Consolidated Credit Union Ltd with a rate of prime plus 0.50%. The overdraft on this account was not utilized at year end and the terms of this account are renewable June 30, 2042.

13. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long term debt.

The Town is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Town's risk exposure and concentration as of March 31, 2024.

(continues)

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2024

13. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Town is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Town has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its receipt of government funding and customer payments, long term debt and accounts payable and accrued liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town is exposed to interest rate risk primarily through its credit facilities.

14. SEGMENT DISCLOSURES

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 segment.

The major segments are as follows:

Town

This segment is responsible for the overall financial and local government administration. Its tasks include, but are not limited to, daily accounting functions, preparation and coordination of annual consolidated audited financial statements, development of the annual budget, human resource functions for the entire Town, maintenance of bylaws and policies, oversight of public works and recreation programs, maintenance of Town facilities, and administration of Town services.

Water and Sewerage Utility

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

Gateway Arena

This segment is responsible for promoting and offering recreation opportunities and activities for its residents. Its tasks include the operation and maintenance of the Town arena.

TOWN OF BORDEN-CARLETON
Schedules to Consolidated Financial Statements
Tangible Capital Assets
Year Ended March 31, 2024

(Schedule 1)

	Cost beginning of year	Additions	Disposals and write downs	Cost end of year	Accum amort beginning of year	Amort in the year	Disposals and write downs	Accum amort end of year	Net book value
Town and Arena									
Land	\$ 348,094	\$ -	\$ -	\$ 348,094	\$ -	\$ -	\$ -	\$ -	\$ 348,094
Park	150,274	-	-	150,274	18,033	6,011	-	24,044	126,230
Buildings	1,139,129	59,118	-	1,198,247	732,422	16,166	-	748,588	449,659
Fire vehicles	546,688	87,436	-	634,124	437,418	19,778	-	457,196	176,928
Equipment	786,921	31,311	(5,000)	813,232	375,528	62,707	5,000	433,235	379,997
Electronic equipment	45,749	9,344	-	55,093	39,139	4,540	-	43,679	11,414
Streets and sidewalks	538,521	124,453	-	662,974	239,102	22,646	-	261,748	401,226
Vehicles	61,866	-	-	61,866	31,931	9,227	-	41,158	20,708
	\$ 3,617,242	\$ 311,662	\$ 5,000	\$ 3,923,904	\$ 1,873,573	\$ 141,075	\$ 5,000	\$ 2,009,648	\$ 1,914,256
Water and Sewerage									
Land	\$ 35,435	\$ -	\$ -	\$ 35,435	\$ -	\$ -	\$ -	\$ -	\$ 35,436
Building	3,000	-	-	3,000	788	150	-	938	2,062
Sewer system	5,345,111	171,658	-	5,516,769	986,305	66,202	-	1,052,507	4,464,262
Sewer equipment	86,642	-	-	86,642	67,190	1,123	-	68,313	18,329
Water system	2,381,955	2,567	-	2,384,522	689,548	28,615	-	718,163	1,666,359
Water equipment	327,174	-	-	327,174	286,085	4,545	-	290,630	36,546
Water reservoir	1,136,300	19,140	-	1,155,440	181,356	13,866	-	195,222	960,217
	\$ 9,315,617	\$ 193,365	\$ -	\$ 9,508,982	\$ 2,211,272	\$ 114,501	\$ -	\$ 2,325,773	\$ 7,183,211
Total	\$ 12,932,859	\$ 505,026	\$ 5,000	\$ 13,432,886	\$ 4,084,845	\$ 255,570	\$ 5,000	\$ 4,335,421	\$ 9,097,472

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Schedules to Consolidated Financial Statements
Tangible Capital Assets
Year Ended March 31, 2023

(Schedule 2)

	Cost beginning of year	Additions	Disposals and write downs	Cost end of year	Accum amort beginning of year	Amort in the year	Disposals and write downs	Accum amort end of year	Net book value
Town and Arena									
Land	\$ 424,280	\$ 9,645	\$ (85,831)	\$ 348,094	\$ -	\$ -	\$ -	\$ -	\$ 348,094
Park	150,274	-	-	150,274	12,022	6,011	-	18,033	132,241
Buildings	1,132,673	6,456	-	1,139,129	717,734	14,688	-	732,422	406,707
Fire vehicles	546,688	-	-	546,688	415,105	22,313	-	437,418	109,270
Equipment	620,314	204,217	(37,606)	786,921	364,547	48,587	37,606	375,528	411,393
Electronic equipment	36,936	8,813	-	45,749	35,715	3,424	-	39,139	6,610
Streets and sidewalks	535,799	2,722	-	538,521	221,435	17,667	-	239,102	299,419
Vehicles	50,587	11,279	-	61,866	22,705	9,226	-	31,931	29,935
	<u>\$ 3,497,551</u>	<u>\$ 243,132</u>	<u>\$ 123,437</u>	<u>\$ 3,617,242</u>	<u>\$ 1,789,263</u>	<u>\$ 121,916</u>	<u>\$ 37,606</u>	<u>\$ 1,873,573</u>	<u>\$ 1,743,670</u>
Water and Sewerage									
Land	\$ 35,435	\$ -	\$ -	\$ 35,435	\$ -	\$ -	\$ -	\$ -	\$ 35,435
Building	3,000	-	-	3,000	638	150	-	788	2,211
Sewer system	4,998,340	346,771	-	5,345,111	922,165	64,140	-	986,305	4,358,806
Sewer equipment	82,988	3,654	-	86,642	66,066	1,124	-	67,190	19,452
Water system	2,381,955	-	-	2,381,955	660,965	28,583	-	689,548	1,692,407
Water equipment	323,606	3,568	-	327,174	273,489	12,596	-	286,085	41,089
Water reservoir	765,156	371,144	-	1,136,300	167,721	13,635	-	181,356	954,944
	<u>\$ 8,590,480</u>	<u>\$ 725,137</u>	<u>\$ -</u>	<u>\$ 9,315,617</u>	<u>\$ 2,091,044</u>	<u>\$ 120,229</u>	<u>\$ -</u>	<u>\$ 2,211,272</u>	<u>\$ 7,104,347</u>
Total	<u>\$ 12,088,031</u>	<u>\$ 968,269</u>	<u>\$ 123,437</u>	<u>\$ 12,932,859</u>	<u>\$ 3,880,307</u>	<u>\$ 242,145</u>	<u>\$ 37,606</u>	<u>\$ 4,084,845</u>	<u>\$ 8,848,017</u>

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Statement of Operations - Town
Year Ended March 31, 2024

(Schedule 3)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Property taxes	\$ 686,352	\$ 712,598	\$ 673,573
Grants - municipal support	78,013	75,907	73,596
Fire dues	58,500	70,013	62,238
Grants - job creation	11,000	63,983	37,153
Donations	6,000	42,774	20,899
Miscellaneous	18,000	13,370	16,737
Fines and fees	5,000	6,641	5,165
Grants - recreation	5,000	5,000	5,000
Licenses and permits	3,000	3,300	3,256
Grants - Fiona claims	-	-	12,195
	870,865	993,586	909,812
Expenditures			
Fire Protection (Schedule 4)	146,520	148,864	142,635
General Government (Schedule 4)	203,500	209,581	183,388
Police Protection	110,000	106,852	105,303
Properties and Planning (Schedule 4)	42,630	38,128	49,014
Public Works (Schedule 4)	152,500	141,634	112,716
Recreation (Schedule 4)	168,500	191,356	189,849
	823,650	836,415	782,905
Operating surplus	47,215	157,171	126,907
Other			
Government transfers for capital (Note 7)	15,000	159,744	57,636
Insurance proceeds	-	49,641	-
Gain on disposal of tangible capital assets	-	-	27,750
	15,000	209,385	85,386
Annual surplus	\$ 62,215	\$ 366,556	\$ 212,293

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Statement of Expenditures - Town
Year Ended March 31, 2024

(Schedule 4)

	Budget 2024	Actual 2024	Actual 2023
Expenditures			
Fire Protection			
Amortization of tangible capital assets	\$ 40,000	\$ 41,997	\$ 42,706
Convention and training	4,500	4,633	2,005
Gas, oil and repairs	9,400	5,462	6,156
Honorariums	8,000	11,595	7,831
Insurance	9,000	9,390	9,060
Interest on long term debt	7,000	7,353	6,210
Miscellaneous	500	521	466
Share of civic building costs	18,620	15,708	17,555
Supplies	5,000	6,531	5,523
Telecommunications	6,500	7,674	7,123
Water charge	38,000	38,000	38,000
	<u>146,520</u>	<u>148,864</u>	<u>142,635</u>
General Government			
Advertising	4,000	13,116	1,051
Amortization of tangible capital assets	26,000	24,810	24,261
Community special events	1,500	443	5,317
Conference and travel	1,000	457	303
Copier lease	9,500	1,352	1,352
Council honoraria	17,300	17,215	17,467
Election	-	-	2,045
Interest and bank charges	1,000	1,058	1,151
Liability insurance	4,000	4,055	3,659
Memberships	2,000	2,406	1,952
Miscellaneous	500	-	-
Office	19,200	21,196	16,470
Professional fees	18,000	22,628	13,752
Property tax rebates	6,500	6,694	5,578
Rent	11,500	12,144	11,996
Repairs and maintenance	6,500	4,708	4,005
Salaries and benefits	220,000	226,497	187,202
Telephone	5,000	5,553	5,693
Portion allocated to water and sewerage	(150,000)	(154,751)	(119,866)
	<u>203,500</u>	<u>209,581</u>	<u>183,388</u>
Properties and Planning			
Civic building	26,600	22,440	25,079
Development officer	8,000	6,783	6,519
Library and campsite	1,500	90	45
Maintenance building	6,950	6,051	4,812
Marine rail park	9,700	18,142	20,474
Other properties	8,500	330	9,640
Portion of civic building allocated to fire protection	(18,620)	(15,708)	(17,555)
	<u>42,630</u>	<u>38,128</u>	<u>49,014</u>

(continues)

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Statement of Expenditures - Town (continued)
Year Ended March 31, 2024

(Schedule 4)

	Budget 2024	Actual 2024	Actual 2023
Public Works			
Amortization of tangible capital assets	14,000	22,645	17,667
Electricity	22,000	21,474	19,883
Interest on long term debt	19,600	4,521	3,761
Repairs and maintenance	16,200	12,445	7,600
Salaries and benefits	12,000	15,140	-
Snow removal	60,500	60,543	55,419
Tractor, gas and repairs	8,200	4,866	8,386
	152,500	141,634	112,716
Recreation			
Amortization of tangible capital assets	25,000	30,668	28,175
Ballfield	4,000	3,430	6,101
Interest on long term debt	500	-	228
Salaries and benefits	126,000	121,635	125,513
Special events	10,000	24,152	25,902
Supplies and equipment	2,500	11,075	3,531
Travel	500	396	399
	168,500	191,356	189,849

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Statement of Operations - Sewerage
Year Ended March 31, 2024

(Schedule 5)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Residential	\$ 100,000	\$ 101,663	\$ 99,888
Commercial	65,000	73,815	67,075
Interest	3,000	4,975	5,189
Dumping fees	1,000	-	-
	<u>169,000</u>	<u>180,453</u>	<u>172,152</u>
Expenditures			
Operating			
Certified operator contractor	26,400	29,150	29,200
Electricity	9,000	8,891	7,973
Repairs and maintenance	15,000	17,411	6,677
	<u>50,400</u>	<u>55,452</u>	<u>43,850</u>
General			
Insurance	3,000	2,610	2,471
Interest and bank charges	500	309	330
Memberships and dues	2,000	1,897	1,741
Professional fees	8,500	3,082	1,750
Property taxes	700	675	665
	<u>14,700</u>	<u>8,573</u>	<u>6,957</u>
Other			
Amortization of tangible capital assets	70,000	67,399	65,339
Interest on long term debt	30,500	46,448	37,942
	<u>100,500</u>	<u>113,847</u>	<u>103,281</u>
Allocation from general government	81,900	77,376	59,933
	<u>247,500</u>	<u>255,248</u>	<u>214,021</u>
Operating deficit	<u>(78,500)</u>	<u>(74,795)</u>	<u>(41,869)</u>
Other			
Government transfers for capital (Note 7)	130,000	189,345	339,710
Annual surplus	<u>\$ 51,500</u>	<u>\$ 114,550</u>	<u>\$ 297,841</u>

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Statement of Operations - Water
Year Ended March 31, 2024

(Schedule 6)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Residential	\$ 60,000	\$ 59,434	\$ 58,450
Commercial	40,000	43,916	40,715
Public fire protection service	38,000	38,000	38,000
Interest	3,000	2,130	3,466
Inspection and connection fees	-	800	120
	<u>141,000</u>	<u>144,280</u>	<u>140,751</u>
Expenditures			
Operating			
Certified operator contractor	26,400	29,150	29,200
Electricity	20,000	19,544	18,438
Repairs and maintenance	15,000	8,008	9,147
Water testing	7,500	4,506	5,967
	<u>68,900</u>	<u>61,208</u>	<u>62,752</u>
General			
Insurance	2,200	3,167	2,489
Interest and bank charges	200	135	220
Memberships and dues	2,000	1,897	1,741
Professional fees	2,500	3,082	1,750
Property taxes	-	322	303
	<u>6,900</u>	<u>8,603</u>	<u>6,503</u>
Other			
Amortization of tangible capital assets	60,000	47,099	54,890
Interest on long term debt	26,000	10,736	8,692
	<u>86,000</u>	<u>57,835</u>	<u>63,582</u>
Allocation from general government	<u>81,900</u>	<u>77,376</u>	<u>59,933</u>
	<u>243,700</u>	<u>205,022</u>	<u>192,770</u>
Operating deficit	<u>(102,700)</u>	<u>(60,742)</u>	<u>(52,019)</u>
Other			
Government transfers for capital (Note 7)	<u>90,000</u>	<u>1,683</u>	<u>371,393</u>
Annual surplus (deficit)	<u>\$ (12,700)</u>	<u>\$ (59,059)</u>	<u>\$ 319,374</u>

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Statement of Operations - Gateway Arena
Year Ended March 31, 2024

(Schedule 7)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Ice rentals	\$ 67,000	\$ 70,025	\$ 76,029
Canteen sales	14,000	42,012	17,607
Grants - salaries	10,000	10,128	9,366
Grants - recreation	8,500	8,500	8,500
Grants - Province of PEI	2,000	4,647	4,729
Sign rentals	4,000	2,075	3,650
Miscellaneous	-	786	2,053
Donations	-	-	435
Gym membership fees	-	-	317
	105,500	138,173	122,686
Expenditures			
Amortization of tangible capital assets	10,000	20,952	9,106
Canteen purchases	3,000	23,836	8,558
Electricity	47,000	36,846	45,796
Fuel	22,000	14,325	19,788
Garbage	3,500	4,890	3,962
Insurance	11,200	17,537	10,213
Miscellaneous	1,000	2,343	2,001
Professional fees	3,100	3,500	3,000
Property taxes and utilities	6,200	6,308	6,523
Repairs and maintenance	15,000	14,444	18,320
Salaries and benefits	62,000	71,040	65,187
Snow removal	6,300	9,842	7,372
Telephone	1,500	1,417	1,272
	191,800	227,280	201,098
Operating deficit	(86,300)	(89,107)	(78,412)
Other			
Government transfers for capital (Note 7)	72,000	18,769	136,111
Insurance proceeds	-	12,800	-
Proceeds from sale of tangible capital assets	-	2,500	-
	72,000	34,069	136,111
Annual surplus (deficit)	\$ (14,300)	\$ (55,038)	\$ 57,699

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Schedules to Consolidated Financial Statements (Schedule 8)
Segment Disclosures
Year Ended March 31, 2024

	General Government	Sewer Utility	Water Utility	Gateway Arena	Elimination	Consolidated 2024
Revenues						
Property taxes	\$ 712,598	\$ -	\$ -	\$ -	\$ -	\$ 712,598
Fire dues	70,013	-	38,000	-	(38,000)	70,013
Government transfers for operations	144,890	-	-	23,275	-	168,165
Fines and fees	6,641	-	-	-	-	6,641
Building permits and fees	3,300	-	-	-	-	3,300
Residential levies	-	101,663	59,434	-	-	161,097
Commercial levies	-	73,815	43,916	-	(3,122)	114,609
Ice rentals	-	-	-	70,025	-	70,025
Canteen sales	-	-	-	42,012	-	42,012
Interest	-	4,975	2,130	-	-	7,105
Miscellaneous	56,144	-	800	2,861	-	59,805
	993,586	180,453	144,280	138,173	(41,122)	1,415,370
Expenditures						
Salaries and benefits	392,082	29,150	29,150	71,040	-	521,422
Goods and services	311,281	111,941	117,902	135,288	(41,122)	635,290
Amortization of tangible capital assets	120,120	67,399	47,099	20,952	-	255,570
Interest	12,932	46,758	10,871	-	-	70,561
	836,415	255,248	205,022	227,280	(41,122)	1,482,843
Operating surplus (deficit)	157,171	(74,795)	(60,742)	(89,107)	-	(67,473)
Government transfers for capital	159,744	189,345	1,683	18,769	-	369,541
Gain on disposal of tangible capital assets	-	-	-	2,500	-	2,500
Insurance proceeds	49,641	-	-	12,800	-	62,441
Annual surplus (deficit)	\$ 329,715	\$ 114,550	\$ (59,059)	\$ (55,038)	\$ -	\$ 367,009

Notes 1 - 14 are an integral part of these consolidated financial statements

TOWN OF BORDEN-CARLETON
Schedules to Consolidated Financial Statements
Segment Disclosures
Year Ended March 31, 2023

(Schedule 9)

	General Government	Sewer Utility	Water Utility	Gateway Arena	Elimination	Consolidated 2023
Revenues						
Property taxes	\$ 673,573	\$ -	\$ -	\$ -	\$ -	\$ 673,573
Fire dues	62,238	-	38,000	-	(38,000)	62,238
Government transfers for operations	127,944	-	-	22,595	-	150,539
Fines and fees	5,165	-	-	-	-	5,165
Building permits and fees	3,256	-	-	-	-	3,256
Residential levies	-	99,888	58,450	-	-	158,338
Commercial levies	-	67,075	40,715	-	(3,328)	104,462
Ice rentals	-	-	-	76,029	-	76,029
Canteen sales	-	-	-	17,607	-	17,607
Interest	-	5,189	3,466	-	-	8,655
Miscellaneous	37,636	-	120	6,455	-	44,211
	<u>909,812</u>	<u>172,152</u>	<u>140,751</u>	<u>122,686</u>	<u>(41,328)</u>	<u>1,304,073</u>
Expenditures						
Salaries and benefits	338,013	29,200	29,200	65,187	-	461,600
Goods and services	320,733	81,210	99,768	126,805	(41,328)	587,188
Amortization of tangible capital assets	112,809	65,339	54,890	9,106	-	242,144
Interest	11,350	38,272	8,912	-	-	58,534
	<u>782,905</u>	<u>214,021</u>	<u>192,770</u>	<u>201,098</u>	<u>(41,328)</u>	<u>1,349,466</u>
Operating surplus (deficit)	126,907	(41,869)	(52,019)	(78,412)	-	(45,393)
Government transfers for capital	57,636	339,710	371,393	136,111	-	904,850
Gain on disposal of tangible capital assets	27,750	-	-	-	-	27,750
Annual surplus (deficit)	<u>\$ 212,293</u>	<u>\$ 297,841</u>	<u>\$ 319,374</u>	<u>\$ 57,699</u>	<u>\$ -</u>	<u>\$ 887,207</u>

Notes 1 - 14 are an integral part of these consolidated financial statements