

TOWN OF BORDEN-CARLETON
Consolidated Financial Statements
March 31, 2023

TOWN OF BORDEN-CARLETON
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March 31, 2023

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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, 2023, and the consolidated statements of operations, changes in net debt and cash flows 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 as at March 31, 2023, 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 12, 2023

TOWN OF BORDEN-CARLETON
Consolidated Statement of Financial Position
March 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents		
Unrestricted	\$ 459,134	\$ 181,362
Restricted	220,004	802,811
Accounts receivable (Note 3)	281,995	159,142
	<u>961,133</u>	<u>1,143,315</u>
Liabilities		
Accounts payable and accrued liabilities	276,839	127,820
Deferred revenue (Note 4)	350,111	849,313
Long term debt (Note 5)	973,257	1,049,372
	<u>1,600,207</u>	<u>2,026,505</u>
Lease commitments (Note 6)		
Net debt (Statement 6)	<u>(639,074)</u>	<u>(883,190)</u>
Non-financial assets		
Prepaid expense	5,288	2,491
Tangible capital assets (Schedules 1 and 2)	8,848,017	8,207,722
	<u>8,853,305</u>	<u>8,210,213</u>
Accumulated surplus (Statement 5)	<u>\$ 8,214,230</u>	<u>\$ 7,327,023</u>

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, 2023

	Budget 2023	Actual 2023	Actual 2022
Revenues			
Town (Schedule 3)	\$ 785,190	\$ 909,812	\$ 740,579
Sewerage (Schedule 5)	172,000	172,152	158,403
Water (Schedule 6)	131,300	140,751	128,796
Gateway Arena (Schedule 7)	120,500	122,686	135,218
	<u>1,208,990</u>	<u>1,345,401</u>	<u>1,162,996</u>
Expenditures			
Town (Schedule 3)	742,900	782,905	630,549
Sewerage (Schedule 5)	203,600	214,021	183,381
Water (Schedule 6)	207,600	192,770	163,374
Gateway Arena (Schedule 7)	197,600	201,098	194,687
	<u>1,351,700</u>	<u>1,390,794</u>	<u>1,171,991</u>
Operating deficit	<u>(142,710)</u>	<u>(45,393)</u>	<u>(8,995)</u>
Other revenues			
Town (Schedule 3)	158,500	85,386	33,834
Sewerage (Schedule 5)	460,000	339,710	-
Water (Schedule 6)	360,000	371,393	11,795
Gateway Arena (Schedule 7)	208,500	136,111	5,849
	<u>1,187,000</u>	<u>932,600</u>	<u>51,478</u>
Annual surplus	1,044,290	887,207	42,483
Accumulated surplus - beginning of year	<u>7,327,023</u>	<u>7,327,023</u>	<u>7,284,540</u>
Accumulated surplus - end of year (Note 8)	<u>\$ 8,371,313</u>	<u>\$ 8,214,230</u>	<u>\$ 7,327,023</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, 2023

	Budget 2023	Actual 2023	Actual 2022
Annual surplus	\$ 1,044,290	\$ 887,207	\$ 42,483
Amortization of tangible capital assets	-	242,145	218,586
Purchase of tangible capital assets	(1,417,800)	(968,269)	(207,388)
Proceeds on disposal of tangible capital assets	-	85,830	-
(Increase) decrease in prepaid expense	-	(2,797)	17,731
	<u>(1,417,800)</u>	<u>(643,091)</u>	<u>28,929</u>
Decrease (increase) in net debt	(373,510)	244,116	71,412
Net debt - beginning of year	(883,190)	(883,190)	(954,602)
Net debt - end of year	\$ (1,256,700)	\$ (639,074)	\$ (883,190)

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, 2023

	2023	2022
Cash flows from operating activities		
Annual surplus	\$ 887,207	\$ 42,483
Item not affecting cash:		
Amortization of tangible capital assets	242,145	218,586
	<u>1,129,352</u>	<u>261,069</u>
Changes in non-cash working capital:		
Accounts receivable	(122,853)	52,239
Prepaid expense	(2,797)	17,731
Accounts payable and accrued liabilities	149,019	22,028
Deferred revenue	(499,202)	256,101
	<u>(475,833)</u>	<u>348,099</u>
	<u>653,519</u>	<u>609,168</u>
Cash flows from investing activities		
Purchase of property and equipment	(968,269)	(207,388)
Proceeds on disposal of property and equipment	85,830	-
	<u>(882,439)</u>	<u>(207,388)</u>
Cash flows from financing activity		
Repayment of long term debt	(76,115)	(79,143)
Increase (decrease) in cash	<u>(305,035)</u>	<u>322,637</u>
Cash and cash equivalents - beginning of year	<u>984,173</u>	<u>661,536</u>
Cash and cash equivalents - end of year	<u>679,138</u>	<u>984,173</u>
Cash and cash equivalents consist of:		
Unrestricted	\$ 459,134	\$ 181,362
Restricted	220,004	802,811
	<u>\$ 679,138</u>	<u>\$ 984,173</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, 2023

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, 2023

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. At March 31, 2023, new zamboni was purchased but not in use at year end, therefore no amortization has been taken in the current year.

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, 2023, 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, 2023

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.

The Town follows the deferral method of accounting for grants and contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred, with recognition of excess amounts being deferred until the related expenditure is 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 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, 2023

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

	2023	2022
Government funding	\$ 159,734	\$ 55,857
Utility dues	81,764	69,867
Arena trade	31,627	15,396
Town trade	23,557	1,746
HST receivable (payable)	(6,865)	24,098
	289,817	166,964
Allowance for doubtful accounts	(7,822)	(7,822)
	\$ 281,995	\$ 159,142

4. DEFERRED REVENUE

	2023	2022
Canada Community Building Fund	\$ 205,652	\$ 789,065
Insurance proceeds	86,440	-
Safe restart	45,000	45,000
Utility dues	9,377	8,880
Fire dues	3,642	4,868
Donation	-	1,500
	\$ 350,111	\$ 849,313

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 \$200,000, earned interest of \$550, and incurred eligible expenditures of \$783,963.

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

5. LONG TERM DEBT

Town

Consolidated Credit Union Ltd. - prime plus 0.5%, repayable in monthly principal installments of \$1,667 plus interest. The loan is due for renewal on February 16, 2024, 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 \$108,332.

	2023	2022
\$	103,849	\$ 123,853

Consolidated Credit Union Ltd. - prime, repayable in monthly blended installments of \$509. The loan is due for renewal on March 19, 2028, matures on March 19, 2043 and is secured by general security agreement giving first charge on fixed and floating assets.

	66,640	69,976
	170,489	193,829

Water and Sewerage

Consolidated Credit Union Ltd. - prime plus 0.5%, repayable in monthly principal installments of \$2,627 plus interest. The loan is due for renewal on December 31, 2024, matures on January 14, 2037 and is secured by general security agreement.

	436,052	467,576
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Consolidated Credit Union Ltd. - prime plus 0.5%, repayable in monthly principal installments of \$1,493 plus interest. The loan is due for renewal on November 30, 2023, matures on November 30, 2038 and is secured by general security agreement.

	300,076	317,991
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Consolidated Credit Union Ltd. - prime, repayable in monthly blended installments of \$509. The loan is due for renewal on March 19, 2028, matures on March 19, 2043 and is general security agreement giving first charge on fixed and floating assets.

	66,640	69,976
	802,768	855,543
\$	973,257	\$ 1,049,372

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

2024	\$ 72,833
2025	73,067
2026	73,318
2027	73,585
2028	73,870

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

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 five years are as follows:

2024	\$	14,241
2025		3,175
2026		1
2027		1
2028		1

7. GOVERNMENT TRANSFERS

	<u>2023</u>	<u>2022</u>
<u>Government Transfers for Capital</u>		
<u>Town</u>		
Atlantic Canada Opportunities Agency	\$ 31,072	\$ -
Canada Community Building Fund	14,795	-
Municipal Capital Expenditure Grant	9,969	9,304
Province of Prince Edward Island - Heat pump rebate	1,800	-
Province of Prince Edward Island - Fire equipment	-	24,530
	<u>57,636</u>	<u>33,834</u>
<u>Sewerage</u>		
Canada Community Building Fund	307,527	-
Municipal Capital Expenditure Grant	32,183	-
	<u>339,710</u>	<u>-</u>
<u>Water</u>		
Canada Community Building Fund	337,654	8,846
Municipal Capital Expenditure Grant	33,739	2,949
	<u>371,393</u>	<u>11,795</u>
<u>Gateway Arena</u>		
Canada Community Building Fund	123,737	4,900
Municipal Capital Expenditure Grant	12,374	949
	<u>136,111</u>	<u>5,849</u>
	<u>904,850</u>	<u>51,478</u>
<u>Government Transfers for Operations</u>		
<u>Town</u>		
Province of PEI - Municipal Support grant	73,596	20,399
Province of PEI - Wage grants	37,153	44,011
Province of PEI - Fiona claims	12,195	-
Province of PEI - Recreation grant	5,000	5,000
	<u>127,944</u>	<u>69,410</u>

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TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

7. GOVERNMENT TRANSFERS (continued)

	2023	2022
<u>Government Transfers for Operations</u>		
<u>Gateway Arena</u>		
Province of PEI - Recreation grant	8,500	8,500
Province of PEI - Wage grants	9,366	-
Province of PEI - Grant in lieu of property tax	4,729	4,719
Province of PEI - COVID operational support	-	35,000
	22,595	48,219
	150,539	117,629
	\$ 1,055,389	\$ 169,107

8. ACCUMULATED SURPLUS

	2023	2022
Unrestricted surplus	\$ 339,473	\$ 168,673
Investment in tangible capital assets (Note 9)	7,874,757	7,158,350
	\$ 8,214,230	\$ 7,327,023

9. INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2023	2022
Tangible capital assets (Schedule 1 and 2)	\$ 12,932,859	\$ 12,088,030
Accumulated Amortization (Schedule 1 and 2)	(4,084,845)	(3,880,308)
Long-term debt (Note 5)	(973,257)	(1,049,372)
	\$ 7,874,757	\$ 7,158,350

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

10. BUDGET FIGURES

A reconciliation of the 2023 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	\$ (65,645)
Sewer Utility budgeted annual deficit	(66,100)
Water Utility budgeted annual deficit	(91,300)
Add: Transfers for capital - Town	158,500
Add: Transfers for capital - Sewer	460,000
Add: Transfers for capital - Water	360,000
Add: Transfers for capital - Arena	208,500
Add: Debt repayment - Water	18,000
Add: Debt repayment - Sewer	31,500
Add: Debt repayment - Fire truck	20,000
Add: Debt repayment - Public works	3,335
Add: Debt repayment - Water utility	<u>7,500</u>
	<u>\$ 1,044,290</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 1%. The overdraft on this account was not utilized at year end and the terms of this account are renewable April 30, 2023.

The Town has an approved overdraft limit of \$160,000 with Consolidated Credit Union Ltd 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 April 30, 2023.

The Gateway Arena has an approved overdraft limit of \$20,000 with Consolidated Credit Union Ltd with a rate of prime plus 2%. The overdraft on this account was not utilized at year end and the terms of this account are renewable April 30, 2023.

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, 2023.

(continues)

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2023

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, 2023

(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	\$ 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	204,213	(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
	\$ 3,497,551	\$ 243,128	\$ 123,437	\$ 3,617,242	\$ 1,789,263	\$ 121,916	\$ 37,606	\$ 1,873,573	\$ 1,743,669
Water and Sewerage									
Land	\$ 35,435	\$ -	\$ -	\$ 35,435	\$ -	\$ -	\$ -	\$ -	\$ 35,436
Building	3,000	-	-	3,000	638	149	-	788	2,212
Sewer system	4,998,340	346,771	-	5,345,111	922,165	64,141	-	986,305	4,358,806
Sewer equipment	82,988	3,654	-	86,642	66,067	1,123	-	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	273,488	12,597	-	286,085	41,091
Water reservoir	765,156	371,144	-	1,136,300	167,721	13,635	-	181,356	954,943
	\$ 8,590,480	\$ 725,137	\$ -	\$ 9,315,617	\$ 2,091,044	\$ 120,228	\$ -	\$ 2,211,272	\$ 7,104,347
Total	\$ 12,088,031	\$ 968,265	\$ 123,437	\$ 12,932,859	\$ 3,880,307	\$ 242,145	\$ 37,606	\$ 4,084,845	\$ 8,848,017



TOWN OF BORDEN-CARLETON
Schedules to Consolidated Financial Statements
Tangible Capital Assets
Year Ended March 31, 2022

(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	\$ 421,750	\$ 2,530	-	\$ 424,280	-	-	-	\$ -	\$ 424,280
Park	150,274	-	-	150,274	6,011	6,011	-	12,022	138,252
Buildings	1,129,141	3,532	-	1,132,673	703,208	14,526	-	717,734	414,939
Fire vehicles	546,688	-	-	546,688	392,793	22,312	-	415,105	131,583
Equipment	547,694	72,620	-	620,314	324,435	40,112	-	364,547	255,767
Electronic equipment	36,936	-	-	36,936	34,495	1,220	-	35,715	1,221
Streets and sidewalks	474,389	61,410	-	535,799	207,751	13,684	-	221,435	314,364
Vehicles	15,735	34,852	-	50,587	15,735	6,970	-	22,705	27,882
	\$ 3,322,607	\$ 174,944	\$ -	\$ 3,497,551	\$ 1,684,428	\$ 104,835	\$ -	\$ 1,789,263	\$ 1,708,288
Water and Sewerage									
Land	\$ 35,435	-	-	\$ 35,435	-	-	-	\$ -	\$ 35,435
Building	3,000	-	-	3,000	488	150	-	638	2,361
Sewer system	4,985,670	12,670	-	4,998,340	862,185	59,980	-	922,165	4,076,175
Sewer equipment	82,988	-	-	82,988	65,127	940	-	66,067	16,921
Water system	2,381,955	-	-	2,381,955	632,381	28,584	-	660,965	1,720,990
Water equipment	311,223	12,383	-	323,606	258,574	14,915	-	273,489	50,117
Water reservoir	757,764	7,392	-	765,156	158,539	9,182	-	167,721	597,435
	\$ 8,558,035	\$ 32,445	\$ -	\$ 8,590,480	\$ 1,977,294	\$ 113,751	\$ -	\$ 2,091,045	\$ 6,499,434
Total	\$ 11,880,642	\$ 207,388	\$ -	\$ 12,088,030	\$ 3,661,722	\$ 218,586	\$ -	\$ 3,880,308	\$ 8,207,722

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

TOWN OF BORDEN-CARLETON
Statement of Operations - Town
Year Ended March 31, 2023

(Schedule 3)

	Budget 2023	Actual 2023	Actual 2022
Revenues			
Property taxes	\$ 625,048	\$ 673,573	\$ 600,182
Grants - municipal support	72,042	73,596	20,399
Fire dues	56,600	62,238	58,532
Grants - job creation	9,000	37,153	44,011
Donations	6,000	20,899	-
Miscellaneous	5,500	16,737	5,085
Grants - Fiona claims	-	12,195	-
Fines and fees	3,000	5,165	2,859
Grants - recreation	5,000	5,000	5,000
Licenses and permits	3,000	3,256	4,511
	<u>785,190</u>	<u>909,812</u>	<u>740,579</u>
Expenditures			
Fire Protection (Schedule 4)	136,400	142,635	133,434
General Government (Schedule 4)	177,000	183,388	146,775
Police Protection	105,000	105,303	98,287
Properties and Planning (Schedule 4)	30,600	49,014	28,836
Public Works (Schedule 4)	147,900	112,716	95,750
Recreation (Schedule 4)	146,000	189,849	127,467
	<u>742,900</u>	<u>782,905</u>	<u>630,549</u>
Operating surplus	<u>42,290</u>	<u>126,907</u>	<u>110,030</u>
Other			
Government transfers for capital (Note 7)	158,500	57,636	33,834
Gain on disposal of tangible capital assets	-	27,750	-
	<u>158,500</u>	<u>85,386</u>	<u>33,834</u>
Annual surplus	<u>\$ 200,790</u>	<u>\$ 212,293</u>	<u>\$ 143,864</u>

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

TOWN OF BORDEN-CARLETON
Statement of Expenditures - Town
Year Ended March 31, 2023

(Schedule 4)

	Budget 2023	Actual 2023	Actual 2022
Expenditures			
Fire Protection			
Amortization of tangible capital assets	\$ 35,000	\$ 42,706	\$ 39,376
Convention and training	4,500	2,005	3,997
Gas, oil and repairs	9,400	6,156	7,565
Honorariums	7,500	7,831	5,025
Insurance	7,200	9,060	7,940
Interest on long term debt	4,000	6,210	3,988
Miscellaneous	4,300	466	72
Share of civic building costs	17,000	17,555	17,635
Supplies	3,000	5,523	2,333
Telecommunications	6,500	7,123	7,503
Water charge	38,000	38,000	38,000
	<u>136,400</u>	<u>142,635</u>	<u>133,434</u>
General Government			
Advertising	4,000	1,051	2,873
Amortization of tangible capital assets	17,000	24,261	21,146
Community special events	1,500	5,317	132
Conference and travel	1,000	303	25
Copier lease	6,500	1,352	1,352
Council honoraria	17,300	17,467	16,821
Election	5,000	2,045	2,117
Interest and bank charges	1,500	1,151	1,044
Liability insurance	5,400	3,659	3,126
Memberships	2,000	1,952	1,797
Miscellaneous	500	-	397
Office	9,500	16,470	11,718
Professional fees	27,000	13,752	8,833
Property tax rebates	6,500	5,578	5,717
Rent	11,500	11,996	11,501
Repairs and maintenance	4,000	4,005	3,775
Salaries and benefits	171,800	187,202	145,445
Telephone	5,000	5,693	4,906
Portion allocated to water and sewerage	(120,000)	(119,866)	(95,950)
	<u>177,000</u>	<u>183,388</u>	<u>146,775</u>
Properties and Planning			
Civic building	21,200	25,079	25,065
Development officer	7,000	6,519	6,163
Library and campsite	1,500	45	1,741
Maintenance building	6,950	4,812	5,882
Marine rail park	9,200	20,474	6,900
Other properties	1,750	9,640	720
Portion of civic building allocated to fire protection	(17,000)	(17,555)	(17,635)
	<u>30,600</u>	<u>49,014</u>	<u>28,836</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, 2023

(Schedule 4)

	Budget 2023	Actual 2023	Actual 2022
Public Works			
Amortization of tangible capital assets	24,000	17,667	13,685
Electricity	22,000	19,883	20,846
Interest on long term debt	2,200	3,761	2,166
Repairs and maintenance	23,200	7,600	7,073
Snow removal	60,000	55,419	47,824
Tractor, gas and repairs	2,500	8,386	4,156
Wages	14,000	-	-
	<u>147,900</u>	<u>112,716</u>	<u>95,750</u>
Recreation			
Amortization of tangible capital assets	16,000	28,175	21,953
Ballfield	7,000	6,101	3,067
Interest on long term debt	-	228	44
Miscellaneous	500	-	-
Salaries and benefits	110,000	125,513	98,607
Special events	10,000	25,902	294
Supplies and equipment	2,000	3,531	1,578
Travel	500	399	1,924
	<u>146,000</u>	<u>189,849</u>	<u>127,467</u>

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

TOWN OF BORDEN-CARLETON
Statement of Operations - Sewerage
Year Ended March 31, 2023

(Schedule 5)

	Budget 2023	Actual 2023	Actual 2022
Revenues			
Residential	\$ 95,000	\$ 99,888	\$ 96,165
Commercial	71,000	67,075	54,958
Interest	6,000	5,189	7,280
	172,000	172,152	158,403
Expenditures			
Operating			
Certified operator contractor	26,400	29,200	22,028
Electricity	14,000	7,973	13,095
Repairs and maintenance	15,000	6,677	3,081
	55,400	43,850	38,204
General			
Bad debt	-	-	6,554
Insurance	2,500	2,471	2,075
Interest and bank charges	200	330	439
Memberships and dues	2,000	1,741	1,861
Professional fees	7,500	1,750	1,600
Property taxes	-	665	756
	12,200	6,957	13,285
Other			
Amortization of tangible capital assets	60,000	65,339	60,995
Interest on long term debt	16,000	37,942	22,115
	76,000	103,281	83,110
Allocation from general government	60,000	59,933	48,782
	203,600	214,021	183,381
Operating deficit	(31,600)	(41,869)	(24,978)
Other			
Government transfers for capital (Note 7)	460,000	339,710	-
Annual surplus (deficit)	\$ 428,400	\$ 297,841	\$ (24,978)

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

TOWN OF BORDEN-CARLETON
Statement of Operations - Water
Year Ended March 31, 2023

(Schedule 6)

	Budget 2023	Actual 2023	Actual 2022
Revenues			
Residential	\$ 57,000	\$ 58,450	\$ 56,262
Commercial	35,000	40,715	34,514
Public fire protection service	38,000	38,000	38,000
Interest	1,300	3,466	-
Inspection/connection fees	-	120	20
	<u>131,300</u>	<u>140,751</u>	<u>128,796</u>
Expenditures			
Operating			
Certified operator contractor	26,400	29,200	22,028
Electricity	14,000	18,438	14,931
Repairs and maintenance	15,000	9,147	7,557
Water testing	7,500	5,967	5,028
	<u>62,900</u>	<u>62,752</u>	<u>49,544</u>
General			
Bad debt	-	-	4,369
Insurance	2,000	2,489	1,637
Interest and bank charges	200	220	88
Memberships and dues	2,000	1,741	1,861
Professional fees	2,500	1,750	1,600
Property taxes	-	303	288
	<u>6,700</u>	<u>6,503</u>	<u>9,843</u>
Other			
Amortization of tangible capital assets	65,000	54,890	52,755
Interest on long term debt	13,000	8,692	4,063
	<u>78,000</u>	<u>63,582</u>	<u>56,818</u>
Allocation from general government	60,000	59,933	47,169
	<u>207,600</u>	<u>192,770</u>	<u>163,374</u>
Operating deficit	<u>(76,300)</u>	<u>(52,019)</u>	<u>(34,578)</u>
Other			
Government transfers for capital (Note 7)	360,000	371,393	11,795
Annual surplus (deficit)	<u>\$ 283,700</u>	<u>\$ 319,374</u>	<u>\$ (22,783)</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, 2023

(Schedule 7)

	Budget 2023	Actual 2023	Actual 2022
Revenues			
Ice rentals	\$ 71,000	\$ 76,029	\$ 49,500
Canteen sales	30,000	17,607	32,477
Grants - salaries	5,000	9,366	-
Grants - recreation	8,500	8,500	8,500
Grants - Province of PEI	2,000	4,729	39,719
Sign rentals	3,500	3,650	3,775
Miscellaneous	-	2,053	-
Donations	-	435	300
Gym membership fees	500	317	947
	<u>120,500</u>	<u>122,686</u>	<u>135,218</u>
Expenditures			
Amortization of tangible capital assets	8,000	9,106	8,678
Bad debts	-	-	1,391
Canteen purchases	20,000	8,558	22,697
Electricity	45,000	45,796	32,035
Fuel	17,000	19,788	14,186
Garbage	3,500	3,962	2,286
Insurance	8,500	10,213	8,571
Miscellaneous	1,500	2,001	2,121
Professional fees	-	3,000	2,600
Property taxes and utilities	1,500	6,523	3,836
Repairs and maintenance	15,000	18,320	20,722
Salaries and benefits	72,000	65,187	70,636
Snow removal	4,000	7,372	3,432
Telephone	1,600	1,272	1,496
	<u>197,600</u>	<u>201,098</u>	<u>194,687</u>
Operating deficit	<u>(77,100)</u>	<u>(78,412)</u>	<u>(59,469)</u>
Other			
Government transfers for capital (Note 7)	<u>208,500</u>	<u>136,111</u>	<u>5,849</u>
Annual surplus (deficit)	<u>\$ 131,400</u>	<u>\$ 57,699</u>	<u>\$ (53,620)</u>

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 8)

	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
	909,812	172,152	140,751	122,686	(41,328)	1,304,073
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
	782,905	214,021	192,770	201,098	(41,328)	1,349,466
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	-	-	-	-	904,850
Annual surplus (deficit)	\$ 212,293	\$ 297,841	\$ 319,374	\$ 57,699	\$ -	\$ 859,457

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, 2022

(Schedule 9)

	General Government	Sewer Utility	Water Utility	Gateway Arena	Elimination	Consolidated 2022
Revenues						
Property taxes	\$ 600,178	\$ -	\$ -	\$ -	\$ -	\$ 600,178
Fire dues	58,532	-	38,000	-	(38,000)	58,532
Government transfers for operations	69,410	-	-	48,219	-	117,629
Fines and fees	2,859	-	-	-	-	2,859
Building permits and fees	4,511	-	-	-	-	4,511
Residential levies	-	96,165	56,262	-	-	152,427
Commercial levies	-	54,958	34,514	-	(2,755)	86,717
Ice rentals	-	-	-	49,500	-	49,500
Canteen sales	-	-	-	32,477	-	32,477
Interest	-	7,280	-	-	-	7,280
Miscellaneous	5,085	-	20	5,022	-	10,127
	740,575	158,403	128,796	135,218	(40,755)	1,122,237
Expenditures						
Salaries and benefits	265,898	22,028	22,028	70,636	-	380,590
Goods and services	257,881	77,804	84,440	115,373	(40,755)	494,743
Amortization of tangible capital assets	96,160	60,995	52,755	8,678	-	218,588
Interest	7,426	22,554	4,151	-	-	34,131
	627,365	183,381	163,374	194,687	(40,755)	1,128,052
Operating surplus (deficit)	113,210	(24,978)	(34,578)	(59,469)	-	(5,815)
Government transfers for capital	33,834	-	11,795	5,849	-	51,478
Annual surplus (deficit)	\$ 147,044	\$ (24,978)	\$ (22,783)	\$ (53,620)	\$ -	\$ 45,663

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