

TOWN OF BORDEN-CARLETON
Consolidated Financial Statements
March 31, 2025

TOWN OF BORDEN-CARLETON
Index to Consolidated Financial Statements
March 31, 2025

	Page
MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS	1
INDEPENDENT AUDITORS' REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Debt	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 16
Schedules to Consolidated Financial Statements	17 - 26

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

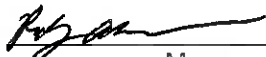
The accompanying consolidated financial statements of the Town of Borden-Carleton are the responsibility of management and have been prepared in accordance with Canadian Accounting Standards for the Public Sector. A summary of the significant accounting policies are described in the consolidated financial 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, 2025, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at March 31, 2025, 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 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 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 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.

(continues)

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

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

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

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

MRSB Chartered Professional Accountants Inc.

MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.

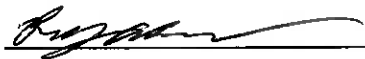

Charlottetown, PE

September 9, 2025

TOWN OF BORDEN-CARLETON
Consolidated Statement of Financial Position
March 31, 2025

	2025	2024
Financial assets		
Cash and cash equivalents		
Unrestricted	\$ 506,206	\$ 419,256
Restricted	329,204	352,551
Accounts receivable (Note 3)	117,499	169,365
	<u>952,909</u>	<u>941,172</u>
Liabilities		
Accounts payable and accrued liabilities	103,330	136,994
Deferred revenue (Note 4)	369,367	371,128
Long term debt (Note 5)	879,458	961,795
	<u>1,352,155</u>	<u>1,469,917</u>
Lease commitments (Note 6)		
	<u>(399,246)</u>	<u>(528,745)</u>
Net debt (Statement 6)		
	<u>(399,246)</u>	<u>(528,745)</u>
Non-financial assets		
Prepaid expense	9,902	12,513
Tangible capital assets (Schedules 1 and 2)	8,939,041	9,097,472
	<u>8,948,943</u>	<u>9,109,985</u>
Accumulated surplus (Statement 5)	<u>\$ 8,549,696</u>	<u>\$ 8,581,240</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, 2025

	Budget 2025	Actual 2025	Actual 2024
Revenues			
Town (Schedule 3)	\$ 947,474	\$ 996,995	\$ 993,587
Sewerage (Schedule 5)	222,337	219,452	180,453
Water (Schedule 6)	177,943	174,338	144,280
Gateway Arena (Schedule 7)	138,400	107,292	138,173
	<u>1,486,154</u>	<u>1,498,077</u>	<u>1,456,493</u>
Expenditures			
Town (Schedule 3)	907,515	898,015	836,415
Sewerage (Schedule 5)	242,367	259,544	255,248
Water (Schedule 6)	209,111	215,335	205,022
Gateway Arena (Schedule 7)	249,398	214,252	227,280
	<u>1,608,391</u>	<u>1,587,146</u>	<u>1,523,965</u>
Operating deficit	<u>(122,237)</u>	<u>(89,069)</u>	<u>(67,472)</u>
Other revenues			
Town (Schedule 3)	126,100	54,862	209,385
Sewerage (Schedule 5)	10,000	1,758	189,345
Water (Schedule 6)	10,000	905	1,683
Gateway Arena (Schedule 7)	1,600	-	34,069
	<u>147,700</u>	<u>57,525</u>	<u>434,482</u>
Annual surplus (deficit)	25,463	(31,544)	367,010
Accumulated surplus - beginning of year	<u>8,581,240</u>	<u>8,581,240</u>	<u>8,214,230</u>
Accumulated surplus - end of year (Note 8)	<u>\$ 8,606,703</u>	<u>\$ 8,549,696</u>	<u>\$ 8,581,240</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, 2025

	Budget 2025	Actual 2025	Actual 2024
Annual surplus (deficit)	\$ 25,463	\$ (31,544)	\$ 367,010
Amortization of tangible capital assets	274,000	266,104	255,570
Purchase of tangible capital assets	(325,500)	(107,672)	(505,026)
Proceeds on disposal of tangible capital assets	-	-	2,500
(Increase) decrease in prepaid expense	-	2,611	(7,225)
Gain on disposal of tangible capital assets	-	-	(2,500)
	<u>(51,500)</u>	<u>161,043</u>	<u>(256,681)</u>
Decrease (increase) in net debt	(26,037)	129,499	110,329
Net debt - beginning of year	(528,745)	(528,745)	(639,074)
Net debt - end of year	\$ (554,782)	\$ (399,246)	\$ (528,745)

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, 2025

	2025	2024
Cash flows from operating activities		
Annual surplus (deficit)	\$ (31,544)	\$ 367,010
Items not affecting cash:		
Amortization of tangible capital assets	266,104	255,570
Gain on disposal of tangible capital assets	-	(2,500)
	<u>234,560</u>	<u>620,080</u>
Changes in non-cash working capital:		
Accounts receivable	51,866	112,630
Prepaid expense	2,611	(7,225)
Accounts payable and accrued liabilities	(33,667)	(139,842)
Deferred revenue	(1,761)	21,017
	<u>19,049</u>	<u>(13,420)</u>
	<u>253,609</u>	<u>606,660</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(107,672)	(505,026)
Proceeds on disposal of tangible capital assets	-	2,500
	<u>(107,672)</u>	<u>(502,526)</u>
Cash flows from financing activities		
Repayment of long term debt	(82,335)	(71,464)
Proceeds from long term debt	-	60,000
	<u>(82,335)</u>	<u>(11,464)</u>
Increase in cash	<u>63,602</u>	<u>92,670</u>
Cash and cash equivalents - beginning of year	<u>771,808</u>	<u>679,138</u>
Cash and cash equivalents - end of year	<u>\$ 835,410</u>	<u>\$ 771,808</u>
Cash and cash equivalents consist of:		
Unrestricted	\$ 506,206	\$ 419,256
Restricted	<u>329,204</u>	<u>352,551</u>
	<u>\$ 835,410</u>	<u>\$ 771,808</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, 2025

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, Town and Arena 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.

(continues)

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

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

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

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

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

Impairment of long lived assets

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

Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations. As at March 31, 2025, no asset retirement obligations have been identified by management.

(continues)

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government transfers

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

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

Non-financial assets

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

Revenue recognition

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

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

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

Financial instruments

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

(continues)

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2025

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

	<u>2025</u>	<u>2024</u>
Utility dues	\$ 75,164	\$ 73,457
Arena trade	24,824	12,704
Government funding	13,512	61,208
Town trade	6,694	12,533
HST receivable	5,127	17,285
	<u>125,321</u>	<u>177,187</u>
Allowance for doubtful accounts	<u>(7,822)</u>	<u>(7,822)</u>
	<u>\$ 117,499</u>	<u>\$ 169,365</u>

4. DEFERRED REVENUE

	<u>2025</u>	<u>2024</u>
Canada Community Building Fund	\$ 309,844	\$ 309,626
Insurance proceeds	23,999	23,999
Safe restart	21,224	21,224
Utility dues	10,196	7,201
Fire dues	2,104	-
Donation	2,000	2,000
Equalization grant	-	7,078
	<u>\$ 369,367</u>	<u>\$ 371,128</u>

Under the Canada Community Building Fund, the Town is allocated \$100,000 per year for fiscal years ending March 31, 2025 to 2029. 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 \$Nil, earned interest of \$331, and incurred eligible expenditures of \$19,360.

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2025

5. LONG TERM DEBT

	<u>2025</u>	<u>2024</u>
<u>Town</u>		
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$1,433 plus interest. The loan matures on February 16, 2029 and is secured by general security agreement giving first charge on Metaflab pumper fire truck with a carrying value of \$70,652.	\$ 67,351	\$ 84,547
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$283 plus interest. The loan is due for renewal on January 19, 2029 matures on March 19, 2043 and was secured by general security agreement giving first charge on fixed and floating assets.	61,289	64,694
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$500 plus interest. The loan matures on March 22, 2029 and is secured by general security agreement giving first charge on 2006 Peterbuilt truck, model 335 with carrying value of \$84,002.	54,000	60,000
	<u>182,640</u>	<u>209,241</u>
<u>Water and Sewerage</u>		
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$2,627 plus interest. The loan is due for renewal on January 19, 2029, matures on March 19, 2043 and is secured by general security agreement.	373,007	404,529
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$1,600 plus interest. The loan is due for renewal on January 30, 2029, matures on November 30, 2038 and is secured by general security agreement.	262,522	283,331
Consolidated Credit Union Ltd. - prime less 0.25%, repayable in monthly principal installments of \$283. The loan is due for renewal on January 19, 2029, matures on March 19, 2043 and is secured by general security agreement giving first charge on fixed and floating assets.	61,289	64,694
	<u>696,818</u>	<u>752,554</u>
	<u>\$ 879,458</u>	<u>\$ 961,795</u>

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

2026	\$ 80,730
2027	80,730
2028	80,730
2029	637,270

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2025

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:

2026	\$ 20,222
2027	5,779
2028	2,447
2029	2,447
2030	2,447

7. GOVERNMENT TRANSFERS

	<u>2025</u>	<u>2024</u>
<u>Government Transfers for Capital</u>		
<u>Town</u>		
Rural Growth Initiative - Community Revitalization Program	\$ 47,624	\$ -
Municipal Capital Expenditure Grant	7,238	26,856
Canada Community Building Fund	-	124,453
Province of Prince Edward Island - Heat pump rebate	-	8,435
	<u>54,862</u>	<u>159,744</u>
<u>Sewerage</u>		
Municipal Capital Expenditure Grant	1,758	15,896
Canada Community Building Fund	-	173,449
	<u>1,758</u>	<u>189,345</u>
<u>Water</u>		
Municipal Capital Expenditure Grant	905	1,683
	<u>905</u>	<u>1,683</u>
<u>Gateway Arena</u>		
Canada Community Building Fund	-	9,476
PEI Community Revitalization funding	-	8,435
Municipal Capital Expenditure Grant	-	858
	<u>-</u>	<u>18,769</u>
	<u>57,525</u>	<u>369,541</u>
<u>Government Transfers for Operations</u>		
<u>Town</u>		
Province of PEI - Municipal Support grant	84,933	75,907
Province of PEI - Wage grants	41,510	37,056
Province of PEI - Recreation grant	5,000	5,000
Canada Summer Jobs	2,156	2,030
Province of PEI - Seniors Secretariat	2,000	-
Province of PEI - Grant in lieu of property tax	1,136	1,121
Province of PEI - Fiona Claim	(12,195)	-
	<u>124,540</u>	<u>121,114</u>

(continues)

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2025

7. GOVERNMENT TRANSFERS (continued)

	<u>2025</u>	<u>2024</u>
<u>Government Transfers for Operations</u>		
<u>Gateway Arena</u>		
Province of PEI - Wage grants	10,800	10,128
Province of PEI - Recreation grant	8,500	8,500
Province of PEI - Property taxes	4,673	4,647
	<u>23,973</u>	<u>23,275</u>
	<u>148,513</u>	<u>144,389</u>
	<u>\$ 206,038</u>	<u>\$ 513,930</u>

8. ACCUMULATED SURPLUS

	<u>2025</u>	<u>2024</u>
Unrestricted surplus	\$ 490,116	\$ 445,570
Investment in tangible capital assets (Note 9)	<u>8,059,580</u>	<u>8,135,670</u>
	<u>\$ 8,549,696</u>	<u>\$ 8,581,240</u>

9. INVESTMENT IN TANGIBLE CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>
Tangible capital assets (Schedule 1 and 2)	\$ 13,540,559	\$ 13,432,886
Accumulated Amortization (Schedule 1 and 2)	(4,601,521)	(4,335,421)
Long-term debt (Note 5)	<u>(879,458)</u>	<u>(961,795)</u>
	<u>\$ 8,059,580</u>	<u>\$ 8,135,670</u>

10. BUDGET FIGURES

A reconciliation of the 2025 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 surplus	\$ 56,661
Sewer Utility budgeted annual deficit	(10,030)
Water Utility budgeted annual deficit	<u>(21,168)</u>
	<u>\$ 25,463</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.

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2025

11. RATE REGULATION

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

12. LINE OF CREDIT AVAILABILITY

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

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

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

13. FINANCIAL INSTRUMENTS

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

The Town is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Town's risk exposure and concentration as of March 31, 2025.

(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.

TOWN OF BORDEN-CARLETON
Notes to Consolidated Financial Statements
Year Ended March 31, 2025

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, 2025

(Schedule 1)

	Cost beginning of year	Additions	Disposals and write downs	Cost end of year	Accum amort beginning of year	Amort in the year	Disposals and write downs	Accum amort end of year	Net book value
Town and Arena									
Land	\$ 348,094	-	\$ -	\$ 348,094	\$ -	-	\$ -	\$ -	\$ 348,094
Park	150,274	-	-	150,274	24,044	6,011	-	30,055	120,219
Buildings	1,198,247	6,997	-	1,205,244	748,588	16,340	-	764,928	440,316
Fire vehicles	634,124	2,567	-	636,691	457,196	24,840	-	482,036	154,655
Equipment	813,232	70,058	-	883,290	433,235	67,303	-	500,538	382,752
Electronic equipment	55,093	-	-	55,093	43,679	4,540	-	48,219	6,874
Streets and sidewalks	662,974	-	-	662,974	261,748	22,645	-	284,393	378,581
Vehicles	61,866	-	-	61,866	41,158	9,226	-	50,384	11,482
	\$ 3,923,904	\$ 79,622	\$ -	\$ 4,003,526	\$ 2,009,648	\$ 150,905	\$ -	\$ 2,160,553	\$ 1,842,973
Water and Sewerage									
Land	\$ 35,435	-	\$ -	\$ 35,435	\$ -	-	\$ -	\$ -	\$ 35,436
Building	3,000	-	-	3,000	938	150	-	1,088	1,912
Sewer system	5,516,769	112	-	5,516,881	1,052,507	66,202	-	1,118,709	4,398,172
Sewer equipment	86,642	17,981	-	104,623	68,313	2,021	-	70,334	34,289
Water system	2,384,522	-	-	2,384,522	718,163	28,613	-	746,776	1,637,746
Water equipment	327,174	9,958	-	337,132	290,630	4,344	-	294,974	42,160
Water reservoir	1,155,440	-	-	1,155,440	195,222	13,865	-	209,087	946,352
	\$ 9,508,982	\$ 28,051	\$ -	\$ 9,537,033	\$ 2,325,773	\$ 115,195	\$ -	\$ 2,440,968	\$ 7,096,067
Total	\$ 13,432,886	\$ 107,672	\$ -	\$ 13,540,559	\$ 4,335,421	\$ 266,104	\$ -	\$ 4,601,521	\$ 8,939,041

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

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

(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	\$ 348,094	\$ -	\$ -	\$ 348,094	\$ -	\$ -	\$ -	\$ -	\$ 348,094
Park	150,274	-	-	150,274	18,033	6,011	-	24,044	126,230
Buildings	1,139,129	59,118	-	1,198,247	732,422	16,166	-	748,588	449,659
Fire vehicles	546,688	87,436	-	634,124	437,418	19,778	-	457,196	176,928
Equipment	786,925	31,311	(5,000)	813,232	375,528	62,707	(5,000)	433,235	379,997
Electronic equipment	45,749	9,344	-	55,093	39,139	4,540	-	43,679	11,414
Streets and sidewalks	538,521	124,453	-	662,974	239,102	22,646	-	261,748	401,226
Vehicles	61,866	-	-	61,866	31,931	9,227	-	41,158	20,708
	\$ 3,617,246	\$ 311,662	\$ 5,000	\$ 3,923,904	\$ 1,873,573	\$ 141,075	\$ (5,000)	\$ 2,009,648	\$ 1,914,257
Water and Sewerage									
Land	\$ 35,435	\$ -	\$ -	\$ 35,435	\$ -	\$ -	\$ -	\$ -	\$ 35,435
Building	3,000	-	-	3,000	788	150	-	938	2,061
Sewer system	5,345,111	171,658	-	5,516,769	986,305	66,202	-	1,052,507	4,464,262
Sewer equipment	86,642	-	-	86,642	67,190	1,123	-	68,313	18,329
Water system	2,381,955	2,567	-	2,384,522	689,548	28,615	-	718,163	1,666,359
Water equipment	327,174	-	-	327,174	286,085	4,545	-	290,630	36,544
Water reservoir	1,136,300	19,140	-	1,155,440	181,356	13,866	-	195,222	960,218
	\$ 9,315,617	\$ 193,365	\$ -	\$ 9,508,982	\$ 2,211,272	\$ 114,502	\$ -	\$ 2,325,773	\$ 7,183,211
Total	\$ 12,932,863	\$ 505,026	\$ 5,000	\$ 13,432,886	\$ 4,084,845	\$ 255,570	\$ (5,000)	\$ 4,335,421	\$ 9,097,472

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

TOWN OF BORDEN-CARLETON

Statement of Operations - Town

(Schedule 3)

Year Ended March 31, 2025

	Budget 2025	Actual 2025	Actual 2024
Revenues			
Property taxes	\$ 731,340	\$ 761,628	\$ 712,599
Grants - municipal support	78,013	84,933	75,907
Fire dues	65,000	65,160	70,013
Grants - job creation and other	28,621	46,802	63,983
Fines and fees	6,000	15,266	6,641
Miscellaneous	14,500	10,543	13,370
Donations	15,500	10,232	42,774
Licenses and permits	3,500	9,626	3,300
Grants - recreation	5,000	5,000	5,000
Grants - Fiona claims	-	(12,195)	-
	947,474	996,995	993,587
Expenditures			
Fire Protection (Schedule 4)	174,550	171,351	148,864
General Government (Schedule 4)	213,923	220,488	209,581
Police Protection	111,260	111,258	106,852
Properties and Planning (Schedule 4)	53,268	46,926	38,128
Public Works (Schedule 4)	158,376	150,487	141,634
Recreation (Schedule 4)	196,138	197,505	191,356
	907,515	898,015	836,415
Operating surplus	39,959	98,980	157,172
Other			
Government transfers for capital (Note 7)	126,100	54,862	159,744
Insurance proceeds	-	-	49,641
	126,100	54,862	209,385
Annual surplus	\$ 166,059	\$ 153,842	\$ 366,557

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

TOWN OF BORDEN-CARLETON
Statement of Expenditures - Town
Year Ended March 31, 2025

(Schedule 4)

	Budget 2025	Actual 2025	Actual 2024
Expenditures			
Fire Protection			
Amortization of tangible capital assets	\$ 50,000	\$ 54,066	\$ 41,997
Convention and training	4,500	1,884	4,633
Gas, oil and repairs	6,500	11,684	5,462
Honorariums	12,000	12,375	11,595
Insurance	12,682	11,141	9,390
Interest on long term debt	9,308	8,051	7,353
Miscellaneous	120	535	521
Share of civic building costs	18,500	17,179	15,708
Supplies	6,000	1,650	6,531
Telecommunications	8,390	7,661	7,674
Water charge	46,550	45,125	38,000
	<u>174,550</u>	<u>171,351</u>	<u>148,864</u>
General Government			
Advertising	3,500	4,708	13,116
Amortization of tangible capital assets	25,000	24,810	24,810
Community special events	1,000	734	443
Conference and travel	1,000	167	457
Copier lease	1,350	1,532	1,352
Council honoraria	17,500	16,040	17,215
Election	-	2,472	-
Interest and bank charges	1,100	2,102	1,058
Liability insurance	4,866	4,280	4,055
Memberships	2,500	1,958	2,406
Miscellaneous	-	6,990	-
Office	18,800	18,742	21,196
Professional fees	24,500	13,955	22,628
Property tax rebates	8,000	3,063	6,694
Rent	12,750	20,038	12,144
Repairs and maintenance	5,250	4,993	4,708
Salaries and benefits	249,741	256,341	226,497
Telephone	6,000	6,195	5,553
Portion allocated to water and sewerage	(168,934)	(168,632)	(154,751)
	<u>213,923</u>	<u>220,488</u>	<u>209,581</u>
Properties and Planning			
Civic building	26,413	24,541	22,440
Development officer	12,000	15,243	6,783
Library and campsite	2,141	270	90
Maintenance building	8,204	6,921	6,051
Marine rail park	14,660	16,754	18,142
Other properties	8,350	376	330
Portion of civic building allocated to fire protection	(18,500)	(17,179)	(15,708)
	<u>53,268</u>	<u>46,926</u>	<u>38,128</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, 2025

(Schedule 4)

	Budget 2025	Actual 2025	Actual 2024
Public Works			
Amortization of tangible capital assets	23,000	22,645	22,645
Electricity	22,000	21,630	21,474
Interest on long term debt	4,388	3,899	4,521
Repairs and maintenance	22,399	9,323	12,445
Salaries and benefits	15,814	15,649	15,140
Snow removal	63,775	63,414	60,543
Tractor, gas and repairs	7,000	13,927	4,866
	<u>158,376</u>	<u>150,487</u>	<u>141,634</u>
Recreation			
Amortization of tangible capital assets	30,000	30,360	30,668
Ballfield	3,000	3,009	3,430
Salaries and benefits	127,988	133,713	121,635
Special events	32,000	25,557	24,152
Supplies and equipment	2,000	4,296	11,075
Travel	1,150	570	396
	<u>196,138</u>	<u>197,505</u>	<u>191,356</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, 2025

(Schedule 5)

	Budget 2025	Actual 2025	Actual 2024
Revenues			
Residential	\$ 127,500	\$ 125,306	\$ 101,663
Commercial	90,337	90,758	73,815
Interest	4,500	3,388	4,975
	<u>222,337</u>	<u>219,452</u>	<u>180,453</u>
Expenditures			
Operating			
Certified operator contractor	27,200	28,600	29,150
Electricity	9,500	9,140	8,891
Repairs and maintenance	13,300	24,127	17,411
	<u>50,000</u>	<u>61,867</u>	<u>55,452</u>
General			
Bad debt	500	-	-
Insurance	3,131	3,246	2,610
Interest and bank charges	400	258	309
Memberships and dues	2,000	2,344	1,897
Professional fees	6,000	3,082	3,082
Property taxes	700	688	675
	<u>12,731</u>	<u>9,618</u>	<u>8,573</u>
Other			
Amortization of tangible capital assets	68,000	68,299	67,399
Interest on long term debt	41,959	35,444	46,448
	<u>109,959</u>	<u>103,743</u>	<u>113,847</u>
Allocation from general government	<u>69,677</u>	<u>84,316</u>	<u>77,376</u>
	<u>242,367</u>	<u>259,544</u>	<u>255,248</u>
Operating deficit	<u>(20,030)</u>	<u>(40,092)</u>	<u>(74,795)</u>
Other			
Government transfers for capital (Note 7)	10,000	1,758	189,345
Annual surplus (deficit)	<u>\$ (10,030)</u>	<u>\$ (38,334)</u>	<u>\$ 114,550</u>

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

TOWN OF BORDEN-CARLETON
Statement of Operations - Water
Year Ended March 31, 2025

(Schedule 6)

	Budget 2025	Actual 2025	Actual 2024
Revenues			
Residential	\$ 75,000	\$ 73,079	\$ 59,434
Commercial	53,743	53,575	43,916
Public fire protection service	46,550	45,125	38,000
Interest	2,250	2,259	2,130
Inspection and connection fees	400	300	800
	<u>177,943</u>	<u>174,338</u>	<u>144,280</u>
Expenditures			
Operating			
Certified operator contractor	27,600	28,600	29,150
Electricity	20,000	20,944	19,544
Repairs and maintenance	8,500	11,055	8,008
Water testing	5,000	5,916	4,506
	<u>61,100</u>	<u>66,515</u>	<u>61,208</u>
General			
Bad debt	500	-	-
Insurance	3,799	3,444	3,167
Interest and bank charges	200	172	135
Memberships and dues	2,000	2,344	1,897
Professional fees	6,000	3,082	3,082
Property taxes	350	343	322
	<u>12,849</u>	<u>9,385</u>	<u>8,603</u>
Other			
Amortization of tangible capital assets	56,000	46,898	47,099
Interest on long term debt	9,485	8,221	10,736
	<u>65,485</u>	<u>55,119</u>	<u>57,835</u>
Allocation from general government	69,677	84,316	77,376
	<u>209,111</u>	<u>215,335</u>	<u>205,022</u>
Operating deficit	<u>(31,168)</u>	<u>(40,997)</u>	<u>(60,742)</u>
Other			
Government transfers for capital (Note 7)	10,000	905	1,683
Annual deficit	<u>\$ (21,168)</u>	<u>\$ (40,092)</u>	<u>\$ (59,059)</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, 2025

(Schedule 7)

	Budget 2025	Actual 2025	Actual 2024
Revenues			
Ice rentals	\$ 70,000	\$ 66,759	\$ 70,025
Grants - salaries	10,000	10,800	10,128
Grants - recreation	8,500	8,500	8,500
Canteen sales	40,000	8,469	42,012
Sign rentals	3,500	7,550	2,075
Grants - Province of PEI	4,600	4,673	4,647
Miscellaneous	600	541	786
Donations	1,200	-	-
	<u>138,400</u>	<u>107,292</u>	<u>138,173</u>
Expenditures			
Amortization of tangible capital assets	22,000	19,025	20,952
Canteen purchases	25,000	4,420	23,836
Electricity	40,000	36,892	36,846
Fuel	16,200	15,188	14,325
Garbage	5,000	6,087	4,890
Insurance	21,044	23,579	17,537
Miscellaneous	2,600	905	2,343
Professional fees	3,500	3,500	3,500
Property taxes and utilities	5,755	6,592	6,308
Repairs and maintenance	14,500	26,595	14,444
Salaries and benefits	80,739	60,671	71,040
Snow removal	11,500	9,229	9,842
Telephone	1,560	1,569	1,417
	<u>249,398</u>	<u>214,252</u>	<u>227,280</u>
Operating deficit	<u>(110,998)</u>	<u>(106,960)</u>	<u>(89,107)</u>
Other			
Government transfers for capital (Note 7)	1,600	-	18,769
Insurance proceeds	-	-	12,800
Proceeds from sale of tangible capital assets	-	-	2,500
	<u>1,600</u>	<u>-</u>	<u>34,069</u>
Annual deficit	<u>\$ (109,398)</u>	<u>\$ (106,960)</u>	<u>\$ (55,038)</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, 2025

(Schedule 8)

	General Government	Sewer Utility	Water Utility	Gateway Arena	Elimination	Consolidated 2025
Revenues						
Property taxes	\$ 761,628	\$ -	\$ -	\$ -	\$ -	\$ 761,628
Fire dues	65,160	-	45,125	-	(45,125)	65,160
Government transfers for operations	124,540	-	-	23,973	-	148,513
Fines and fees	15,266	-	-	-	-	15,266
Building permits and fees	9,626	-	-	-	-	9,626
Residential levies	-	125,306	73,079	-	-	198,385
Commercial levies	-	90,758	53,575	-	(4,417)	139,916
Ice rentals	-	-	-	66,759	-	66,759
Canteen sales	-	-	-	8,469	-	8,469
Interest	-	3,388	2,259	-	-	5,647
Miscellaneous	20,775	-	300	8,091	-	29,166
	996,995	219,452	174,338	107,292	(49,542)	1,448,535
Expenditures						
Salaries and benefits	434,118	28,600	28,600	60,671	-	551,989
Goods and services	317,964	126,942	131,444	134,556	(49,542)	661,364
Amortization of tangible capital assets	131,881	68,299	46,898	19,025	-	266,103
Interest	14,052	35,703	8,393	-	-	58,148
	898,015	259,544	215,335	214,252	(49,542)	1,537,604
Operating surplus (deficit)	98,980	(40,092)	(40,997)	(106,960)	-	(89,069)
Government transfers for capital	54,862	1,758	905	-	-	57,525
Annual surplus (deficit)	\$ 153,842	\$ (38,334)	\$ (40,092)	\$ (106,960)	\$ -	\$ (31,544)

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, 2024

(Schedule 9)

	General Government	Sewer Utility	Water Utility	Gateway Arena	Elimination	Consolidated 2024
Revenues						
Property taxes	\$ 712,599	\$ -	\$ -	\$ -	\$ -	\$ 712,599
Fire dues	70,013	-	38,000	-	(38,000)	70,013
Government transfers for operations	144,890	-	-	23,275	-	168,165
Fines and fees	6,641	-	-	-	-	6,641
Building permits and fees	3,300	-	-	-	-	3,300
Residential levies	-	101,663	59,434	-	-	161,097
Commercial levies	-	73,815	43,916	-	(3,122)	114,609
Ice rentals	-	-	-	70,025	-	70,025
Canteen sales	-	-	-	42,012	-	42,012
Interest	-	4,975	2,130	-	-	7,105
Miscellaneous	56,144	-	800	2,861	-	59,805
	993,587	180,453	144,280	138,173	(41,122)	1,415,371
Expenditures						
Salaries and benefits	392,082	29,150	29,150	71,040	-	521,422
Goods and services	311,281	111,941	117,902	135,288	(41,122)	635,290
Amortization of tangible capital assets	120,120	67,399	47,099	20,952	-	255,570
Interest	12,932	46,758	10,871	-	-	70,561
	836,415	255,248	205,022	227,280	(41,122)	1,482,843
Operating surplus (deficit)						
Government transfers for capital	157,172	(74,795)	(60,742)	(89,107)	-	(67,472)
Gain on disposal of tangible capital assets	159,744	189,345	1,683	18,769	-	369,541
Insurance proceeds	-	-	-	2,500	-	2,500
	49,641	-	-	12,800	-	62,441
Annual surplus (deficit)	\$ 366,557	\$ 114,550	\$ (59,059)	\$ (57,538)	\$ -	\$ 367,010

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