

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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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.)

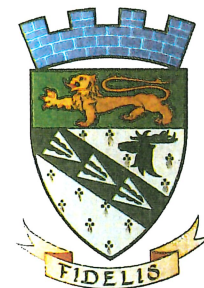
Town of Carleton Place
Five Year Financial Review
(not subject to audit)

| 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

Corporation of the Town of Carleton Place

175 Bridge Street, Carleton Place, ON K7C 2V8 Phone: (613) 257-6200 Fax: (613) 257-8170



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 | Debenture 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 | Debenture 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.

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

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 |

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