

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Draft

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**Town of Carleton Place
Consolidated
Financial Statements
December 31, 2019**

Town of Carleton Place
Five Year Financial Review
(not subject to audit)

December 31	2019	2018	2017	2016	2015
Population (Statistics Canada)	11,936	11,936	10,764	10,644	10,320
Number of Households (MPAC) (Statistics Canada 2019)	4,745	4,745	4,516	4,462	4,414
Taxable Assessment (000's)	\$	\$	\$	\$	\$
Residential and farm	1,194,482	1,143,575	1,085,008	1,051,478	982,820
Commercial and industrial	216,364	184,942	176,484	189,869	184,693
Total	1,410,846	1,328,517	1,261,492	1,241,347	1,167,513
Commercial, industrial as % of assessment	15.33%	13.92%	13.99%	15.30%	15.80%
Rates of Taxation					
Residential					
▸ for general municipal purposes	0.669713	0.660074	0.661423	0.647800	0.665921
▸ for county purposes	0.369753	0.370048	0.376627	0.373000	0.379779
▸ for school board purposes	0.161000	0.170000	0.179000	0.188000	0.195000
Total	1.200466	1.200122	1.217050	1.208800	1.240700
Multi-Residential (total)	2.447038	2.447941	2.497543	2.534398	2.634227
Commercial (total)	3.154918	3.124838	3.125442	3.027346	3.078712
Industrial (total)	3.945005	3.995137	4.087920	4.163574	4.214100
Tax Arrears ▸ percentage of current levy (<10%)**	6.73%	7.22%	4.61%	6.00%	5.86%
Taxes Transferred (000's)					
▸ County	6,054	5,665	5,528	5,337	5,124
▸ School Boards	4,199	4,144	4,165	4,386	4,326
Revenues (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	11,177	10,087	9,758	9,371	9,138
▸ Government transfers	3,476	2,960	2,882	2,804	2,723
▸ Fees and service charges	11,367	11,231	10,981	8,770	8,432
▸ Other	3,112	1,678	1,514	1,169	1,241
▸ Revenues related to capital assets	3,114	4,742	7,528	3,341	1,005
Total	32,246	30,698	32,663	25,455	22,539
Expenses (000's)					
▸ Operations	25,143	23,071	22,718	21,680	20,690
▸ Amortization	3,705	3,597	3,509	3,360	3,335
Net Financial Assets (Net Debt)					
▸ % of Operating Revenue (>(20%))**	84.31%	66.47%	51.31%	38.47%	34.77%
▸ % of Taxation and user charges (>(50%))**	108.94%	81.17%	62.18%	46.86%	42.62%

** Represents the Provincial Low Risk Indicator.
(Note: All dollar amounts are in thousands of dollars.)

Town of Carleton Place
Five Year Financial Review
(not subject to audit)

December 31	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
Long Term Debt					
▸ Net long term debt (000's) ▸ Town	2,770	3,266	3,745	3,698	4,094
▸ MVCA	4,065	4,201	4,332	4,458	4,580
▸ Long term debt charges (000's)	831	829	829	829	691
▸ Total annual repayment limit (000's)	5,547	4,809	4,771	4,771	4,532
▸ Long term debt per household	588	688	828	829	928
▸ Debt charges (000's)					
▸ rate supported ▸ water & sewer	457	426	426	426	426
▸ tax supported	97	126	126	126	126
▸ recoverable from others	277	277	277	277	139
	831	829	829	829	691
Municipal Equity (000's)					
▸ Surplus and Reserves	27,926	21,418	17,741	13,517	12,025
▸ Invested in capital assets	105,502	104,906	100,957	95,236	92,952
▸ Asset consumption ratio	38.73%	36.44%	37.05%	37.24%	36.70%
▸ Reserves as % of operating expenses (>20%)**	112.14%	93.92%	79.33%	63.89%	59.55%
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	2.18	1.93	1.58	1.32	1.23
▸ financial assets to liabilities excluding long term debt	3.59	4.09	3.53	3.73	4.03
▸ long term debt to tangible capital assets *	2.55%	3.00%	3.55%	3.70%	4.21%
▸ capital reserves to accumulated amortization	35.50%	27.63%	22.83%	17.10%	15.45%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%)**	2.56%	2.89%	3.30%	3.75%	3.21%
▸ Total operating revenue to taxable assessment	2.06%	1.95%	1.99%	1.78%	1.84%
▸ Working capital to operating expenses (>10%)**	108.70%	88.93%	73.25%	56.27%	55.98%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	11.93%	11.40%	11.47%	12.69%	12.65%
▸ Total government transfers ▸ to total revenues	13.80%	13.17%	12.82%	12.85%	14.04%

* excluding Mississippi Valley Conservation Authority Debt

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Town of Carleton Place are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's 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 consolidated financial statements. These systems are monitored and evaluated by management.

The Corporate Services Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Town. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Diane Smithson, B. Comm, Dipl.M.M., CMO
Chief Administrative Officer

Trisa McConkey B. Acc. Sc., C.P.A., C.G.A.
Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of Carleton Place:

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Carleton Place (the 'Entity'), which comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and the notes to the consolidated financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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 **'Auditors' Responsibilities for the Audit of the Financial Statements'** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
May 12, 2020.

Town of Carleton Place

Consolidated Statement of Financial Position

December 31	2019	2018
	\$	\$
ASSETS		
Financial Assets		
Cash and short term investments	29,451,013	18,325,638
Taxes receivable (net of allowance of \$55,000)	1,387,288	1,382,471
User charges receivable	353,709	425,641
Accounts receivable	1,077,226	1,262,750
Long term mortgage receivable (note 7)	5,593,032	5,753,635
Long term mortgage (note 4)	4,065,424	4,200,744
	41,927,692	31,350,879
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	3,508,757	2,167,081
Other current liabilities	351,086	655,125
Security deposits	2,599,057	2,136,470
Employee future benefit obligations (note 6)	502,192	490,999
Deferred revenues (note 7)	3,571,122	1,182,775
Long term liabilities (note 8)	6,835,160	7,466,719
	17,367,374	14,099,169
NET FINANCIAL ASSETS	24,560,318	17,251,710
NON-FINANCIAL ASSETS		
Tangible capital assets (note 16)	108,652,770	108,848,118
Inventories	88,000	107,210
Prepaid expenses	127,451	117,216
	108,868,221	109,072,544
Commitments (note 14) Contingent Liabilities (note 13)		
MUNICIPAL EQUITY (note 9)	133,428,539	126,324,254

The accompanying notes are an integral part of these consolidated financial statements.

Town of Carleton Place

Consolidated Statement of Operations

For the year ended December 31	(Note 18) Budget	2019	2018
	\$	\$	\$
REVENUES			
Taxation ▶ residential	8,527,405	8,692,377	7,770,696
▶ commercial	2,342,194	2,387,432	2,220,678
▶ other governments	96,213	97,923	96,080
User charges ▶ sewer and water	6,863,640	6,949,207	6,253,057
▶ recreation and culture	1,479,853	1,271,196	1,341,437
▶ daycare	2,509,900	2,252,556	2,135,791
▶ other	794,935	893,805	1,500,601
Government transfers	2,180,889	3,476,462	2,959,733
Licences and permits	573,000	1,399,510	648,384
Deferred revenues earned (note 8)	56,732	88,062	74,732
Investment income	254,500	721,534	357,172
Penalties and interest on taxes	170,000	182,928	129,871
Other	651,195	719,685	467,434
TOTAL REVENUES	26,500,456	29,132,677	25,955,666
EXPENSES			
General government	2,245,275	2,139,573	2,440,565
Protection to persons and property	4,320,056	4,286,442	4,160,075
Transportation services	4,897,709	4,218,092	4,153,702
Environmental services	5,854,183	5,752,317	4,407,178
Health services	---	---	2,330
Social and family services	3,682,011	3,848,749	3,459,709
Recreation and cultural services	3,135,346	3,847,360	3,354,348
Planning and development	1,033,894	1,050,159	1,093,287
TOTAL EXPENSES	25,168,474	25,142,692	23,071,194
NET REVENUES FROM OPERATIONS	1,331,982	3,989,985	2,884,472
OTHER			
Grants and transfers related to capital			
Government transfers	3,966,500	974,382	1,083,890
Developer contributions	497,450	188,748	830,286
Other	---	126,992	2,878,584
Gas tax	366,776	641,144	---
Sale of land	---	1,183,034	---
Write down of assets	---	---	(51,013)
	4,830,726	3,114,300	4,741,747
ANNUAL SURPLUS	6,162,708	7,104,285	7,626,219
MUNICIPAL EQUITY, BEGINNING OF YEAR	126,324,254	126,324,254	118,698,035
MUNICIPAL EQUITY, END OF YEAR	132,486,962	133,428,539	126,324,254

The accompanying notes are an integral part of these consolidated financial statements.

Town of Carleton Place
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	(Note 18) Budget	2019	2018
	\$	\$	\$
ANNUAL SURPLUS	6,162,708	7,104,285	7,626,219
Amortization of tangible capital assets	3,700,000	3,704,643	3,597,482
Acquisition of tangible capital assets	(13,878,446)	(3,542,883)	(6,878,013)
Disposal of tangible capital assets	---	33,588	51,013
Acquisition of supplies inventories	---	19,210	(21,819)
Disposal of prepaid expenses	---	(10,235)	(19,752)
	(10,178,446)	204,323	(3,271,089)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(4,105,738)	7,308,608	4,355,130
NET FINANCIAL ASSETS, BEGINNING OF YEAR	17,251,710	17,251,710	12,896,580
NET FINANCIAL ASSETS, END OF YEAR	13,234,972	24,560,318	17,251,710

The accompanying notes are an integral part of these consolidated financial statements.

Town of Carleton Place

Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	7,104,285	7,626,219
Amortization	3,704,643	3,597,482
	10,808,928	11,223,701
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	(4,817)	(544,826)
User charges receivable	71,932	(369,076)
Accounts receivable	185,524	1,032,031
Accounts payable and accrued liabilities	1,341,676	(660,322)
Other current liabilities	(304,039)	546,764
Security deposits	462,587	223,178
Employee future benefit obligation	11,193	10,178
Deferred revenues	2,388,347	(53,387)
Inventories	19,210	(21,819)
Prepaid expenses	(10,235)	(19,752)
	4,161,378	142,969
Working Capital from Operations	14,970,306	11,366,670
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,542,883)	(6,878,013)
Disposal of tangible capital assets	33,588	51,013
Net investment in tangible capital assets	(3,509,295)	(6,827,000)
INVESTING ACTIVITIES		
Long term investment redeemed	---	1,013,117
Long term mortgage receivable advanced	160,603	(1,515,328)
Net decrease in cash from investing activities	160,603	(502,211)
FINANCING ACTIVITIES		
Debt principal repayments	(496,238)	(479,004)
Net decrease in cash from financing activities	(496,238)	(479,004)
NET INCREASE IN CASH	11,125,376	3,558,455
CASH, BEGINNING OF YEAR	18,325,638	14,767,183
CASH, END OF YEAR	29,451,014	18,325,638

The accompanying notes are an integral part of these consolidated financial statements.

Town of Carleton Place

Notes to the Consolidated Financial Statements

December 31, 2019

1. Status of the Town of Carleton Place

The Town of Carleton Place (the 'Town') was incorporated January 6, 1890 (previously incorporated as a village in 1870) and assumed its responsibilities under the authority of the Provincial Secretary. The Town operates as a lower tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

2. Significant Accounting Policies

The consolidated financial statements of the Corporation of the Town of Carleton Place are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Town are as follows:

Reporting Entity

- (i) The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Town. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:
 - Public Library Board
 - Business Improvement Area Committee
 - Swimming Pool Committee of Management
 - Carleton Place Children's Centre
- (ii) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Town of Carleton Place

Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Taxation and Related Revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Town Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of County of Lanark for regional services, and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include 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 are amortized on a straight line basis over their estimated useful lives as follows:

Land	
Land Improvements	10 - 25 years
Buildings	20 - 60 years
Machinery and Equipment	5 - 30 years
Vehicles	3 - 25 years
Water and Waste Plants and Networks	60 years
Water Plant	60 years
Sewage Plant	25 years
Storm Ponds	
Linear Assets	15 - 25 years
Roads	35 years
Sidewalks / Curbs	
Underground Networks	60 years
▸ water	60 years
▸ sewer	60 years
▸ storm	50 years
Bridges	

One half of the annual amortization is charged in the year of acquisition and in the years of disposal.

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$10,000 for vehicles and equipment and \$100,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

Town of Carleton Place

Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

Leases

Leases are classified as capital or operations leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

Employee Future Benefit Obligations

The Town accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and banked time. Vacation entitlements and banked time are accrued as entitlements are earned.

The Town accrues its obligation for employee benefit plans. The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actual gains (losses) which can arise from changes in the actuarial assumptions used to determine the accrued benefit obligation will be amortized over the average remaining service period of active employees.

Cash and Cash Equivalents

The Town considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Town of Carleton Place
Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Government Transfers

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

Deferred Revenues

The Town defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, and recreational land collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Town receives restricted contributions under the authority of Federal and Provincial legislation and Town by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Town has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Investments

Short-term and long-term investments are recorded at cost plus accrued interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on available current funds and reserve funds (other than obligatory funds). Are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Town:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of pos-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

Town of Carleton Place
Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Financial Instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Town has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Town classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

3. Operations of the School Boards and County of Lanark

During 2019, the Town collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark and School Boards as follows:

	School Boards	County
	\$	\$
Property taxes	4,199,102	6,023,904
Taxation from other governments	---	29,695
Amounts requisitioned and paid	4,199,102	6,053,599

4. Long Term Mortgage

In 2017, the Town entered into a long term financing agreement with Mississippi Valley Conservation Authority to finance the construction of a new facility to be located within the Town. Long term financing was a debenture funded through Ontario Infrastructure and Lands Corporation (OILC) in the amount of \$4,640,000.

Town of Carleton Place
Notes to the Consolidated Financial Statements

December 31, 2019

4. Long Term Mortgage / continued

The loan is secured with an agreement that includes a mortgage on the property. The debenture terms include interest at a rate of 3.4%, semi annual blended payments of \$138,502, due June 1st and December 1st and is due June 2040.

Year	\$
2020	139,960
2021	144,760
2022	149,723
2023	154,857
2024	160,166
2025 to 2029	887,077
2030 and thereafter	2,428,881
	4,065,424

5. Long Term Mortgage Receivable

During 2019, the Town executed cost recovery agreements with developers for core infrastructure services for water and sewer on Highway 7 and McNeely Avenue. Under the agreement, the Town agreed to fund the up front infrastructure costs and then recover the funds from the developers through a long term mortgage.

The mortgages are to be repaid over 15 years with quarterly payments and with interest compounded annually at 4%. The Town has mortgage security on each property within the development area.

The loan agreements provide for lump sum repayments of principal under the following conditions:

- (i) The Town recovers development costs from other owners of land who benefit from the core services within the development area.
- (ii) Developer registers a plan of the subdivision, registers a site plan approval, receives a severance or upon the issuance of a building permit for any building requiring a connection to services.

6. Employee Future Benefit Obligations

The Town extends non-pension retirement benefits for medical and dental benefits to a maximum of \$5,000 per year, for full time employees for ten years after retirement or to age 65, whichever comes first. To be eligible an employee must be at least age 55 (age 50 for firefighters) and has at least 20 years of service with the Town. Employees with 15 years of service are eligible but will receive 50% of the normal benefit reimbursement.

An independent actuarial study of the employee non-pension benefits has been undertaken. The most recent valuation of the employee future benefits was effective at December 31, 2017.

Town of Carleton Place

Notes to the Consolidated Financial Statements

December 31, 2019

6. Employee Future Benefit Obligations

The accrued benefit obligation relating to the employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2019, based on an actuarial update, the accrued benefit obligation was \$502,192 (2018 \$490,999).

The significant actuarial assumptions adopted in estimating the Town's accrued benefit obligation are as follows:

Discount Rate	3.15%
Trend Rates	7.50% decreasing by 0.50% annually to 4.00%
Employee Turnover	4.50% decreasing to 1.00% after 25 years of service early of age 65 or age plus service totals 90
Retirement Age	90.00% will elect family coverage and 10.00% will elect single coverage
Participation	\$3,800 in 2017 for family coverage and half for single coverage
Cost of Coverage	

The continuity of post employment benefits for 2019 is as follows:

	\$
Accrued benefit obligation at beginning of 2019	490,999
Benefits accrued during 2019	22,393
Benefits paid during 2019	(26,600)
Interest on accrued benefit obligation during the year	15,400
Accrued benefit obligation at end of 2019	502,192

7. Deferred Revenues

A requirement of public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The transactions for the year are summarized below:

	Government Grants	Development Charges	Recreational Land	Total
	\$	\$	\$	\$
January 1, 2019	---	1,034,525	148,250	1,182,775
Government grants	1,540,917	---	---	1,540,917
Contributions from developers	---	1,407,248	32,661	1,439,909
Interest	---	52,121	3,536	55,657
Transfer to capital fund	(371,326)	(188,282)	(466)	(560,074)
Transfer to operating fund	---	(88,062)	---	(88,062)
December 31, 2019	1,169,591	2,217,550	183,981	3,571,122

Town of Carleton Place

Notes to the Consolidated Financial Statements

December 31, 2019

8. Long Term Liabilities

- (a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2019	2018
	\$	\$
Total long term liabilities incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to:		
Ontario Infrastructure and Land Corporation loan with maturity date 2040, with interest rate 3.40%.	4,065,424	4,200,744
Ontario Infrastructure and Land Corporation loans with maturity dates from 2020 and 2024 with varying interest rates between 4.49% and 4.57%.	657,232	845,771
Canada Mortgage and Housing Corporation with maturity date August 2025 with interest rate 3.59%.	1,752,524	2,010,224
Mutura (0.00%), with maturity date February 2022.	359,980	409,980
Net long term liabilities at the end of the year	6,835,160	7,466,719

- (b) Of the municipal debt shown above, the responsibility for the payment of principal and interest charges for the Mississippi Valley Conservation Authority (MVCA) has been assumed by MVCA 2019 \$4,065,424 (2018 \$4,200,744).

- (c) Principal payments fall due as follows:

	User Charges	General Revenues	From Others	Total
	\$	\$	\$	\$
2020	369,776	144,297	139,960	654,033
2021	384,029	50,000	144,759	578,788
2022	398,837	50,000	149,722	598,559
2023	414,222	50,000	154,857	619,079
2024	430,161	50,000	160,166	640,327
2025 to 2029	318,434	50,000	1,495,703	1,864,137
2030 and thereafter	---	59,980	1,820,257	1,880,237
	2,315,459	454,277	4,065,424	6,835,160

- (d) Interest expense on long term liabilities in 2019 amounted to \$249,865 (2018 \$274,026).

- (e) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

Town of Carleton Place
Notes to the Consolidated Financial Statements

December 31, 2019

9. Municipal Equity

Municipality equity consists of:

	2019	2018
	\$	\$
Investment in tangible capital assets		
Tangible capital assets	108,652,770	108,848,118
Long term liabilities	(2,769,736)	(3,265,975)
Unfinanced capital projects		
Canoe Club	---	(10,518)
Market square building	(20,344)	(30,140)
Fire vehicle	(123,718)	(251,718)
Gillies Bridge / Bell Street	(42,302)	---
Central Bridge	(177,914)	(251,350)
Fire accountability system	(16,525)	(33,869)
McNeely South	---	(76,435)
McNeely extension	---	(21,777)
	105,502,231	104,906,336
Unrestricted surplus	232,870	239,707
Unfunded post retirement benefit	(502,192)	(490,999)
Reserves (Schedule 1)	26,021,446	19,616,421
Reserve Funds (Schedule 1)	2,174,184	2,052,789
Total Municipal Equity	133,428,539	126,324,254

10. Pension Contributions

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was \$517,355 (2018 \$511,538) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

Town of Carleton Place Notes to the Consolidated Financial Statements

December 31, 2019

11. Provincial Offences Administration (POA)

The Town of Perth has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of the Attorney General to the Town was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Town's share of net revenues arising from operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Town of Carleton Place shares net POA revenues based on weighted assessment.

12. Contractual Obligations

In 1997, the Town entered into a fixed price contract with the Ontario Clean Water Agency to manage the water treatment plant and the sewage treatment plant. The operational costs are subject to inflationary increases and the Town is responsible for capital costs and emergency use costs. The contract expires December 2023.

Included in the consolidated statement of operations are the costs paid to the Ontario Clean Water Agency of \$1,000,808 (2018 \$1,008,838) for the sewage plant and \$686,001 (2018 \$686,406) for the water treatment plant.

The Town has negotiated a long term contract with Tomlinson Environmental for the disposal of garbage. The contract ends May 2020. Annual charges under the contract are determined by reference to certain volumes of waste handled. Payments made under the contract for 2019 were approximately \$317,878 (2018 \$304,382).

The Town has negotiated a long term contract with Lafleche Inc. for the collection and disposal of recycled materials. The contract ends May 2020. Annual charges under the contract are determined based on the number of households and is adjusted annually for inflation. Payments made under the contract for 2019 were approximately \$221,709 (2018 \$224,856).

The Town has negotiated a long term contract with Lafleche Inc. for the collection of garbage. The contract ends May 2020. Annual charges under the contract are determined based on the number of households and is adjusted annually for inflation. Payments made under the contract for 2019 were approximately \$198,740 (2018 \$186,144).

Town of Carleton Place
Notes to the Consolidated Financial Statements

December 31, 2019

12. Contractual Obligations / continued

The Town has negotiated a long term contract with the Ontario Provincial Police for the provision of policing services. The contract ends December 2019. Annual charges are determined based on level of service and are reconciled to actual costs in the following year. The contract for 2019 was \$2,282,598 (2018 \$2,271,119).

The Town has entered into a long term lease agreement (99 years) with the Upper Canada District School Board for the child care centre property. The financial considerations was \$1 in 2010. Annual financial considerations include upkeep and maintenance of the shared driveway.

The Town entered into boundary restructuring agreements with Beckwith Township. In consideration of jurisdictional rights the Town has agreed to compensate Beckwith Township for the municipal share of taxes levied for a maximum 40 years. For the agreement expiring December 31, 2036 the compensation is 30% of the municipal share of taxes. For the agreement expiring December 31, 2051 the compensation is 30% of the municipal share of commercial taxes levied and a one time payment equivalent to the Beckwith development charge for residential units on new residential units. Payments under these agreements for the year 2019 were \$336,078 (2018 \$323,423).

The Town has entered into a boundary restructuring agreement with the Town of Mississippi Mills. In consideration of jurisdictional rights the Town has agreed to compensate the Town of Mississippi Mills for 30% of commercial taxes levied and a one time payment equivalent to the Mississippi Mills development charge for residential units on new residential units for a maximum of 40 years. The agreement expires December 31, 2051.

13. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2019, management believes that the Town has valid defences and appropriate insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

14. Commitments

In 2008, the Town committed \$3,337,600 to the Carleton Place & District Memorial Hospital payable over ten years on the commencement of the construction of the new hospital.

Town of Carleton Place
Notes to the Consolidated Financial Statements

December 31, 2019

15. Risk Management

In the normal course of operations, the Town is exposed to a variety of financial risks which are actively managed by the Town.

The Town's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Town's exposure to and management of risk has not changed materially from December 31, 2018.

Credit Risk

Credit risk arises from the possibility that the entities to which the Town provides services to may experience difficulty and be unable to fulfill their obligations. The Town is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Town does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Town is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Town's operating results.

Liquidity Risk

Liquidity risk is the risk that the Town will not be able to meet its obligations as they fall due. The Town requires working capital to meet day-to-day operating activities. Management expects that the Town's cash flows from operating activities will be sufficient to meet these requirements.

Town of Carleton Place

Notes to the Consolidated Financial Statements

December 31, 2019

16. Tangible Capital Assets

	2019	2018
	\$	\$
Land	5,790,961	5,790,961
Land Improvements	1,517,684	1,577,257
Buildings	11,988,814	11,993,204
Machinery and Equipment	7,394,762	7,381,002
Vehicles	1,812,530	1,632,520
Water and Waste Plants and Networks		
Water Plant	4,615,725	4,718,973
Sewage Plant	10,943,903	11,243,504
Storm Ponds	537,531	509,218
Linear Assets		
Roads	16,843,520	18,049,688
Sidewalks / Curbs	3,398,844	3,408,515
Underground Networks		
▸ water	15,797,392	16,313,517
▸ sewer	12,876,502	11,724,330
▸ storm	7,097,913	7,308,151
Bridges	125,674	134,795
Construction in Progress	7,911,015	7,062,483
	108,652,770	108,848,118

For additional information, see Schedule 2 ▸ Tangible Capital Assets.

17. Segmented Information

The Town is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of financial activities.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

Town of Carleton Place
Notes to the Consolidated Financial Statements

December 31, 2019

17. Segmented Information / continued

2019	Salaries, Wages & Employee Benefits	Debt Interest	Materials & Services	Amortization	Total
	\$	\$	\$	\$	\$
General Government					
Governance	265,391	---	64,951	---	330,342
Corporate Management & Program Support	1,119,019	---	650,373	39,839	1,809,231
Protection to Persons and Property					
Fire	644,237	---	147,991	116,729	908,957
Police	34,846	---	2,332,547	1,435	2,368,828
Conservation Authority	---	135,319	213,646	---	348,965
Protective Inspection	496,811	---	160,331	2,550	659,692
Transportation					
Roadways	764,441	---	866,510	1,564,177	3,195,128
Winter Control	148,626	---	349,239	---	497,865
Street Lighting	135	---	196,713	---	196,848
Transit	---	---	328,251	---	328,251
Environmental					
Sanitary Sewer	115,073	72,167	1,595,775	1,247,353	3,030,368
Waterworks	413,752	7,410	1,013,117	317,743	1,752,022
Waste Services	71,782	---	898,145	---	969,927
Health Services					
Health and safety	---	---	---	---	---
Social and Family					
Child Care	3,208,407	28,602	557,561	54,179	3,848,749
Recreation and Cultural Services					
Parks	253,803	---	287,782	24,358	565,943
Recreation Facilities & Programs	1,284,714	---	1,128,995	293,098	2,706,807
Libraries	344,014	---	136,068	43,182	523,264
Cultural Services	6,359	---	44,987	---	51,346
Planning and Development					
Planning & Zoning	396,679	---	653,480	---	1,050,159
2019	9,568,089	243,498	11,626,462	3,704,643	25,142,692

Town of Carleton Place
Notes to the Consolidated Financial Statements

December 31, 2019

17. Segmented Information / continued

2018	Salaries, Wages & Employee Benefits	Debt Interest	Materials & Services	Amortization	Total
	\$	\$	\$	\$	\$
General Government					
Governance	186,846	---	97,125	---	283,971
Corporate Management & Program Support	1,340,967	---	784,683	30,944	2,156,594
Protection to Persons and Property					
Fire	648,179	---	270,982	121,698	1,040,859
Police	92,403	---	2,308,592	1,435	2,402,430
Conservation Authority	---	146,171	65,834	---	212,005
Protective Inspection	357,769	---	143,368	3,644	504,781
Transportation					
Roadways	999,190	---	718,515	1,562,664	3,280,369
Winter Control	154,294	---	229,309	---	383,603
Street Lighting	---	---	180,234	---	180,234
Transit	---	---	309,496	---	309,496
Environmental					
Sanitary Sewer	7,005	81,098	965,739	635,979	1,689,821
Waterworks	104,656	11,393	999,180	828,064	1,943,293
Waste Services	9,591	---	764,473	---	774,064
Health Services					
Health services	2,268	---	62	---	2,330
Social and Family					
Child Care	2,992,018	32,874	380,639	54,178	3,459,709
Recreation and Cultural Services					
Parks	86,600	---	140,442	99,254	326,296
Recreation Facilities & Programs	1,432,655	---	853,394	208,913	2,494,962
Libraries	306,125	---	128,194	50,709	461,412
Cultural Services	803	---	47,259	---	48,062
Planning and Development					
Planning & Zoning	230,493	---	862,794	---	1,093,287
Commercial & Industrial	---	---	---	---	---
2018	8,951,862	271,536	10,250,314	3,597,482	23,071,194

Town of Carleton Place

Notes to the Consolidated Financial Statements

December 31, 2019

18. Budget Figures

The 2019 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Budget	Actual
	\$	\$
Total Revenues	26,500,456	29,132,677
Total Expenses	(25,168,477)	(25,142,692)
Net Revenues	1,331,982	3,989,985
Amortization	3,700,000	3,704,643
Adjusted Net Revenues	5,031,982	7,694,628
Capital Revenues	4,830,726	3,114,300
Funds Available	9,862,708	10,808,928
Capital Expenses	(13,878,446)	(3,542,883)
Disposal of Tangible Capital Assets	---	33,588
Acquisition of Inventory	---	19,210
Acquisition of Prepaid Expense	---	(10,235)
Principal Repayments on Long Term Debt	(581,510)	(496,238)
Net Long Term Debt Acquired	1,500,000	---
Increase Unfunded Post Employment Benefits	30,000	11,193
(Decrease) Increase in Operating Surplus	(3,067,248)	6,823,563
Allocated as follows:		
Net (Decrease) Increase in Unfinanced Capital	(901,778)	295,004
Net Transfers (to) from Reserves	(2,163,445)	6,526,420
Year End Operating (Deficit) Surplus	(2,025)	2,139
	(3,067,248)	6,823,563

Town of Carleton Place
Schedule 1 ▶ Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 18) Budget	2019	2018
	\$	\$	\$
Revenues			
Investment income	121,395	121,395	77,622
Net Transfers From / (To) Other Funds			
Transfers from operations	1,999,089	5,460,344	5,081,175
Transfers to capital acquisitions	(4,283,929)	944,681	(1,512,540)
Total Net Transfers	(2,284,840)	6,405,025	3,568,635
Reserves and Reserve Fund Balances, Change in Year	(2,163,445)	6,526,420	3,646,257
Reserves and Reserve Fund Balances, Beginning of Year	21,669,210	21,669,210	18,022,953
Reserves and Reserve Fund Balances, End of Year	19,505,765	28,195,630	21,669,210

Composition of Reserves and Reserve Funds

For the year ended December 31	2019	2018
	\$	\$
Reserves set aside for specific purposes by Council:		
For Operating Purposes		
▶ for working funds	1,029,717	1,029,717
▶ for insurance	30,422	29,472
▶ for elections	39,900	34,500
▶ for business improvement area	16,030	14,485
▶ for health services	339,500	339,500
▶ for economic development	184,303	134,758
	1,639,872	1,582,432
For Capital Purposes		
▶ for acquisition of capital assets	3,874,867	2,076,020
▶ for contingencies, office equipment	536,974	751,161
▶ for recreation purposes	684,887	800,374
▶ for library purposes	639,810	450,316
▶ for fire, police and protective inspection	1,731,930	883,228
▶ for day care purposes	2,835,130	1,776,501
▶ for sewage and water treatment plant	14,077,976	11,296,389
	24,381,574	18,033,989
Total Reserves	26,021,446	19,616,421
Reserve Funds		
▶ for tax rate stabilization	2,174,184	2,052,789
Total Reserves and Reserve Funds	28,195,630	21,669,210

The accompany notes are an integral part of these consolidated financial statements.

Town of Carleton Place
Schedule 2 ▸ 2019 Tangible Capital Assets

Asset Class	Cost 01/01/19	Additions	(Disposals)	Cost 31/12/19
	\$	\$	\$	\$
Land	5,790,961	---	---	5,790,961
Land Improvements	2,397,746	34,075	---	2,431,821
Buildings	17,625,807	309,969	---	17,935,776
Machinery & Equipment	10,266,859	275,212	(9,682)	10,532,389
Vehicles	4,511,353	454,257	(312,764)	4,652,846
Water & Waste Plants & Networks				
Water plant	7,824,019	---	---	7,824,019
Sewage plant	16,381,908	---	---	16,381,908
Storm ponds	804,250	60,483	---	864,733
Linear Assets				
Roads	35,293,287	---	---	35,293,287
Sidewalks / curbs	6,531,690	149,603	---	6,681,293
Underground Networks				
▸ Water	26,511,354	---	---	26,511,354
▸ Sewer	20,025,178	1,410,752	---	21,435,930
▸ Storm	12,593,501	---	---	12,593,501
Bridges	499,050	---	---	499,050
Construction in Progress	7,062,483	2,366,456	(1,517,924)	7,911,015
	174,119,446	5,060,807	(1,840,370)	177,339,883

Asset Class	Accumulated Amortization 01/01/19	Amortization	(Disposals)	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$
Land	---	---	---	---	5,790,961
Land Improvements	820,489	93,648	---	914,137	1,517,684
Buildings	5,632,603	314,359	---	5,946,962	11,988,814
Machinery & Equipment	2,885,857	260,968	(9,198)	3,137,627	7,394,762
Vehicles	2,878,833	241,143	(279,660)	2,840,316	1,812,530
Water & Waste Plants & Networks					
Water plant	3,105,046	103,248	---	3,208,294	4,615,725
Sewage plant	5,138,404	299,601	---	5,438,005	10,943,903
Storm ponds	295,032	32,170	---	327,202	537,531
Linear Assets					
Roads	17,243,599	1,206,168	---	18,449,767	16,843,520
Sidewalks / curbs	3,123,175	159,274	---	3,282,449	3,398,844
Underground Networks					
▸ Water	10,197,837	516,125	---	10,713,962	15,797,392
▸ Sewer	8,300,848	258,580	---	8,559,428	12,876,502
▸ Storm	5,285,350	210,238	---	5,495,588	7,097,913
Bridges	364,255	9,121	---	373,376	125,674
Construction in Progress	---	---	---	---	7,911,015
	65,271,328	3,704,643	(288,858)	68,687,113	108,652,770

The accompany notes are an integral part of these consolidated financial statements.

Town of Carleton Place
Schedule 2 ▸ 2018 Tangible Capital Assets

Asset Class	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18
	\$	\$	\$	\$
Land	5,790,961	---	---	5,790,961
Land Improvements	1,540,690	857,056	---	2,397,746
Buildings	17,313,675	312,132	---	17,625,807
Machinery & Equipment	4,865,487	5,401,372	---	10,266,859
Vehicles	4,449,910	61,443	---	4,511,353
Water & Waste Plants & Networks				
Water plant	7,824,019	---	---	7,824,019
Sewage plant	16,381,908	---	---	16,381,908
Storm ponds	804,250	---	---	804,250
Linear Assets				
Roads	34,034,909	1,618,815	(360,437)	35,293,287
Sidewalks / curbs	6,531,690	---	---	6,531,690
Underground Networks				
▸ Water	25,774,012	922,957	(185,615)	26,511,354
▸ Sewer	20,025,178	---	---	20,025,178
▸ Storm	12,593,501	---	---	12,593,501
Bridges	499,050	---	---	499,050
Construction in Progress	9,358,243	4,001,504	(6,297,264)	7,062,483
	167,787,483	13,175,279	(6,843,316)	174,119,446

Asset Class	Accumulated Amortization 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
Land	---	---	---	---	5,790,961
Land Improvements	758,862	61,627	---	820,489	1,577,257
Buildings	5,327,147	305,456	---	5,632,603	11,993,204
Machinery & Equipment	2,684,526	201,331	---	2,885,857	7,381,002
Vehicles	2,577,841	300,992	---	2,878,833	1,632,520
Water & Waste Plants & Networks					
Water plant	2,958,235	146,811	---	3,105,046	4,718,973
Sewage plant	4,865,372	273,032	---	5,138,404	11,243,504
Storm ponds	279,856	15,176	---	295,032	509,218
Linear Assets					
Roads	16,462,641	1,141,395	(360,437)	17,243,599	18,049,688
Sidewalks / curbs	2,953,431	169,744	---	3,123,175	3,408,515
Underground Networks					
▸ Water	9,901,024	431,413	(134,600)	10,197,837	16,313,517
▸ Sewer	7,969,356	331,492	---	8,300,848	11,724,330
▸ Storm	5,075,458	209,892	---	5,285,350	7,308,151
Bridges	355,134	9,121	---	364,255	134,795
Construction in Progress	---	---	---	---	7,062,483
	62,168,883	3,597,482	(495,037)	65,271,328	108,848,118

The accompany notes are an integral part of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Carleton Place Public Library Board:

Opinion

We have audited the financial statements of the Corporation of the Town of Carleton Place Public Library Board (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets 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 **'Auditors' Responsibilities for the Audit of the Financial Statements'** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
May 12, 2020.

**Town of Carleton Place
Public Library Board
Statement of Financial Position**

December 31	2019	2018
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	481,235	386,835
Accounts receivable	---	64,905
	481,235	451,740
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	1,424	1,424
NET FINANCIAL ASSETS	479,811	450,316
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	594,764	585,971
ACCUMULATED SURPLUS (note 3)	1,074,575	1,036,287

The accompanying notes are an integral part of these financial statements.

**Town of Carleton Place
Public Library Board
Statement of Operations**

For the year ended December 31	(Note 5) Budget	2019	2018
	\$	\$	\$
REVENUES			
Government Grants			
Municipal Grants ▶ Carleton Place	268,779	268,779	236,468
▶ Beckwith	119,823	120,017	105,200
▶ Mississippi Mills	54,786	54,622	48,100
Province of Ontario	26,127	32,007	37,983
User Charges ▶ fees and service charges	20,069	6,315	16,156
Interest	---	1,586	944
Other Income			
Rentals and fines	8,750	10,250	10,008
Donations	---	15,208	8,360
TOTAL REVENUES	498,334	508,784	463,219
EXPENSES			
Salaries, wages, employee benefits	347,181	344,013	306,123
Administration	19,250	26,704	28,536
Computer maintenance, supplies	32,050	17,909	14,658
Program supplies	3,550	8,417	5,309
Photocopier charges and supplies	1,200	1,566	806
Building and equipment maintenance	8,750	9,804	23,673
Insurance	2,250	1,979	1,884
Utilities	15,200	16,922	18,751
Amortization	73,200	43,182	50,709
Equipment replacement	---	---	80
TOTAL EXPENSES	502,631	470,496	450,529
NET REVENUES (EXPENSES) FROM OPERATIONS	(4,297)	38,288	12,690
OTHER			
Grants and transfers related to capital			
Deferred revenues earned	18,000	---	18,000
ANNUAL SURPLUS	13,703	38,288	30,690
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,036,287	1,036,287	1,005,597
ACCUMULATED SURPLUS, END OF YEAR	1,049,990	1,074,575	1,036,287

The accompanying notes are an integral part of these financial statements.

**Town of Carleton Place
Public Library Board
Statement of Change in Net Financial Assets**

For the year ended December 31	2019	2018
	\$	\$
ANNUAL SURPLUS	38,288	30,690
Amortization of tangible capital assets	43,182	50,709
Acquisition of tangible capital assets	(51,975)	(46,576)
	(8,793)	4,133
INCREASE IN NET FINANCIAL ASSETS	29,495	34,823
NET FINANCIAL ASSETS, BEGINNING OF YEAR	450,316	415,493
NET FINANCIAL ASSETS, END OF YEAR	479,811	450,316

Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	38,288	30,690
Amortization	43,182	50,709
	81,470	81,399
Net Change in Non-Cash Working Capital Items		
Accounts receivable	64,905	(64,905)
Accounts payable and accrued liabilities	---	(23,010)
	64,905	(87,915)
Working Capital from Operations	146,375	(6,516)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(51,975)	(46,576)
NET INCREASE (DECREASE) IN CASH	94,400	(53,092)
CASH, BEGINNING OF YEAR	386,835	439,927
CASH, END OF YEAR	481,235	386,835

The accompanying notes are an integral part of these financial statements.

**Town of Carleton Place
Public Library Board
Notes to the Financial Statements**

December 31, 2019

1. Status of the Board

The Carleton Place Public Library Board (the 'Board') was established by By-law No. 349 on January 12, 1897 pursuant to the Public Libraries Act by the Town of Carleton Place.

2. Significant Accounting Policies

The financial statements of the Carleton Place Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Board are as follows:

Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include 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 are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Building	60 years
Books	7 years
Equipment	3 to 30 years

One half of the annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

December 31, 2019

2. Significant Accounting Policies / continued

Tangible Capital Assets

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

Cash and Cash Equivalents

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Deferred Revenue

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Board receives restricted contributions under the authority of Federal and Provincial legislation and Board by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Board has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

**Town of Carleton Place
Public Library Board
Notes to the Financial Statements**

December 31, 2019

2. Significant Accounting Policies / continued

Investments / continued

Investment income earned on available current funds and reserve funds (other than obligatory funds). Are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

3. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2019	2018
	\$	\$
Surplus		
Invested in tangible capital assets	594,764	585,971
Reserves		
Capital	479,811	450,316
Accumulated Surplus	1,074,575	1,036,287

**Town of Carleton Place
Public Library Board
Notes to the Financial Statements**

December 31, 2019

4. Tangible Capital Assets

Net Book Value of Assets	2019	2018
	\$	\$
Buildings	369,002	379,513
Books	225,762	206,458
	594,764	585,971

For additional information, see Schedule 2 ► Tangible Capital Assets.

5. Budget Figures

Carleton Place Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2019 is included in the budget figures presented in the Statement of Operations.

**Town of Carleton Place
Public Library Board**

Schedule 1 ▸ Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 5) Budget	2019	2018
	\$	\$	\$
Net Transfers from (to) Other Funds			
Transfer from current fund	13,703	29,495	35,407
Total Net Transfers	13,703	29,495	35,407
Reserves and Reserve Fund Balance, Change in Year	13,703	29,495	35,407
Reserves and Reserve Fund Balance, Beginning of Year	450,316	450,316	414,909
Reserves and Reserve Fund Balance, End of Year	464,019	479,811	450,316

Composition of Reserves

For the year ended December 31	2019	2018
	\$	\$
Reserves		
Capital	479,811	450,316

**Town of Carleton Place
Public Library Board
Schedule 2 ▸ Tangible Capital Assets**

December 31, 2019

Assets	Cost 01/01/19	Additions (Disposals)	Cost 31/12/19	Accumulated Amortization 01/01/19	Amortization 2019	(Disposals)	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$	\$	\$	\$
Building	630,666	---	630,666	251,153	10,511	---	261,664	369,002
Books	333,591	5,936	339,527	127,133	32,671	(46,039)	113,765	225,762
Equipment	122,334	---	122,334	122,334	---	---	122,334	---
	1,086,591	5,936	1,092,527	500,620	43,182	(46,039)	497,763	594,764

December 31, 2018

Assets	Cost 01/01/18	Additions (Disposals)	Cost 31/12/18	Accumulated Amortization 01/01/18	Amortization 2018	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$	\$	\$	\$
Building	630,666	---	630,666	240,642	10,511	---	251,153	379,513
Books	334,851	(1,260)	333,591	134,771	40,198	(47,836)	127,133	206,458
Equipment	122,334	---	122,334	122,334	---	---	122,334	---
	1,087,851	(1,260)	1,086,591	497,747	50,709	(47,836)	500,620	585,971

The accompany notes are an integral part of these financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Carleton Place Business Improvement Area Committee:

Opinion

We have audited the financial statements of the Corporation of the Town of Carleton Place Business Improvement Area Committee (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
May 12, 2020.

**Town of Carleton Place
Business Improvement Area Committee
Statement of Financial Position**

December 31	2019	2018
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	16,622	15,077
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	592	592
NET FINANCIAL ASSETS	16,030	14,485
ACCUMULATED SURPLUS (note 3)	16,030	14,485

The accompanying notes are an integral part of these financial statements.

**Town of Carleton Place
Business Improvement Area Committee
Statement of Operations**

For the year ended December 31	(Note 4) Budget	2019	2018
	\$	\$	\$
REVENUES			
Taxation	162,843	162,843	158,100
Municipal contribution	13,300	15,701	13,300
Government grants	2,500	5,000	(161)
Promotion and donations	18,800	20,636	10,340
TOTAL REVENUES	197,443	204,180	181,579
EXPENSES			
Advertising and promotion	84,000	87,253	86,625
Salaries, wages and benefits	27,989	47,639	45,456
Street maintenance	24,500	18,890	27,474
Office supplies and maintenance	22,400	24,695	17,494
Conventions and conferences	5,000	6,743	4,458
Minor capital	24,000	11,481	30,513
Contribution to facade improvements	10,000	5,934	11,186
TOTAL EXPENSES	197,889	202,635	223,206
NET REVENUES (EXPENSES) FROM OPERATIONS	(446)	1,545	(41,627)
OTHER			
Grants and transfers related to capital	---	---	20,000
ANNUAL SURPLUS (DEFICIT)	(446)	1,545	(21,627)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,485	14,485	36,112
ACCUMULATED SURPLUS, END OF YEAR	14,039	16,030	14,485

The accompanying notes are an integral part of these financial statements.

**Town of Carleton Place
Business Improvement Area Committee
Statement of Changes in Net Financial Assets**

For the year ended December 31	2019	2018
	\$	\$
ANNUAL SURPLUS (DEFICIT)	1,545	(21,627)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,545	(21,627)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	14,485	36,112
NET FINANCIAL ASSETS, END OF YEAR	16,030	14,485

Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Annual surplus (deficit) for the year	1,545	(21,627)
Net Change in Non-Cash Working Capital Items		
Accounts payable and accrued liabilities	---	(3,207)
Working Capital from Operations	1,545	(24,834)
NET INCREASE (DECREASE) IN CASH	1,545	(24,834)
CASH, BEGINNING OF YEAR	15,077	39,911
CASH, END OF YEAR	16,622	15,077

The accompanying notes are an integral part of these financial statements.

**Town of Carleton Place
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2019

1. Status of the Committee

Pursuant to the Municipal Act, the Carleton Place Business Improvement Area Committee (the 'Committee') was established by By-law No. 31-78 on September 18, 1978 by the Town of Carleton Place.

2. Significant Accounting Policies

The financial statements of the Carleton Place Business Improvement Area Committee are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Committee are as follows:

Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Committee.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include 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 are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Equipment	3 to 30 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

**Town of Carleton Place
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2019

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

Cash and Cash Equivalents

The Committee considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Deferred Revenues

The Committee defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on available current funds and reserve funds (other than obligatory funds). Are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Committee has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

**Town of Carleton Place
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2019

2. Significant Accounting Policies / continued

Financial Instruments / continued

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Committee classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

3. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2019	2018
	\$	\$
Surplus		
Business Improvement Area Committee	---	---
Reserves		
Contingency	16,030	14,485
Accumulated Surplus	16,030	14,485

4. Budget Figures

Carleton Place Business Improvement Area Committee reviews its operating and capital budgets each year. The approved operating budget for 2019 is included in the budget figures presented in the Consolidated Statement of Operations.

Town of Carleton Place
Business Improvement Area Committee
Schedule of Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 4) Budget	2019	2018
	\$	\$	\$
Net Transfers from (to) Other Funds			
Transfer from (to) current fund	(446)	1,545	(20,952)
Total Net Transfers	(446)	1,545	(20,952)
Reserves and Reserve Fund Balance, Change in Year	(446)	1,545	(20,952)
Reserves and Reserve Fund Balance, Beginning of Year	14,485	14,485	35,437
Reserves and Reserve Fund Balance, End of Year	14,039	16,030	14,485

Composition of Reserves

For the year ended December 31	2019	2018
	\$	\$
Reserves		
Contingency	16,030	14,485