

**TOWN OF BORDEN-CARLETON  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021**

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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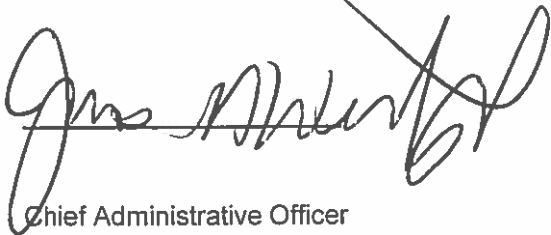
The accompanying consolidated financial statements of the Town of Borden-Carleton are the responsibility of management and have been prepared in accordance with Canadian accounting standards for the public sector. A summary of the significant accounting policies are described in the consolidated financial 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



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## INDEPENDENT AUDITOR'S REPORT

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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, 2021, and the consolidated statements of operations, changes in net debt and cash flow for the year 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, 2021, and the results of its operations and its cash flows for the year 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.

OCTOBER 12, 2021

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**TOWN OF BORDEN-CARLETON  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2021**

	2021	2020
<b>Financial Assets</b>		
Cash and cash equivalents		
Unrestricted <i>GAS TAX</i>	\$ 124,975	\$ 137,157
Restricted	536,561	419,329
Accounts receivable	212,574	313,528
	<b>874,110</b>	<b>870,014</b>
<b>Liabilities</b>		
Bank indebtedness - Note 3	-	185,414
Accounts payable and accrued liabilities	106,999	140,733
Deferred revenue - Note 4	593,212	445,349
Long term debt - Note 5	1,128,515	1,211,079
	<b>1,828,726</b>	<b>1,982,575</b>
<b>Net Debt - Statement 3</b>	<b>(954,616)</b>	<b>(1,112,561)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets - Town and Arena - Schedule 1	1,638,175	1,667,447
Tangible capital assets - Water and Sewer - Schedule 1	6,580,741	6,673,275
Prepaid expenses	20,222	18,112
	<b>8,239,138</b>	<b>8,358,834</b>
<b>Accumulated Surplus</b>	<b>\$ 7,284,522</b>	<b>\$ 7,246,273</b>
<b>Commitments - Note 6</b>		
<b>Municipal Position</b>		
Accumulated surplus - Statement 2	<b>\$ 7,284,522</b>	<b>\$ 7,246,273</b>

ON BEHALF OF THE COUNCIL:

Charles Makyni Mayor

Quoc Chien Councillor

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

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**TOWN OF BORDEN-CARLETON  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2021**

	Budget 2021	Actual 2021	Actual 2020
<b>Revenues</b>			
Town - Schedule 2	\$ 686,000	\$ 729,651	\$ 1,072,828
Sewerage - Schedule 6	159,500	162,828	153,762
Water - Schedule 7	135,500	145,064	131,261
Gateway Arena - Schedule 8	117,700	105,972	153,015
	<u>1,098,700</u>	<u>1,143,515</u>	<u>1,510,866</u>
<b>Expenditures</b>			
Town - Schedule 2	577,830	632,967	705,768
Sewerage - Schedule 6	117,800	167,979	173,494
Water - Schedule 7	127,800	171,833	185,201
Gateway Arena - Schedule 8	183,800	132,487	190,669
	<u>1,007,230</u>	<u>1,105,266</u>	<u>1,255,132</u>
<b>Annual Surplus</b>	<u>\$ 91,470</u>	38,249	255,734
<b>Accumulated Surplus - Beginning of Year</b>		<u>7,246,273</u>	6,990,539
<b>Accumulated Surplus - End of Year - Note 9</b>		<u>\$ 7,284,522</u>	<u>\$ 7,246,273</u>
<b>Annual Surplus Consists of</b>			
Town - Schedule 2		\$ 96,684	\$ 367,060
Sewerage - Schedule 6		(5,151)	(19,732)
Water - Schedule 7		(26,769)	(53,940)
Gateway Arena - Schedule 8		(26,515)	(37,654)
		<u>\$ 38,249</u>	<u>\$ 255,734</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  
YEAR ENDED MARCH 31, 2021**

	Budget 2021	Actual 2021	Actual 2020
Annual surplus	\$ 91,470	\$ 38,249	\$ 255,734
Amortization of tangible capital assets	-	212,614	199,653
Purchase of tangible capital assets	(390,000)	(90,808)	(360,233)
(Increase) decrease in prepaid expenses	-	(2,110)	(12,132)
<b>Decrease in Net Debt</b>	<b>(298,530)</b>	<b>157,945</b>	<b>83,022</b>
<b>Net Debt - Beginning of Year</b>	<b>(1,112,561)</b>	<b>(1,112,561)</b>	<b>(1,195,583)</b>
<b>Net Debt - End of Year</b>	<b><u>\$(1,411,091)</u></b>	<b><u>\$ (954,616)</u></b>	<b><u>\$ (1,112,561)</u></b>

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



**TOWN OF BORDEN-CARLETON  
CONSOLIDATED STATEMENT OF CASH FLOW  
YEAR ENDED MARCH 31, 2021**

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Annual surplus	\$ 38,249	\$ 255,734
Amortization of tangible capital assets	212,614	199,653
(Increase) decrease in accounts receivable	100,954	(49,918)
Increase in prepaid expenses	(2,112)	(12,133)
Increase (decrease) in accounts payable and accrued liabilities	(33,732)	25,694
Increase in deferred revenue	147,863	38,940
	<b>463,836</b>	<b>457,970</b>
<b>Cash Flows From Capital Activity</b>		
Purchase of tangible capital assets	(90,808)	(360,233)
<b>Cash Flows From Financing Activity</b>		
Repayment of long term debt	(82,564)	(93,126)
<b>Increase in Cash and Cash Equivalents</b>	<b>290,464</b>	<b>4,611</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>371,072</b>	<b>366,461</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 661,536</b>	<b>\$ 371,072</b>
<b>Cash and Cash Equivalents Consists of:</b>		
Unrestricted cash	\$ 124,975	\$ 137,157
Restricted cash	536,561	419,329
Bank indebtedness	-	(185,414)
	<b>\$ 661,536</b>	<b>\$ 371,072</b>

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

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**TOWN OF BORDEN-CARLETON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

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## **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 year 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.

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**TOWN OF BORDEN-CARLETON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

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## 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 year 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.

### 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.

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**TOWN OF BORDEN-CARLETON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

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## **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 year.

### **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 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 years, 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 year. 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  
YEAR ENDED MARCH 31, 2021**

**3. Credit Union Indebtedness**

	2021	2020
<b>Gateway Arena</b>		
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	\$ -	\$ -
<b>Town</b>		
Consolidated Credit Union Ltd. - prime plus 1%; approved limit of \$160,000; secured by general security agreement; renewable June 30, 2023	-	185,414
	<u>\$ -</u>	<u>\$ 185,414</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**

	2021	2020
New Deals Gas Tax	\$ 509,700	\$ 436,074
Provincial Safe restart funding	75,000	-
Utility prepayments	8,512	-
Rural and Regional Development	-	9,275
	<u>\$ 593,212</u>	<u>\$ 445,349</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, 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 year.

During the year, the Town received Gas Tax funding of \$100,000, earned interest of \$486, and incurred \$26,860 in eligible expenditures.

**TOWN OF BORDEN-CARLETON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

**5. Long Term Debt**

	2021	2020
<b>Town</b>		
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 \$146,013; renewal on February 16, 2024 and maturing on February 16, 2029.	\$ 143,857	\$ 163,861
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.	73,312	76,648
Consolidated Credit Union Ltd. - 4.14%; repayable in blended monthly installments of \$580; secured by parcels of land with a carrying value of \$46,675 maturing on September 2, 2021.	<u>3,028</u>	<u>9,477</u>
	<u>220,197</u>	<u>249,986</u>
 <b>Water and Sewerage</b>		
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, 2024 and maturing on January 14, 2037.	499,100	530,624
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.	335,906	353,821
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.	<u>73,312</u>	<u>76,648</u>
	<u>908,318</u>	<u>961,093</u>
	<u>\$ 1,128,515</u>	<u>\$ 1,211,079</u>

**TOWN OF BORDEN-CARLETON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

**5. Long Term Debt (cont'd)**

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

2022	\$ 79,143
2023	209,395
2024	435,449
2025	404,528

**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 year are as follows:

2022	\$ 2,014
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**7. Government Transfers for Capital**

	2021	2020
<b>Town</b>		
Province of Prince Edward Island - Fire equipment	\$ 18,550	\$ -
Municipal Capital Expenditure Grant	3,924	15,286
Innovation PEI - Tourism Revitalization	-	172,000
New Deals Gas Tax	-	85,863
ACOA - Tourism Revitalization	-	59,597
	<u>\$ 22,474</u>	<u>\$ 332,746</u>
<b>Water and Sewerage</b>		
Municipal Capital Expenditures Grant	<u>\$ 1,889</u>	<u>\$ 1,727</u>
<b>Gateway Arena</b>		
New Deals Gas Tax	\$ 26,860	17,361
Municipal Capital Expenditures Grant	<u>2,687</u>	<u>2,635</u>
	<u>\$ 29,547</u>	<u>\$ 19,996</u>

**8. Government Transfers for Operations**

<b>Town</b>		
Tourism PEI - 100 Anniversary Celebration	<u>\$ -</u>	<u>\$ 2,500</u>
	<u>\$ -</u>	<u>\$ 2,500</u>

**TOWN OF BORDEN-CARLETON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

**9. Accumulated Surplus**

	2021	2020
Unrestricted surplus	\$ 194,121	\$ 116,630
Investment in tangible capital assets - Note 10	<u>7,090,401</u>	<u>7,129,643</u>
	<u>\$ 7,284,522</u>	<u>\$ 7,246,273</u>

**10. Investment in Tangible Capital Assets**

Tangible capital assets - Schedule 1	\$ 11,880,638	\$ 11,789,830
Accumulated amortization - Schedule 1	(3,661,722)	(3,449,108)
Long term debt - Note 5	<u>(1,128,515)</u>	<u>(1,211,079)</u>
	<u>\$ 7,090,401</u>	<u>\$ 7,129,643</u>

**11. Budget Figures**

A reconciliation of the 2021 fiscal operating budget prepared by Council to the budget figures disclosed in the consolidated financial statements is as follows:

	2021
Town of Borden-Carleton budgeted annual deficit	\$ (13,442)
Add: Debt repayment	79,136
Less: 2020 deficit	<u>25,776</u>
	<u>\$ 91,470</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.



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**TOWN OF BORDEN-CARLETON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

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### **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, 2021.

#### **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.

### **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.

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**TOWN OF BORDEN-CARLETON  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

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**14. Segment Disclosure (cont'd)**

**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. Subsequent Events**

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Town or its residents, employees, contractors, suppliers and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Town's business, the continued spread of COVID-19 and the measures taken by the federal and provincial governments to contain its impact could adversely impact the Town's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the Town's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

**TOWN OF BORDEN-CARLETON  
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
TANGIBLE CAPITAL ASSETS  
YEAR ENDED MARCH 31, 2021**

	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
<b>Town and Arena</b>								
Land	\$ 421,750	\$ -	\$ -	\$ 421,750	\$ -	\$ -	\$ -	\$ 421,750
Park	150,274	-	-	150,274	-	6,011	6,011	144,263
Buildings	1,129,141	-	-	1,129,141	688,770	14,438	703,208	425,933
Fire vehicles	546,688	-	-	546,688	370,480	22,313	392,793	153,895
Equipment	477,663	70,027	-	547,690	289,894	34,541	324,435	223,255
Electronic equipment	36,936	-	-	36,936	33,274	1,221	34,495	2,441
Streets and sidewalks	474,389	-	-	474,389	188,775	18,976	207,751	266,638
Vehicles	15,735	-	-	15,735	13,936	1,799	15,735	-
	<b>\$ 3,252,576</b>	<b>\$ 70,027</b>	<b>\$ -</b>	<b>\$ 3,322,603</b>	<b>\$ 1,585,129</b>	<b>\$ 99,299</b>	<b>\$ 1,684,428</b>	<b>\$ 1,638,175</b>
<b>Water and Sewer</b>								
Land	\$ 35,435	\$ -	\$ -	\$ 35,435	\$ -	\$ -	\$ -	\$ 35,435
Building	3,000	-	-	3,000	338	150	488	2,512
Sewerage system	4,985,670	-	-	4,985,670	802,186	59,999	862,185	4,123,485
Sewerage equipment	64,187	18,801	-	82,988	64,187	940	65,127	17,861
Water system	2,379,975	1,980	-	2,381,955	603,798	28,583	632,381	1,749,574
Water equipment	311,223	-	-	311,223	244,024	14,550	258,574	52,649
Water reservoir	757,764	-	-	757,764	149,446	9,093	158,539	599,225
	<b>\$ 8,537,254</b>	<b>\$ 20,781</b>	<b>\$ -</b>	<b>\$ 8,558,035</b>	<b>\$ 1,863,979</b>	<b>\$ 113,315</b>	<b>\$ 1,977,294</b>	<b>\$ 6,580,741</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 11,789,830</b>	<b>\$ 90,808</b>	<b>\$ -</b>	<b>\$ 11,880,638</b>	<b>\$ 3,449,108</b>	<b>\$ 212,614</b>	<b>\$ 3,661,722</b>	<b>\$ 8,218,916</b>

(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  
YEAR ENDED MARCH 31, 2020**

	Schedule 1 (cont'd)									
	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		
<b>Town and Arena</b>										
Land	\$ 413,225	\$ 8,525	-	\$ 421,750	\$ -	\$ -	\$ -	\$ 421,750		
Park	138,700	11,574	-	150,274	-	-	-	150,274		
Buildings	1,005,693	123,448	-	1,129,141	674,332	14,438	688,770	440,371		
Fire vehicles	546,688	-	-	546,688	348,168	22,312	370,480	176,208		
Equipment	345,724	131,939	-	477,663	261,146	28,748	289,894	187,769		
Electronic equipment	32,054	4,882	-	36,936	32,054	1,220	33,274	3,662		
Streets and sidewalks	413,526	60,863	-	474,389	170,768	18,007	188,775	285,614		
Vehicles	15,735	-	-	15,735	11,538	2,398	13,936	1,799		
	<b>\$ 2,911,345</b>	<b>\$ 341,231</b>	<b>\$ -</b>	<b>\$ 3,252,576</b>	<b>\$ 1,498,006</b>	<b>\$ 87,123</b>	<b>\$ 1,585,129</b>	<b>\$ 1,667,447</b>		
<b>Water and Sewer</b>										
Land	\$ 35,435	\$ -	\$ -	\$ 35,435	\$ -	\$ -	\$ -	\$ 35,435		
Building	3,000	-	-	3,000	188	150	338	2,662		
Sewerage system	4,966,668	19,002	-	4,985,670	742,359	59,827	802,186	4,183,484		
Sewerage equipment	64,187	-	-	64,187	64,187	-	64,187	-		
Water system	2,379,975	-	-	2,379,975	575,239	28,559	603,798	1,776,177		
Water equipment	311,223	-	-	311,223	229,123	14,901	244,024	67,199		
Water reservoir	757,764	-	-	757,764	140,353	9,093	149,446	608,318		
	<b>\$ 8,518,252</b>	<b>\$ 19,002</b>	<b>\$ -</b>	<b>\$ 8,537,254</b>	<b>\$ 1,751,449</b>	<b>\$ 112,530</b>	<b>\$ 1,863,979</b>	<b>\$ 6,673,275</b>		
<b>Total Tangible Capital Assets</b>	<b>\$ 11,429,597</b>	<b>\$ 360,233</b>	<b>\$ -</b>	<b>\$ 11,789,830</b>	<b>\$ 3,249,455</b>	<b>\$ 199,653</b>	<b>\$ 3,449,108</b>	<b>\$ 8,340,722</b>		

(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  
YEAR ENDED MARCH 31, 2021**

	Budget 2021	Actual 2021	Schedule 2 Actual 2020
<b>Revenues</b>			
Property taxes	\$ 566,000	\$ 578,788	\$ 553,828
Fire dues	56,600	56,600	50,101
Grants - job creation	21,000	29,299	44,285
Government transfers for capital - Note 7	21,000	22,474	332,746
Grants - municipal support	8,300	25,269	34,308
Fines and fees	4,500	6,850	3,784
Grants - recreation	5,000	5,000	5,640
Licenses and permits	600	3,511	104
Miscellaneous	3,000	1,035	36,127
Donations	-	825	9,405
Government transfers for operations - Note 8	-	-	2,500
	<u>686,000</u>	<u>729,651</u>	<u>1,072,828</u>
<b>Expenditures</b>			
Fire Protection - Schedule 3	95,950	130,573	126,719
General Government - Schedule 3	161,900	161,136	199,197
Police Protection	139,500	141,508	138,000
Properties and Planning - Schedule 4	26,380	25,960	26,951
Public Works - Schedule 4	85,300	115,103	89,725
Recreation - Schedule 5	68,800	58,687	125,176
	<u>577,830</u>	<u>632,967</u>	<u>705,768</u>
<b>Annual Surplus</b>	<u>\$ 108,170</u>	<u>\$ 96,684</u>	<u>\$ 367,060</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**  
**YEAR ENDED MARCH 31, 2021**

	Budget 2021	Actual 2021	Schedule 3 Actual 2020
<b>Fire Protection</b>			
Amortization of tangible capital assets	\$ -	\$ 35,576	\$ 32,049
Convention and training	4,500	5,309	3,926
Gas, oil and repairs	6,500	11,072	4,181
Honorariums	6,000	5,950	9,350
Insurance	8,000	6,946	7,059
Interest on long term debt	7,500	4,618	7,730
Miscellaneous	250	257	180
Supplies	4,500	471	2,288
Telephone	7,200	7,576	4,712
Water charge	38,000	38,000	38,000
	<b>82,450</b>	<b>115,775</b>	<b>109,475</b>
Portion of civic building costs	13,500	14,798	17,244
	<b>\$ 95,950</b>	<b>\$ 130,573</b>	<b>\$ 126,719</b>
<b>General Government</b>			
Advertising and donations	\$ 3,800	\$ 840	\$ 5,200
Amortization of tangible capital assets	-	15,885	16,485
Conference and travel	1,500	330	1,289
Equipment rental and repairs	6,200	1,694	1,720
Events	1,500	-	-
Honorariums	16,000	14,850	16,821
Interest and bank charges	2,000	2,465	2,242
Liability insurance	9,000	752	1,263
Memberships and dues	3,000	1,778	1,833
Miscellaneous	2,000	3,894	4,029
Office supplies and postage	7,000	11,089	10,973
Professional fees	26,500	27,437	52,773
Rent	11,000	10,956	10,956
Salary and benefits	169,300	157,193	178,444
Telephone	4,900	3,696	4,190
	<b>263,700</b>	<b>252,859</b>	<b>308,218</b>
Portion allocated to sewerage and water	(101,800)	(91,723)	(109,021)
	<b>\$ 161,900</b>	<b>\$ 161,136</b>	<b>\$ 199,197</b>

(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  
YEAR ENDED MARCH 31, 2021**

	Budget 2021	Actual 2021	Schedule 4 Actual 2020
<b>Properties and Planning</b>			
Civic building	\$ 22,800	\$ 22,987	\$ 24,634
Development officer	2,500	6,007	3,337
Library and capsite	-	1,347	64
Maintenance building	4,350	7,389	5,323
Marine rail park	6,380	2,490	10,745
Other properties	3,850	538	92
	<u>39,880</u>	<u>40,758</u>	<u>44,195</u>
Department allocation - civic building	<u>(13,500)</u>	<u>(14,798)</u>	<u>(17,244)</u>
	<u>\$ 26,380</u>	<u>\$ 25,960</u>	<u>\$ 26,951</u>
<b>Public Works</b>			
Amortization of tangible capital assets	\$ -	\$ 24,987	\$ 18,007
Interest on long term debt	3,800	3,612	3,941
Repairs and maintenance	14,000	21,705	12,195
Signs	1,000	-	222
Snow removal	36,000	42,743	28,342
Street lights	27,000	18,861	22,235
Tractor, gas and repairs	3,500	3,195	4,783
	<u>\$ 85,300</u>	<u>\$ 115,103</u>	<u>\$ 89,725</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**  
**YEAR ENDED MARCH 31, 2021**

	Budget 2021	Actual 2021	Schedule 5 Actual 2020
<b>Recreation</b>			
Amortization of tangible capital assets	\$ -	\$ 14,962	\$ 14,962
Arena transfer	-	-	20,500
Ball field	7,000	515	7,758
Miscellaneous	1,000	716	1,572
Salaries and benefits	54,300	41,964	41,900
Special events	5,000	50	38,190
Supplies and equipment	1,500	480	294
	<b>\$ 68,800</b>	<b>\$ 58,687</b>	<b>\$ 125,176</b>

(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**  
**YEAR ENDED MARCH 31, 2021**

	Budget 2021	Actual 2021	Schedule 6 Actual 2020
<b>Revenues</b>			
Residential	\$ 97,000	\$ 95,450	\$ 94,545
Commercial	59,000	66,489	58,328
Dumping fees	1,000	889	889
Interest	2,500	-	-
	<b>159,500</b>	<b>162,828</b>	<b>153,762</b>
<b>Expenditures</b>			
Operating			
Certified operator contractor	20,700	19,800	21,450
Electricity	7,500	9,017	6,306
Repairs and maintenance	15,000	12,972	3,253
	<b>43,200</b>	<b>41,789</b>	<b>31,009</b>
General			
Insurance	400	1,065	748
Interest and bank charges	100	347	304
Memberships and dues	2,200	1,734	2,168
Professional fees	3,000	1,600	2,118
Property taxes	-	492	927
	<b>5,700</b>	<b>5,238</b>	<b>6,265</b>
Other			
Amortization of tangible capital assets	-	61,241	59,903
Interest on long term debt	18,000	13,849	21,806
	<b>18,000</b>	<b>75,090</b>	<b>81,709</b>
<b>Subtotal Expenditures</b>	<b>66,900</b>	<b>122,117</b>	<b>118,983</b>
Allocation from general government	50,900	45,862	54,511
<b>Total Expenditures</b>	<b>117,800</b>	<b>167,979</b>	<b>173,494</b>
<b>Annual Surplus</b>	<b>\$ 41,700</b>	<b>\$ (5,151)</b>	<b>\$ (19,732)</b>

(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**  
**YEAR ENDED MARCH 31, 2021**

	Budget 2021	Actual 2021	Schedule 7 Actual 2020
<b>Revenues</b>			
Residential	\$ 57,000	\$ 57,042	\$ 56,849
Commercial	38,000	41,816	36,524
Public fire protection service	38,000	38,000	38,000
Interest	2,500	6,257	(1,900)
Government transfers for capital - Note 7	-	1,889	1,728
Inspection/connection fees	-	60	-
Capacity building fund study	-	-	60
	<u>135,500</u>	<u>145,064</u>	<u>131,261</u>
<b>Expenditures</b>			
Operating			
Certified operator contract	20,700	19,800	18,150
Electricity	15,000	12,116	16,734
Repairs and maintenance	12,000	12,252	10,315
Water testing	6,500	11,704	6,085
	<u>54,200</u>	<u>55,872</u>	<u>51,284</u>
General			
Insurance	400	410	-
Interest and bank charges	100	2	100
Memberships and dues	2,200	1,734	2,168
Professional fees	1,000	1,600	2,118
Property taxes	-	203	584
	<u>3,700</u>	<u>3,949</u>	<u>4,970</u>
Other			
Amortization of tangible capital assets	-	52,301	52,630
Interest on long term debt	19,000	13,849	21,806
	<u>19,000</u>	<u>66,150</u>	<u>74,436</u>
<b>Subtotal Expenditures</b>	<u>76,900</u>	<u>125,971</u>	<u>130,690</u>
Allocation from general government	<u>50,900</u>	<u>45,862</u>	<u>54,511</u>
<b>Total Expenditures</b>	<u>127,800</u>	<u>171,833</u>	<u>185,201</u>
<b>Annual Surplus</b>	<u>\$ 7,700</u>	<u>\$ (26,769)</u>	<u>\$ (53,940)</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**  
**YEAR ENDED MARCH 31, 2021**

			Schedule 8
	Budget 2021	Actual 2021	Actual 2020
<b>Revenues</b>			
Ice rentals	\$ 60,400	\$ 53,117	\$ 57,439
Government transfers for capital - Note 7	-	29,547	19,995
Grants - recreation	8,500	8,500	8,500
Canteen sales	32,000	7,854	31,436
Grants - salaries	14,200	6,920	13,187
Miscellaneous	1,000	34	499
Grants - Borden-Carleton	-	-	20,500
Gym membership fees	1,100	-	1,309
Signage	500	-	150
	<b>117,700</b>	<b>105,972</b>	<b>153,015</b>
<b>Expenditures</b>			
Amortization of tangible capital assets	-	7,820	5,620
Canteen purchases	22,000	1,733	18,321
Electricity	50,000	32,776	38,365
Fuel	9,000	7,736	11,048
Garbage	3,000	1,707	3,016
Insurance	4,000	5,462	4,553
Miscellaneous	1,500	1,725	1,895
Professional fees	-	2,904	3,494
Property taxes and utilities	1,500	1,564	2,780
Repairs and maintenance	22,000	18,694	25,365
Snow removal	5,000	3,364	3,688
Telephone	1,500	1,073	1,102
Wages	64,300	45,929	71,422
	<b>183,800</b>	<b>132,487</b>	<b>190,669</b>
<b>Annual Surplus</b>	<b>\$ (66,100)</b>	<b>\$ (26,515)</b>	<b>\$ (37,654)</b>

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