

**TOWN OF BORDEN-CARLETON
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019**

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MANAGEMENT'S RESPONSIBILITY FOR THE 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.

The council met 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

Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL:

Opinion

We have audited the consolidated financial statements of the Town of Borden-Carleton, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net debt and cash flow for the 15 months then ended, and notes 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 of Borden-Carleton as at March 31, 2019, and the results of its operations and its cash flows for the 15 months then ended in accordance with Canadian accounting standards for the public sector.

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 of Borden-Carleton 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 these consolidated financial statements in accordance with Canadian accounting standards for the public sector 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

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 Municipality'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 Municipality'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 Municipality 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.

CHARLOTTETOWN, P.E.I.

SEPTEMBER 10, 2019

M|R|S|B

**TOWN OF BORDEN-CARLETON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019**

	2019	December 31, 2017
Financial Assets		
Cash and cash equivalents		
Unrestricted	\$ 98,066	\$ 74,290
Restricted	337,899	260,789
Accounts receivable	<u>263,610</u>	<u>166,556</u>
	<u>699,575</u>	<u>501,635</u>
Liabilities		
Credit Union indebtedness - Note 3	69,504	49,617
Accounts payable and accrued liabilities	115,042	178,768
Deferred revenue - Note 4	406,409	238,568
Long term debt - Note 5	<u>1,304,204</u>	<u>1,451,539</u>
	<u>1,895,159</u>	<u>1,918,492</u>
Net Debt - Statement 3	<u>(1,195,584)</u>	<u>(1,416,857)</u>
Non-Financial Assets		
Tangible capital assets - General and Arena - Schedule 1	1,413,339	1,207,569
Tangible capital assets - Water and Sewer - Schedule 1	6,766,803	6,900,533
Prepaid expenses	<u>5,977</u>	<u>7,253</u>
	<u>8,186,119</u>	<u>8,115,355</u>
Accumulated Surplus	<u>\$ 6,990,535</u>	<u>\$ 6,698,498</u>
Commitments - Note 6		
Municipal Position		
Accumulated surplus - Statement 2	<u>\$ 6,990,535</u>	<u>\$ 6,698,498</u>

ON BEHALF OF THE COUNCIL:

_____ Mayor

_____ Councilor

(Notes 1 to 15 are an integral part of these consolidated financial statements)

M|R|S|B

**TOWN OF BORDEN-CARLETON
CONSOLIDATED STATEMENT OF OPERATIONS
15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Actual 2017 (12 months)
Revenues			
Town - Schedule 2	\$ 795,059	\$ 1,174,881	\$ 811,478
Sewerage - Schedule 6	198,141	199,742	158,514
Water- Schedule 7	168,531	157,728	133,855
Gateway Arena - Schedule 8	193,575	199,543	166,330
	<u>1,355,306</u>	<u>1,731,894</u>	<u>1,270,177</u>
Expenditures			
Town - Schedule 2	814,198	764,011	717,137
Sewerage - Schedule 6	250,215	206,326	179,501
Water- Schedule 7	192,777	223,861	176,233
Gateway Arena - Schedule 8	203,610	245,659	178,167
	<u>1,460,800</u>	<u>1,439,857</u>	<u>1,251,038</u>
Change in Fund Balances	<u>\$ (105,494)</u>	292,037	19,139
Accumulated Surplus - Beginning of Period		<u>6,698,498</u>	6,679,359
Accumulated Surplus - End of Period - Note 9		<u>\$ 6,990,535</u>	<u>\$ 6,698,498</u>
Change in Fund Balances			
General - Schedule 2		\$ 410,870	\$ 94,341
Sewerage - Schedule 6		(6,584)	(20,987)
Water - Schedule 7		(66,133)	(42,378)
Gateway Arena - Schedule 8		(46,116)	(11,837)
		<u>\$ 292,037</u>	<u>\$ 19,139</u>

(Notes 1 to 15 are an integral part of these consolidated financial statements)

TOWN OF BORDEN-CARLETON
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
15 MONTHS ENDED MARCH 31, 2019

	Budget 2019	Actual 2019	Actual 2017 (12 months)
Change in fund balances	\$ (105,494)	\$ 292,037	\$ 19,139
Amortization of tangible capital assets	202,200	245,259	200,892
Purchase of tangible capital assets	-	(317,299)	(147,958)
(Increase) decrease in prepaid expenses	-	1,276	(288)
Decrease in Net Debt	<u>\$ 96,706</u>	221,273	71,785
Net Debt - Beginning of Period		<u>(1,416,857)</u>	<u>(1,488,642)</u>
Net Debt - End of Period		<u>\$ (1,195,584)</u>	<u>\$ (1,416,857)</u>

(Notes 1 to 15 are an integral part of these consolidated financial statements)

**TOWN OF BORDEN-CARLETON
CONSOLIDATED STATEMENT OF CASH FLOW
15 MONTHS ENDED MARCH 31, 2019**

	2019	2017 (12 months)
Cash Flows From Operating Activities		
Change in fund balances	\$ 292,037	\$ 19,139
Amortization of tangible capital assets	245,259	200,892
Increase in accounts receivable	(97,054)	(23,374)
(Increase) decrease in prepaid expenses	1,274	(286)
Decrease in accounts payable and accrued liabilities	(63,724)	(28,540)
Increase in deferred revenue	167,841	63,121
	<u>545,633</u>	<u>230,952</u>
Cash Flows From Capital Activity		
Purchase of tangible capital assets	<u>(317,299)</u>	<u>(147,958)</u>
Cash Flows From Financing Activity		
Repayment of long term debt	<u>(147,335)</u>	<u>(113,571)</u>
Increase (Decrease) in Cash and Cash Equivalents	80,999	(30,577)
Cash and Cash Equivalents - Beginning of Period	<u>285,462</u>	<u>316,039</u>
Cash and Cash Equivalents - End of Period	<u>\$ 366,461</u>	<u>\$ 285,462</u>
Cash and Cash Equivalents Consists of:		
Unrestricted cash	\$ 98,066	\$ 74,290
Restricted cash	337,899	260,789
Credit Union indebtedness	<u>(69,504)</u>	<u>(49,617)</u>
	<u>\$ 366,461</u>	<u>\$ 285,462</u>

(Notes 1 to 15 are an integral part of these consolidated financial statements)

TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019

1. Description of Business

The Town of Borden-Carleton (the "Town") is incorporated under the PEI Municipalities Act. The Town is a non-profit organization under the Income Tax Act.

2. Accounting Policies

Basis of Preparation

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 and 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 the general operations 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, and changes in fund balances and in municipal position 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. The organizations included in the consolidated financial statements are as follows:

Borden-Carleton Water and Sewerage Corporation; and

Gateway Arena.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, unrestricted and restricted balances on deposit with banks, and Credit Union indebtedness.

TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019

2. Accounting Policies (cont'd)

Accounts Receivable

Accounts receivable arise from sewer dues, trade receivables 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.

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 and have a value of more than \$2,000. The cost of the tangible capital assets is amortized on a straight-line basis over the estimated useful lives as follows:

Park	4%
Buildings	2.5% and 5%
Fire vehicles	6.67%
Equipment	10.0%
Electronic equipment	25.0%
Streets and sidewalks	4.0%
Vehicles	20%
Sewerage system	1.2%
Sewerage equipment	1.2%
Water system	1.2%
Water equipment	5.0%
Water reservoir	1.2%

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.

Interest expense on capital debt incurred during the construction or renovation of an asset is included in the capitalized value.

No amortization has been recorded on the park as not available for use during the current period.

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 period 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.

**TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019**

2. Accounting Policies (cont'd)

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 assessed based on the market 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 as billings become due.

Utility 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 become due.

The Town follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 issuance of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

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.

TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019

3. Credit Union Indebtedness

	2019	December 31, 2017
Gateway Arena		
Consolidated Credit Union Ltd. - prime plus 2%; approved limit of \$20,000; secured by general security agreement; any amounts over the maximum limit bear interest at 30%; renewable June 30, 2023	\$ 9,967	\$ 8,417
Town		
Consolidated Credit Union Ltd. - prime plus 1%; approved limit of \$160,000; secured by general security agreement; renewable June 30, 2023	<u>59,537</u>	<u>41,200</u>
	<u>\$ 69,504</u>	<u>\$ 49,617</u>

The Water and Sewerage account with the Consolidated Credit Union has an approved overdraft limit of \$110,000 with a rate of prime plus 1%. The overdraft on this account was not utilized at year end and the terms of this account are renewable June 30, 2023.

4. Deferred Revenue

	2019	December 31, 2017
New Deals Gas Tax - annual allocation	\$ 338,909	\$ 238,568
Rural and Regional Development	<u>67,500</u>	<u>-</u>
	<u>\$ 406,409</u>	<u>\$ 238,568</u>

Under the New Deals Gas Tax Funding for Incorporated Communities and the New Deals for Cities & Communities, the Town is allocated \$100,000 per year for fiscal years ending March 31, 2015 to 2019. 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 period, the Town received Gas Tax funding of \$100,000, earned interest of \$341, and did not incur any eligible expenditures.

**TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019**

5. Long Term Debt

	2019	December 31, 2017
Town		
Consolidated Credit Union Ltd. - prime plus 0.5%; repayable in monthly principal installments of \$1,667 plus interest; secured by general security agreement giving first charge on Metalfab pumper fire truck with a carrying value of \$183,695; renewal on February 16, 2024 and maturing on February 16, 2029.	\$ 183,865	\$ 208,870
Consolidated Credit Union Ltd. - prime plus 0.5%; repayable in monthly principal installments of \$278 plus interest; secured by general security agreement giving first charge on fixed and floating assets; renewal on March 19, 2023 and maturing on March 19, 2043.	79,984	84,154
Consolidated Credit Union Ltd. - 3.09%; repayable in blended monthly installments of \$1,304; secured by general security agreement and first charge on Arena with a carrying value of \$52,739; maturing on October 31, 2019.	9,095	27,914
Consolidated Credit Union Ltd. - 4.14%; repayable in blended monthly installments of \$580; secured by parcels of land with a carrying value of \$49,450; renewal on September 2, 2020 and maturing on September 2, 2021.	15,900	23,569
	288,844	344,507

TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019

5. Long Term Debt (cont'd)

	2019	December 31, 2017
Water and Sewerage		
Consolidated Credit Union Ltd. - prime plus 0.5%; repayable in monthly principal installments of \$2,627 plus interest; secured by general security agreement; renewal on December 31, 2019 and maturing on January 14, 2037.	562,148	601,553
Consolidated Credit Union Ltd. - prime plus 0.5%; repayable in monthly principal installments of \$1,493 plus interest; secured by general security agreement; renewal on November 30, 2023 and maturing on November 30, 2038.	373,228	395,622
Consolidated Credit Union Ltd. - prime plus 0.5%; repayable in monthly principal installments of \$278 plus interest; secured by general security agreement giving first charge on fixed and floating assets; renewal on March 19, 2023 and maturing on March 19, 2043.	79,984	84,154
Consolidated Credit Union - prime plus 0.5%; repaid during the period.	-	25,703
	1,015,360	1,107,032
	\$ 1,304,204	\$ 1,451,539

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

2020	\$	91,681
2021		82,805
2022		78,853
2023		76,115
2024		76,115

6. Commitments

The Town has entered into lease agreements for the lease of office equipment and office space. The minimum lease payments due over the next three years are as follows:

2020	\$	12,866
2021		2,367
2022		1,059

TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019

7. Government Transfers for Capital

	2019	December 31, 2017
Town		
Innovation PEI - Tourism Revitalization	\$ 150,000	\$ -
ACOA - Tourism Revitalization	135,927	-
Municipal Capital Expenditures Grant	28,203	10,381
New Deals Gas Tax	-	27,842
Provincial Infrastructure Fund	-	12,957
Province of Prince Edward Island - Fire equipment	-	7,000
	\$ 314,130	\$ 58,180
 Water and Sewerage		
Municipal Capital Expenditures Grant	\$ 370	\$ -

8. Government Transfers for Operations

Town		
Innovation PEI - Touristic/Spatial Master Plan	\$ 9,984	\$ 39,017
Province of PEI - Snow clearing	-	15,000
	\$ 9,984	\$ 54,017

9. Accumulated Surplus

Unrestricted surplus	\$ 114,597	\$ 41,935
Investment in tangible capital assets - Note 10	6,875,938	6,656,563
	\$ 6,990,535	\$ 6,698,498

10. Investment in Tangible Capital Assets

Tangible capital assets - Schedule 1	\$11,429,597	\$11,112,298
Accumulated amortization - Schedule 1	(3,249,455)	(3,004,196)
Long term debt - Note 5	(1,304,204)	(1,451,539)
	\$ 6,875,938	\$ 6,656,563

**TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019**

11. Budget Figures

A reconciliation of the 2019 fiscal operating budget prepared by Council to the budget figures disclosed in the consolidated financial statements is as follows:

	2019
Town of Borden-Carleton budgeted annual deficit	\$ (86,355)
Less: 2017 consolidated surplus	<u>(19,139)</u>
	<u>\$ (105,494)</u>

The budgeted figures have not been audited and have been included in the consolidated financial statements for comparative purposes only.

12. 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 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 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.

**TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019**

13. Financial Instruments

The Town's financial instruments consist of cash and cash equivalents, accounts receivable, Credit Union indebtedness, 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, 2019.

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.

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 floating interest rate bank indebtedness and credit facilities.

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 receipt of government funding, long term debt and accounts payable.

**TOWN OF BORDEN-CARLETON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019**

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 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 municipality, maintenance of bylaws and policies, oversight of public works and recreation programs, maintenance of Town facilities, and administration of fire protection, police protection, and other Town services.

Water and Sewerage

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 operations and maintenance of the Town arena.

15. Comparative Figures

Some of the prior year's figures have been reclassified to conform to current period consolidated financial statement presentation.

**TOWN OF BORDEN-CARLETON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
TANGIBLE CAPITAL ASSETS
MARCH 31, 2019**

Schedule 1

	Cost Beginning of Period	Additions	Disposals and Write- Downs	Cost End of Period	Accum Amort Beginning	Amort in Period	Accum Amort Ending	Net Book Value
Town and Arena								
Land	\$ 246,085	\$ 167,140	\$ -	\$ 413,225	\$ -	\$ -	\$ -	\$ 413,225
Park	-	138,700	-	138,700	-	-	-	138,700
Buildings	1,005,693	-	-	1,005,693	660,142	14,190	674,332	331,361
Fire vehicles	546,688	-	-	546,688	306,144	42,024	348,168	198,520
Equipment	341,335	4,389	-	345,724	236,574	24,572	261,146	84,578
Electronic equipment	32,054	-	-	32,054	32,054	-	32,054	-
Streets and sidewalks	413,526	-	-	413,526	150,092	20,676	170,768	242,758
Vehicles	15,735	-	-	15,735	8,541	2,997	11,538	4,197
	\$ 2,601,116	\$ 310,229	\$ -	\$ 2,911,345	\$ 1,393,547	\$ 104,459	\$ 1,498,006	\$ 1,413,339
Water and Sewer								
Land	\$ 35,435	\$ -	\$ -	\$ 35,435	\$ -	\$ -	\$ -	\$ 35,435
Building	-	3,000	-	3,000	-	188	188	2,812
Sewerage system	4,962,598	4,070	-	4,966,668	667,859	74,500	742,359	4,224,309
Sewerage equipment	64,187	-	-	64,187	64,187	-	64,187	-
Water system	2,379,975	-	-	2,379,975	539,539	35,700	575,239	1,804,736
Water equipment	311,223	-	-	311,223	210,078	19,045	229,123	82,100
Water reservoir	757,764	-	-	757,764	128,986	11,367	140,353	617,411
	\$ 8,511,182	\$ 7,070	\$ -	\$ 8,518,252	\$ 1,610,649	\$ 140,800	\$ 1,751,449	\$ 6,766,803
Total Tangible Capital Assets	\$ 14,112,298	\$ 317,299	\$ -	\$ 14,429,597	\$ 3,004,196	\$ 245,259	\$ 3,249,455	\$ 8,180,142

(Notes 1 to 15 are an integral part of these consolidated financial statements)



TOWN OF BORDEN-CARLETON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
TANGIBLE CAPITAL ASSETS
DECEMBER 31, 2017

	Cost Beginning of Year	Additions	Disposals and Write- Downs	Cost End of Year	Accum Amort Beginning	Amort in Year	Accum Amort Ending	Net Book Value
Schedule 1 (cont'd)								
Town and Arena								
Land	\$ 168,357	\$ 77,728	-	\$ 246,085	\$ -	\$ -	\$ -	\$ 246,085
Buildings	980,206	25,487	-	1,005,693	648,791	11,351	660,142	345,551
Fire vehicles	546,688	-	-	546,688	269,698	36,446	306,144	240,544
Equipment	318,812	22,523	-	341,335	216,649	19,925	236,574	104,761
Electronic equipment	32,054	-	-	32,054	30,882	1,172	32,054	-
Streets and sidewalks	391,306	22,220	-	413,526	133,551	16,541	150,092	263,434
Vehicles	15,735	-	-	15,735	5,394	3,147	8,541	7,194
	\$ 2,453,158	\$ 147,958	\$ -	\$ 2,601,116	\$ 1,304,965	\$ 88,582	\$ 1,393,547	\$ 1,207,569
Water and Sewer								
Land	\$ 35,435	\$ -	\$ -	\$ 35,435	\$ -	\$ -	\$ -	\$ 35,435
Sewerage system	4,962,598	-	-	4,962,598	608,307	59,552	667,859	4,294,739
Sewerage equipment	64,187	-	-	64,187	64,187	-	64,187	-
Water system	2,379,975	-	-	2,379,975	510,979	28,560	539,539	1,840,436
Water equipment	311,223	-	-	311,223	194,973	15,105	210,078	101,145
Water reservoir	757,764	-	-	757,764	119,893	9,093	128,986	628,778
	\$ 8,511,182	\$ -	\$ -	\$ 8,511,182	\$ 1,498,339	\$ 112,310	\$ 1,610,649	\$ 6,900,533
Total Tangible Capital Assets	\$ 10,964,340	\$ 147,958	\$ -	\$ 11,112,298	\$ 2,803,304	\$ 200,892	\$ 3,004,196	\$ 8,108,102

(Notes 1 to 15 are an integral part of these consolidated financial statements)

**TOWN OF BORDEN-CARLETON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF OPERATIONS - TOWN
15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Schedule 2 Actual 2017 (12 months)
Revenues			
Property taxes	\$ 635,707	\$ 680,093	\$ 435,548
Government transfers for capital - Note 7	-	314,130	58,180
Fire dues	62,500	71,375	52,600
Grants - job creation	34,375	42,293	33,340
Miscellaneous	13,000	20,207	21,207
Grants - municipal support	21,107	12,424	126,654
Government transfers for operations - Note 8	-	9,984	54,017
Fines and fees	12,500	8,880	9,468
Donations	6,000	5,381	12,171
Grants - recreation	5,000	5,000	5,000
Newsletter	2,000	4,194	1,632
Licenses and permits	2,870	920	1,661
	<u>795,059</u>	<u>1,174,881</u>	<u>811,478</u>
Expenditures			
Fire Protection - Schedule 3	168,679	159,703	137,432
General Government - Schedule 3	227,716	220,940	251,258
Police Protection	163,740	166,947	130,378
Properties and Planning - Schedule 4	32,573	33,640	47,355
Public Works - Schedule 4	91,138	84,598	65,303
Recreation - Schedule 5	130,352	98,183	85,411
	<u>814,198</u>	<u>764,011</u>	<u>717,137</u>
Change in Fund Balance	<u>\$ (19,139)</u>	<u>\$ 410,870</u>	<u>\$ 94,341</u>

(Notes 1 to 15 are an integral part of these consolidated financial statements)

TOWN OF BORDEN-CARLETON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF EXPENDITURES - TOWN
15 MONTHS ENDED MARCH 31, 2019

	Budget 2019	Actual 2019	Schedule 3 Actual 2017 (12 months)
Fire Protection			
Advertising	\$ 300	\$ -	\$ (441)
Amortization of tangible capital assets	56,875	54,274	46,979
Convention and training	6,500	1,506	6,745
Gas, oil and repairs	5,375	7,878	2,964
Honorariums	9,275	8,150	8,525
Insurance	10,312	9,756	8,234
Interest on long term debt	9,375	10,172	7,426
Licenses and dues	200	90	57
Miscellaneous	1,500	41	73
Supplies	7,000	3,539	1,668
Telephone	6,753	7,594	5,252
Water charge	38,000	38,000	38,000
	<u>151,465</u>	<u>141,000</u>	<u>125,482</u>
Portion of civic building costs	17,214	18,703	11,950
	<u>\$ 168,679</u>	<u>\$ 159,703</u>	<u>\$ 137,432</u>
General Government			
ACOA STEP Program	\$ -	\$ -	\$ 42,919
Advertising and donations	6,563	4,101	4,524
Amortization of tangible capital assets	19,375	15,223	12,927
Conference and travel	3,125	3,332	4,053
Equipment rental and repairs	2,438	2,201	1,851
Honorariums	21,520	21,306	16,963
Interest and bank charges	3,875	5,599	3,560
Interest on long term debt	5,250	5,230	3,995
Legion tax rebate	825	825	822
Liability insurance	11,250	13,001	9,022
Memberships and dues	2,125	2,423	1,735
Miscellaneous	1,500	4,293	2,525
Office supplies and postage	7,875	11,295	8,322
Professional fees	22,700	10,906	12,551
Rent	14,167	13,503	10,332
Repairs and maintenance	5,237	5,137	11,762
Salary and benefits	194,014	207,216	198,332
Supplies	1,250	855	1,032
Telephone	5,037	5,641	2,570
Tractor gas and repairs	3,000	2,863	4,318
Truck allowance maintenance	3,750	2,974	2,295
	<u>334,876</u>	<u>337,924</u>	<u>356,410</u>
Portion allocated to sewerage and water	(107,160)	(116,984)	(105,152)
	<u>\$ 227,716</u>	<u>\$ 220,940</u>	<u>\$ 251,258</u>

(Notes 1 to 15 are an integral part of these consolidated financial statements)

TOWN OF BORDEN-CARLETON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF EXPENDITURES - TOWN
15 MONTHS ENDED MARCH 31, 2019

	Budget 2019	Actual 2019	Schedule 4 Actual 2017 (12 months)
Properties and Planning			
Beautification	\$ 1,500	\$ -	\$ -
Civic building	30,200	32,812	20,966
Development officer	3,125	7,541	16,819
Garbage cleanup	1,275	728	913
Library and capsite	2,875	181	-
Maintenance building	4,062	5,643	3,819
Marine rail park	5,812	4,850	15,156
Property tax - other properties	938	588	1,632
	49,787	52,343	59,305
Department allocation - civic building	(17,214)	(18,703)	(11,950)
	\$ 32,573	\$ 33,640	\$ 47,355
Public Works			
Amortization of tangible capital assets	\$ 19,375	\$ 20,676	\$ 16,541
Boardwalk	-	25	1,124
Equipment	3,000	-	-
Signs	625	204	901
Snow removal	28,750	36,540	20,873
Street lights	35,388	27,088	23,130
Street repairs	4,000	65	2,734
	\$ 91,138	\$ 84,598	\$ 65,303

(Notes 1 to 15 are an integral part of these consolidated financial statements)

**TOWN OF BORDEN-CARLETON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF EXPENDITURES - TOWN
15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Schedule 5 Actual 2017 (12 months)
Recreation			
Advertising and donations	\$ 313	\$ -	\$ -
Amortization of tangible capital assets	15,000	9,231	8,088
Arena transfer	24,400	15,000	15,000
Ball field	2,825	1,955	621
Conference and training	313	577	-
Entertainment	6,000	7,666	7,605
Insurance	5,937	6,928	4,789
Interest on long term debt	3,125	741	1,691
Membership fees	156	-	-
Repairs and maintenance	625	-	37
Salaries and benefits	43,194	34,136	24,860
Special events	18,900	19,795	22,168
Supplies and day camp	8,846	1,453	552
Travel	718	701	-
	\$ 130,352	\$ 98,183	\$ 85,411

(Notes 1 to 15 are an integral part of these consolidated financial statements)

TOWN OF BORDEN-CARLETON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF OPERATIONS - SEWERAGE
15 MONTHS ENDED MARCH 31, 2019

	Budget 2019	Actual 2019	Schedule 6 Actual 2017 (12 months)
Revenues			
Residential	\$ 120,000	\$ 120,159	\$ 96,003
Commercial	70,625	76,659	56,498
Dumping fees	1,111	1,779	889
Interest	6,030	987	4,824
Other	375	158	300
	<u>198,141</u>	<u>199,742</u>	<u>158,514</u>
Expenditures			
Operating			
Electricity	9,420	9,863	7,537
Repairs and maintenance	20,780	5,174	15,443
Salaries and wages	20,700	24,774	19,800
	<u>50,900</u>	<u>39,811</u>	<u>42,780</u>
General			
Bad debts	-	1,303	83
Insurance	415	525	394
Interest and bank charges	350	409	322
Memberships and dues	2,312	1,696	1,782
Professional fees	1,950	1,750	1,807
Property taxes	720	-	170
Supplies	3,475	216	-
	<u>9,222</u>	<u>5,899</u>	<u>4,558</u>
Other			
Amortization of tangible capital assets	89,840	74,594	59,551
Interest on long term debt	46,865	27,529	20,036
	<u>136,705</u>	<u>102,123</u>	<u>79,587</u>
Subtotal Expenditures	<u>196,827</u>	<u>147,833</u>	<u>126,925</u>
Allocation from general government	53,388	58,493	52,576
Total Expenditures	<u>250,215</u>	<u>206,326</u>	<u>179,501</u>
Change in Fund Balance	<u>\$ (52,074)</u>	<u>\$ (6,584)</u>	<u>\$ (20,987)</u>

(Notes 1 to 15 are an integral part of these consolidated financial statements)

**TOWN OF BORDEN-CARLETON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF OPERATIONS - WATER
15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Schedule 7 Actual 2017 (12 months)
Revenues			
Residential	\$ 70,016	\$ 70,139	\$ 56,013
Commercial	47,500	48,112	35,038
Public fire protection service	43,798	38,000	38,000
Interest	6,005	987	4,804
Government transfers for capital - Note 7	-	370	-
Inspection/connection fees	1,212	120	-
	<u>168,531</u>	<u>157,728</u>	<u>133,855</u>
Expenditures			
Operating			
Electricity	14,800	16,833	11,842
Repairs and maintenance	21,385	25,858	16,224
Salaries and wages	20,700	24,774	19,800
	<u>56,885</u>	<u>67,465</u>	<u>47,866</u>
General			
Bad debts	-	-	41
Insurance	415	525	394
Interest and bank charges	350	71	20
Memberships and dues	2,312	1,696	1,782
Professional fees	1,950	1,750	1,807
Property taxes	302	-	242
Supplies	2,850	162	-
	<u>8,179</u>	<u>4,204</u>	<u>4,286</u>
Other			
Amortization of tangible capital assets	49,888	66,204	52,758
Interest on long term debt	24,437	27,495	18,747
	<u>74,325</u>	<u>93,699</u>	<u>71,505</u>
Subtotal Expenditures	<u>139,389</u>	<u>165,368</u>	<u>123,657</u>
Allocation from general government	53,388	58,493	52,576
Total Expenditures	<u>192,777</u>	<u>223,861</u>	<u>176,233</u>
Change in Fund Balance	<u>\$ (24,246)</u>	<u>\$ (66,133)</u>	<u>\$ (42,378)</u>

(Notes 1 to 15 are an integral part of these consolidated financial statements)

TOWN OF BORDEN-CARLETON
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF OPERATIONS - GATEWAY ARENA
15 MONTHS ENDED MARCH 31, 2019

	Budget 2019	Actual 2019	Schedule 8 Actual 2017 (12 months)
Revenues			
Ice rentals	\$ 68,530	\$ 84,721	\$ 57,812
Canteen sales	67,100	60,215	50,715
Grants - Borden-Carleton	25,000	21,928	19,789
Grants - salaries	6,200	13,545	16,135
Grants - recreation	8,500	8,500	8,500
Grant - Province of PEI	-	1,607	1,699
Signage	8,000	3,397	2,871
Miscellaneous	7,000	2,659	-
Gym membership fees	1,500	2,111	1,212
Donations	1,625	750	7,500
Vending machines	120	110	97
	193,575	199,543	166,330
Expenditures			
Advertising and donations	100	-	-
Amortization of tangible capital assets	5,050	5,057	4,046
Bad debts	-	1,580	-
Canteen purchases	30,000	28,348	22,272
Conferences and travel	2,000	2,895	2,355
Electricity	55,000	58,574	41,322
Fuel	13,020	13,774	10,136
Insurance	-	6,928	4,789
Interest and bank charges	1,625	1,643	1,409
Memberships and dues	380	349	304
Office supplies	130	453	63
Professional fees	1,000	3,248	3,333
Property taxes	5,100	6,762	4,102
Repairs and maintenance	32,755	47,402	31,776
Telephone	1,650	1,210	529
Tournaments	600	584	547
Wages - canteen	33,700	31,159	20,048
- rink workers	21,500	35,693	31,136
	203,610	245,659	178,167
Change in Fund Balance	\$ (10,035)	\$ (46,116)	\$ (11,837)

(Notes 1 to 15 are an integral part of these consolidated financial statements)