

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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**Town of Carleton Place  
Consolidated  
Financial Statements  
December 31, 2018**

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

December 31	2018	2017	2016	2015	2014
<b>Population</b> (Statistics Canada)	11,936	10,764	10,644	10,320	10,154
<b>Number of Households</b> (MPAC) (Statistics Canada 2018)	4,745	4,516	4,462	4,414	4,343
<b>Taxable Assessment</b> (000's)	\$	\$	\$	\$	\$
Residential and farm	1,143,575	1,085,008	1,051,478	982,820	905,651
Commercial and industrial	184,942	176,484	189,869	184,693	178,549
<b>Total</b>	1,328,517	1,261,492	1,241,347	1,167,513	1,084,200
Commercial, industrial as % of assessment	13.92%	13.99%	15.30%	15.80%	16.50%
<b>Rates of Taxation</b>					
Residential					
▸ for general municipal purposes	0.660074	0.661423	0.647800	0.665921	0.683940
▸ for county purposes	0.370048	0.376627	0.373000	0.379779	0.392978
▸ for school board purposes	0.170000	0.179000	0.188000	0.195000	0.203000
<b>Total</b>	1.200122	1.217050	1.208800	1.240700	1.279918
Multi-Residential (total)	2.447941	2.497543	2.534398	2.634227	2.756156
Commercial (total)	3.124838	3.125442	3.027346	3.078712	3.140074
Industrial (total)	3.995137	4.087920	4.163574	4.214100	4.360139
<b>Tax Arrears</b> ▸ percentage of current levy (<10%)**	7.22%	4.61%	6.00%	5.86%	6.71%
<b>Taxes Transferred</b> (000's)					
▸ County	5,665	5,528	5,337	5,124	4,970
▸ School Boards	4,144	4,165	4,386	4,326	4,265
<b>Revenues</b> (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	10,087	9,758	9,371	9,138	8,673
▸ Government transfers	2,960	2,882	2,804	2,723	2,676
▸ Fees and service charges	11,231	10,981	8,770	8,432	8,062
▸ Other	1,678	1,514	1,169	1,241	1,249
▸ Revenues related to capital assets	4,742	7,528	3,341	1,005	694
<b>Total</b>	30,698	32,663	25,455	22,539	21,354
<b>Expenditures</b> (000's)					
▸ Operations	23,071	22,718	21,680	20,690	20,728
▸ Amortization	3,597	3,509	3,360	3,335	3,503
<b>Net Financial Assets (Net Debt)</b>					
▸ % of Operating Revenue (>(20%))**	66.47%	51.31%	38.47%	34.77%	22.36%
▸ % of Taxation and user charges (>(50%))**	81.17%	62.18%	46.86%	42.62%	27.60%

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

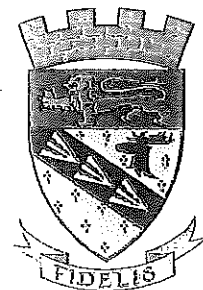
**Town of Carleton Place**  
**Five Year Financial Review**  
(not subject to audit)

December 31	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$
<b>Long Term Debt</b>					
▸ Net long term debt (000's) ▸ Town	3,266	3,745	3,698	4,094	4,475
▸ MVCA	4,201	4,332	4,458	4,580	---
▸ Long term debt charges (000's)	829	829	829	691	661
▸ Total annual repayment limit (000's)	4,809	4,771	4,771	4,532	4,452
▸ Long term debt per household	688	828	829	928	1,030
▸ Debt charges (000's)					
▸ rate supported ▸ water & sewer	426	426	426	426	428
▸ tax supported	126	126	126	126	233
▸ recoverable from others	277	277	277	139	---
	829	829	829	691	661
<b>Municipal Equity (000's)</b>					
▸ Surplus and Reserves	21,418	17,741	13,517	12,025	9,308
▸ Invested in capital assets	104,906	100,957	95,236	92,952	93,821
▸ Asset consumption ratio	36.44%	37.05%	37.24%	36.70%	35.39%
▸ Reserves as % of operating expenses (>20%)**	93.92%	79.33%	63.89%	59.55%	50.47%
<b>Financial Indicators</b>					
▸ Sustainability					
▸ financial assets to liabilities	1.93	1.58	1.32	1.23	1.54
▸ financial assets to liabilities excluding long term debt	4.09	3.53	3.73	4.03	3.21
▸ long term debt to tangible capital assets *	3.00%	3.55%	3.70%	4.21%	4.55%
▸ capital reserves to accumulated amortization	27.63%	22.83%	17.10%	15.45%	12.86%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%)**	2.89%	3.30%	3.75%	3.21%	3.20%
▸ Total operating revenue to taxable assessment	1.95%	1.99%	1.78%	1.84%	1.91%
▸ Working capital to operating expenses (>10%)**	88.93%	73.25%	56.27%	55.98%	43.88%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	11.40%	11.47%	12.69%	12.65%	12.95%
▸ Total government transfers ▸ to total revenues	13.17%	12.82%	12.85%	14.04%	14.03%

\* 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

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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



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## INDEPENDENT AUDITOR'S REPORT

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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, 2018;
- 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, 2018, 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 14, 2019.

**Town of Carleton Place  
Consolidated Statement of Financial Position**

December 31	2018	2017
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term investments	18,325,638	14,767,183
Taxes receivable (net of allowance of \$55,000)	1,382,471	837,645
User charges receivable	425,641	56,565
Accounts receivable	1,262,750	2,294,781
Long term investments (note 6)	---	1,013,117
Long term mortgage receivable (note 5)	5,753,635	4,238,307
Long term mortgage (note 4)	4,200,744	4,331,578
	<b>31,350,879</b>	<b>27,539,176</b>
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	2,167,081	2,827,403
Other current liabilities	655,125	108,361
Security deposits	2,136,470	1,913,292
Employee future benefit obligations (note 7)	490,999	480,821
Deferred revenues (note 8)	1,182,775	1,236,162
Long term liabilities (note 9)	7,466,719	8,076,557
	<b>14,099,169</b>	<b>14,642,596</b>
<b>NET FINANCIAL ASSETS</b>	<b>17,251,710</b>	<b>12,896,580</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 17)	108,848,118	105,618,600
Inventories	107,210	85,391
Prepaid expenses	117,216	97,464
	<b>109,072,544</b>	<b>105,801,455</b>
Commitments (note 15) Contingent Liabilities (note 14)		
<b>MUNICIPAL EQUITY (note 10)</b>	<b>126,324,254</b>	<b>118,698,035</b>

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 19) Budget	2018	2017
	\$	\$	\$
<b>REVENUES</b>			
Taxation ▶ residential	7,705,931	7,770,696	7,562,473
▶ commercial	2,145,109	2,220,678	2,105,174
▶ other governments	90,679	96,080	90,328
User charges ▶ sewer and water	5,151,568	6,253,057	5,782,310
▶ recreation and culture	1,282,235	1,341,437	1,297,754
▶ daycare	2,445,234	2,135,791	2,152,264
▶ other	1,286,486	1,500,601	1,749,037
Government transfers	1,963,423	2,959,733	2,881,786
Licences and permits	315,000	648,384	723,902
Deferred revenues earned (note 8)	74,732	74,732	74,732
Investment income	90,000	357,172	192,028
Penalties and interest on taxes	172,500	129,871	155,178
Other	644,487	467,434	368,525
<b>TOTAL REVENUES</b>	<b>23,367,384</b>	<b>25,955,666</b>	<b>25,135,491</b>
<b>EXPENDITURES</b>			
General government	2,019,484	2,440,565	1,752,194
Protection to persons and property	4,049,461	4,160,075	3,929,694
Transportation services	3,481,600	4,153,702	3,922,242
Environmental services	5,553,232	4,407,178	5,487,278
Health services	12,500	2,330	6,661
Social and family services	3,579,898	3,459,709	3,448,544
Recreation and cultural services	3,379,960	3,354,348	3,300,406
Planning and development	1,266,419	1,093,287	921,891
Post retirement benefits actuarial valuation	---	---	(50,892)
<b>TOTAL EXPENDITURES</b>	<b>23,342,554</b>	<b>23,071,194</b>	<b>22,718,058</b>
<b>NET REVENUES FROM OPERATIONS</b>	<b>24,830</b>	<b>2,884,472</b>	<b>2,417,433</b>
<b>OTHER</b>			
Grants and transfers related to capital			
Deferred revenues earned (note 8)	---	---	199,521
Government transfers	1,718,918	1,083,890	1,304,856
Developer contributions	750,350	830,286	5,675,681
Other	2,825,000	2,878,584	587,672
Write down of assets	---	(51,013)	(240,055)
	5,294,268	4,741,747	7,527,675
<b>ANNUAL SURPLUS</b>	<b>5,319,098</b>	<b>7,626,219</b>	<b>9,945,108</b>
<b>MUNICIPAL EQUITY, BEGINNING OF YEAR</b>	<b>118,698,035</b>	<b>118,698,035</b>	<b>108,752,927</b>
<b>MUNICIPAL EQUITY, END OF YEAR</b>	<b>124,017,133</b>	<b>126,324,254</b>	<b>118,698,035</b>

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 19) Budget	2018	2017
	\$	\$	\$
<b>ANNUAL SURPLUS</b>	5,319,098	7,626,219	9,945,108
Amortization of tangible capital assets	3,500,000	3,597,482	3,509,422
Acquisition of tangible capital assets	(10,066,500)	(6,878,013)	(9,307,782)
Disposal of tangible capital assets	---	51,013	240,055
Acquisition of supplies inventories	---	(21,819)	10,609
Disposal of prepaid expenses	---	(19,752)	(1,753)
	(6,566,500)	(3,271,089)	(5,549,449)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(1,247,402)	4,355,130	4,395,659
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	12,896,580	12,896,580	8,500,921
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	11,649,178	17,251,710	12,896,580

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	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus for the year	7,626,219	9,945,108
Amortization	3,597,482	3,509,422
	<b>11,223,701</b>	<b>13,454,530</b>
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	(544,826)	245,891
User charges receivable	(369,076)	105,100
Accounts receivable	1,032,031	(699,690)
Accounts payable and accrued liabilities	(660,322)	905,670
Other current liabilities	546,764	(29,127)
Employee future benefit obligation	10,178	(50,852)
Security deposits	223,178	794,850
Deferred revenues	(53,387)	472,597
Inventories	(21,819)	10,609
Prepaid expenses	(19,752)	(1,753)
	<b>142,969</b>	<b>1,753,295</b>
<b>Working Capital from Operations</b>	<b>11,366,670</b>	<b>15,207,825</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(6,878,013)	(9,307,782)
Disposal of tangible capital assets	51,013	240,055
<b>Net investment in tangible capital assets</b>	<b>(6,827,000)</b>	<b>(9,067,727)</b>
<b>INVESTING ACTIVITIES</b>		
Long term investment redeemed	1,013,117	506,715
Long term mortgage receivable advanced	(1,515,328)	(4,238,307)
Repayment of long term mortgage	---	126,497
<b>Net decrease in cash from investing activities</b>	<b>(502,211)</b>	<b>(3,605,095)</b>
<b>FINANCING ACTIVITIES</b>		
Debt issued for Town purposes	---	459,980
Debt principal repayments	(479,004)	(538,988)
<b>Net decrease in cash from financing activities</b>	<b>(479,004)</b>	<b>(79,008)</b>
<b>NET INCREASE IN CASH</b>	<b>3,558,455</b>	<b>2,455,995</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>14,767,183</b>	<b>12,311,188</b>
<b>CASH, END OF YEAR</b>	<b>18,325,638</b>	<b>14,767,183</b>

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

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# Town of Carleton Place

## Notes to the Consolidated Financial Statements

December 31, 2018

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### 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.

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### 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 expenditures, 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, expenditures, 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. Expenditures 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.

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**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

December 31, 2018

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**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.

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## Town of Carleton Place Notes to the Consolidated Financial Statements

December 31, 2018

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### 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.

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**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

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**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, 2018**

**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 expenditures 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 2018, 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:

	<b>School Boards</b>	<b>County</b>
	<b>\$</b>	<b>\$</b>
Property taxes	4,144,140	5,635,694
Taxation from other governments	---	29,055
<b>Amounts requisitioned and paid</b>	<b>4,144,140</b>	<b>5,664,749</b>

**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.



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**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

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**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 1<sup>st</sup> and December 1<sup>st</sup> and is due June 2040.

<b>Year</b>	<b>\$</b>
2019	135,320
2020	139,960
2021	144,759
2022	149,723
2023	154,857
2024 to 2028	857,568
2029 and thereafter	2,618,557
	<hr/> <b>4,200,744</b> <hr/>

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**5. Long Term Mortgage Receivable**

During 2018, 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.

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**6. Long Term Investments**

Long term investments, which consist of government bonds, are recorded on the Consolidated Statement of Financial Position at cost plus accrued interest. They have a market value of \$Nil at December 31, 2018 (2017 \$1,005,482).

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**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

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**7. 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.

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, 2018, based on an actuarial update, the accrued benefit obligation was \$490,999 (2017 \$480,821).

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	4.50% decreasing to 1.00% after 25 years of service
Turnover	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 2018 is as follows:

	\$
Accrued benefit obligation at beginning of 2018	480,821
Benefits accrued during 2018	21,709
Benefits paid during 2018	(26,600)
Interest on accrued benefit obligation during the year	15,069
Accrued benefit obligation at end of 2018	490,999

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**8. 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.

**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

**8. Deferred Revenues / continued**

The transactions for the year are summarized below:

	Development Charges	Recreational Land	Total
	\$	\$	\$
January 1, 2018	1,091,136	145,026	<b>1,236,162</b>
Contributions from developers	822,574	640	<b>823,214</b>
Interest	25,833	2,584	<b>28,417</b>
Transfer to capital fund	(830,286)	---	<b>(830,286)</b>
Transfer to operating fund	(74,732)	---	<b>(74,732)</b>
December 31, 2018	1,034,525	148,250	<b>1,182,775</b>

**9. Long Term Liabilities**

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

	2018	2017
	\$	\$
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%.	<b>4,200,744</b>	4,331,578
Ontario Infrastructure and Land Corporation loans with maturity dates from 2020 and 2024 with varying interest rates between 4.49% and 4.57%.	<b>845,771</b>	1,026,007
Canada Mortgage and Housing Corporation with maturity date August 2025 with interest rate 3.59%.	<b>2,010,224</b>	2,258,992
Mutura (0.00%), with maturity date February 2022.	<b>409,980</b>	459,980
Net long term liabilities at the end of the year	<b>7,466,719</b>	8,076,557

- (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 2018 \$4,200,744 (2017 \$4,331,578).

**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

**9. Long Term Liabilities / continued**

(c) Principal payments fall due as follows:

	User Charges	General Revenues	From Others	Total
	\$	\$	\$	\$
2018	356,059	140,131	135,320	631,510
2019	317,792	144,297	139,960	602,049
2020	276,534	50,000	144,759	471,293
2021	286,461	50,000	149,723	486,184
2022	296,745	50,000	154,857	501,602
2023 to 2027	1,137,976	159,980	857,568	2,155,524
2028 and thereafter	---	---	2,618,557	2,618,557
	2,671,567	594,408	4,200,744	7,466,719

(d) Interest expense on long term liabilities in 2018 amounted to \$274,026 (2017 \$290,252).

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

**10. Municipal Equity**

Municipality equity consists of:

	2018	2017
	\$	\$
Investment in tangible capital assets		
Tangible capital assets	108,848,118	105,618,600
Long term liabilities	(3,265,975)	(3,744,979)
Unfinanced capital projects		
Canoe Club	(10,518)	(20,518)
Market square building	(30,140)	(39,650)
Fire vehicle	(251,718)	(404,718)
Pumping station	---	(430,450)
Central Bridge	(251,350)	---
Fire accountability system	(33,869)	---
McNeely South	(76,435)	---
McNeely extension	(21,777)	(21,777)
	104,906,336	100,956,508
Unrestricted surplus	239,707	199,395
Unfunded post retirement benefit	(490,999)	(480,821)
Reserves (Schedule 1)	19,616,421	15,879,136
Reserve Funds (Schedule 1)	2,052,789	2,143,817
<b>Total Municipal Equity</b>	<b>126,324,254</b>	<b>118,698,035</b>

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**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

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**11. 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 \$511,538 (2017 \$470,922) 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.

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**12. 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.

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**13. 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 \$1,008,838 (2017 \$1,045,862) for the sewage plant and \$686,406 (2017 \$665,222) for the water treatment plant.

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**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

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**13. Contractual Obligations / continued**

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 2018 were approximately \$304,382 (2017 \$293,635).

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 2018 were approximately \$224,856 (2017 \$232,476).

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 2018 were approximately \$186,144 (2017 \$184,769).

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 2018 was \$2,271,119 (2017 \$2,194,310).

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 2018 were \$323,423 (2017 \$239,253).

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.

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**14. 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, 2018, 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.

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**Town of Carleton Place  
Notes to the Consolidated Financial Statements**

**December 31, 2018**

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**15. 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.

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**16. 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, 2017.

**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.

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**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

**17. Tangible Capital Assets**

	2018	2017
	\$	\$
Land	5,790,961	5,790,961
Land Improvements	1,577,257	781,828
Buildings	11,993,204	11,986,528
Machinery and Equipment	7,381,002	2,180,961
Vehicles	1,632,520	1,872,069
Water and Waste Plants and Networks		
Water Plant	4,718,973	4,865,784
Sewage Plant	11,243,504	11,516,536
Storm Ponds	509,218	524,394
Linear Assets		
Roads	18,049,688	17,572,268
Sidewalks / Curbs	3,408,515	3,578,259
Underground Networks		
▸ water	16,313,517	15,872,988
▸ sewer	11,724,330	12,055,822
▸ storm	7,308,151	7,518,043
Bridges	134,795	143,916
Construction in Progress	7,062,483	9,358,243
	<b>108,848,118</b>	<b>105,618,600</b>

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

**18. 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, expenditures 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, 2018**

**18. Segmented Information / continued**

2018	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	Materials & Services Non TCA	Interfunc- tional Adjustments	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>							
Governance	186,846	---	97,125	---	---	---	283,971
Corporate Management & Program Support	1,340,967	---	736,515	48,168	---	30,944	2,156,594
Post Retirement Benefits	---	---	---	---	---	---	---
<b>Protection to Persons and Property</b>							
Fire	648,179	---	204,469	66,513	---	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
<b>Transportation</b>							
Roadways	999,190	---	74,677	643,838	---	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
<b>Environmental</b>							
Sanitary Sewer	7,005	81,098	819,020	146,719	---	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
<b>Health Services</b>							
Health and safety	2,268	---	62	---	---	---	2,330
<b>Social and Family</b>							
Child Care	2,992,018	32,874	380,639	---	---	54,178	3,459,709
<b>Recreation and Cultural Services</b>							
Parks	86,600	---	140,442	---	---	99,254	326,296
Recreation Facilities & Programs	1,432,655	---	782,819	70,575	---	208,913	2,494,962
Libraries	306,125	---	128,194	---	---	50,709	461,412
Cultural Services	803	---	47,259	---	---	---	48,062
<b>Planning and Development</b>							
Planning & Zoning Commercial & Industrial	230,493	---	438,639	424,155	---	---	1,093,287
Commercial & Industrial	---	---	---	---	---	---	---
<b>2018</b>	<b>8,951,862</b>	<b>271,536</b>	<b>8,850,346</b>	<b>1,399,968</b>	<b>---</b>	<b>3,597,482</b>	<b>23,071,194</b>

**Town of Carleton Place  
Notes to the Consolidated Financial Statements**

**December 31, 2018**

**18. Segmented Information / continued**

2017	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	Materials & Services Non TCA	Interfunc- tional Adjustments	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>							
Governance	221,522	---	100,405	---	---	---	321,927
Corporate Management & Program Support	944,506	---	564,563	126,929	(232,767)	27,036	1,430,267
Post Retirement Benefits	(50,852)	---	---	---	---	---	(50,852)
<b>Protection to Persons and Property</b>							
Fire	617,592	---	170,014	9,565	24,000	129,815	950,986
Police	70,730	---	2,239,638	---	---	1,435	2,311,803
Conservation Authority	---	150,508	63,754	---	---	---	214,262
Protective Inspection	346,118	---	102,881	---	---	3,644	452,643
<b>Transportation</b>							
Roadways	925,515	---	258,006	185,087	---	1,516,131	2,884,739
Winter Control	155,053	---	365,006	---	---	---	520,059
Street Lighting	252	---	188,807	---	---	---	189,059
Transit	---	---	328,385	---	---	---	328,385
<b>Environmental</b>							
Sanitary Sewer	89,378	86,105	1,150,257	400,151	115,000	612,786	2,453,677
Waterworks	169,420	17,533	829,758	233,167	91,000	828,064	2,168,942
Waste Services	64,179	---	800,480	---	---	---	864,659
<b>Health Services</b>							
Health services	136	---	6,525	---	---	---	6,661
<b>Social and Family</b>							
Child Care	2,918,037	36,106	385,223	---	55,000	54,178	3,448,544
<b>Recreation and Cultural Services</b>							
Parks	175,078	---	82,480	70,592	---	99,254	427,404
Recreation Facilities & Programs	1,164,194	---	972,507	106,138	(55,000)	186,370	2,374,209
Libraries	292,910	---	72,417	18,341	---	50,709	434,377
Cultural Services	4,344	---	60,072	---	---	---	64,416
<b>Planning and Development</b>							
Planning & Zoning	223,814	---	74,865	---	---	---	298,679
Commercial & Industrial	122,966	---	398,556	98,923	2,767	---	623,212
<b>2017</b>	<b>8,454,892</b>	<b>290,252</b>	<b>9,214,599</b>	<b>1,248,893</b>	<b>---</b>	<b>3,509,422</b>	<b>22,718,058</b>

**Town of Carleton Place**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

**19. Budget Figures**

The 2018 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	23,367,384	25,955,666
Total Expenditures	(23,342,554)	(23,071,194)
Net Revenues	24,830	2,884,472
Amortization	3,500,000	3,597,482
Adjusted Net Revenues	3,524,830	6,481,954
Capital Revenues	5,294,268	4,741,747
Funds Available	8,819,098	11,223,701
Capital Expenditures	(10,066,500)	(6,878,013)
Disposal of Tangible Capital Assets	---	51,013
Acquisition of Inventory	---	(21,819)
Acquisition of Prepaid Expense	---	(19,752)
Principal Repayments on Long Term Debt	(479,004)	(479,004)
Net Long Term Debt Acquired	785,000	---
Increase Unfunded Post Employment Benefits	10,178	10,178
(Decrease) Increase in Operating Surplus	(931,228)	3,886,304
<b>Allocated as follows:</b>		
Net Increase in Unfinanced Capital	509,338	241,306
Net Transfers (to) from Reserves	(1,440,566)	3,646,257
Year End Operating Deficit	---	(1,259)
	(931,228)	3,886,304

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

For the year ended December 31	(Note 19) Budget	2018	2017
	\$	\$	\$
<b>Revenues</b>			
Investment income	60,000	77,622	49,035
<b>Net Transfers From / (To) Other Funds</b>			
Transfers from operations	1,246,264	5,081,175	5,998,924
Transfers to capital acquisitions	(2,746,830)	(1,512,540)	(1,876,213)
<b>Total Net Transfers</b>	(1,500,566)	3,568,635	4,122,711
<b>Reserves and Reserve Fund Balances, Change in Year</b>	(1,440,566)	3,646,257	4,171,746
<b>Reserves and Reserve Fund Balances, Beginning of Year</b>	18,022,953	18,022,953	13,851,207
<b>Reserves and Reserve Fund Balances, End of Year</b>	16,582,387	21,669,210	18,022,953

**Composition of Reserves and Reserve Funds**

For the year ended December 31	2018	2017
	\$	\$
<b>Reserves set aside for specific purposes by Council:</b>		
<b>For Operating Purposes</b>		
▶ for working funds	1,029,717	1,029,717
▶ for insurance	29,472	24,793
▶ for elections	34,500	34,500
▶ for business improvement area	14,485	35,437
▶ for health services	339,500	339,500
▶ for economic development	134,758	221,097
	<b>1,582,432</b>	<b>1,685,044</b>
<b>For Capital Purposes</b>		
▶ for acquisition of capital assets	2,076,020	2,161,120
▶ for contingencies, office equipment	751,161	779,350
▶ for recreation purposes	800,374	895,508
▶ for library purposes	450,316	414,909
▶ for fire, police and protective inspection	883,228	536,709
▶ for day care purposes	1,776,501	907,348
▶ for sewage and water treatment plant	11,296,389	8,499,148
	<b>18,033,989</b>	<b>14,194,092</b>
<b>Total Reserves</b>	<b>19,616,421</b>	<b>15,879,136</b>
<b>Reserve Funds</b>		
▶ for tax rate stabilization	2,052,789	2,143,817
<b>Total Reserves and Reserve Funds</b>	<b>21,669,210</b>	<b>18,022,953</b>

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
	<b>167,787,483</b>	<b>13,175,279</b>	<b>(6,843,316)</b>	<b>174,119,446</b>

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
	<b>62,168,883</b>	<b>3,597,482</b>	<b>(495,037)</b>	<b>65,271,328</b>	<b>108,848,118</b>

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

**Town of Carleton Place  
Schedule 2 ▶ 2017 Tangible Capital Assets**

Asset Class	Cost 01/01/17	Additions	(Disposals)	Cost 31/12/17
	\$	\$	\$	\$
Land	5,790,961	---	---	5,790,961
Land Improvements	1,223,218	317,472	---	1,540,690
Buildings	17,313,675	---	---	17,313,675
Machinery & Equipment	4,796,914	118,586	(50,013)	4,865,487
Vehicles	4,024,387	797,739	(372,216)	4,449,910
Water & Waste Plants & Networks				
Water plant	7,824,019	---	---	7,824,019
Sewage plant	16,381,908	---	---	16,381,908
Storm ponds	379,388	424,862	---	804,250
Linear Assets				
Roads				
Sidewalks / curbs	33,288,906	1,221,625	(475,622)	34,034,909
Underground Networks	6,342,959	252,959	(64,228)	6,531,690
▶ Water	25,521,504	252,508	---	25,774,012
▶ Sewer	19,897,284	127,894	---	20,025,178
▶ Storm	12,593,501	---	---	12,593,501
Bridges	499,050	---	---	499,050
Construction in Progress	3,564,106	5,794,137	---	9,358,243
	159,441,780	9,307,782	(962,079)	167,787,483

Asset Class	Accumulated Amortization 01/01/17	Amortization	(Disposals)	Accumulated Amortization 31/12/17	Net Book Value 31/12/17
	\$	\$	\$	\$	\$
Land	---	---	---	---	5,790,961
Land Improvements	709,934	48,928	---	758,862	781,828
Buildings	5,027,934	299,213	---	5,327,147	11,986,528
Machinery & Equipment	2,542,950	191,589	(50,013)	2,684,526	2,180,961
Vehicles	2,599,556	302,222	(323,937)	2,577,841	1,872,069
Water & Waste Plants & Networks					
Water plant	2,828,418	129,817	---	2,958,235	4,865,784
Sewage plant	4,592,340	273,032	---	4,865,372	11,516,536
Storm ponds	264,680	15,176	---	279,856	524,394
Linear Assets					
Roads					
Sidewalks / curbs	15,660,175	1,103,982	(301,516)	16,462,641	17,572,268
Underground Networks	2,830,245	169,744	(46,558)	2,953,431	3,578,259
▶ Water	9,475,810	425,214	---	9,901,024	15,872,988
▶ Sewer	7,637,864	331,492	---	7,969,356	12,055,822
▶ Storm	4,865,566	209,892	---	5,075,458	7,518,043
Bridges	346,013	9,121	---	355,134	143,916
Construction in Progress	---	---	---	---	9,358,243
	59,381,485	3,509,422	(722,024)	62,168,883	105,618,600

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



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**INDEPENDENT AUDITOR’S REPORT**

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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, 2018;
- 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, 2018, 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 14, 2019.

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

December 31	2018	2017
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term deposits	386,835	439,927
Accounts receivable	64,905	---
	<b>451,740</b>	<b>439,927</b>
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	1,424	24,434
	<b>450,316</b>	<b>415,493</b>
<b>NET FINANCIAL ASSETS</b>		
	<b>450,316</b>	<b>415,493</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	585,971	590,104
	<b>1,036,287</b>	<b>1,005,597</b>
<b>ACCUMULATED SURPLUS (note 3)</b>		
	<b>1,036,287</b>	<b>1,005,597</b>

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	2018	2017
	\$	\$	\$
<b>RÉVENUES</b>			
Government Grants			
Municipal Grants			
▶ Carleton Place	235,978	236,468	228,340
▶ Beckwith	105,200	105,200	101,288
▶ Mississippi Mills	48,100	48,100	46,642
▶ Drummond/North Elmsley	700	---	705
Province of Ontario	28,627	37,983	26,127
User Charges ▶ fees and service charges	18,300	16,156	19,688
Interest	---	944	234
Other Income			
Rentals and fines	8,750	10,008	9,669
Donations	---	8,360	1,987
<b>TOTAL REVENUES</b>	445,655	463,219	434,680
<b>EXPENDITURES</b>			
Salaries, wages, employee benefits	292,900	306,123	277,319
Administration	15,650	28,536	25,179
Computer maintenance, supplies	41,050	14,658	18,438
Program supplies	3,650	5,309	3,179
Photocopier charges and supplies	1,750	806	3,536
Building and equipment maintenance	23,900	23,673	22,434
Insurance	2,250	1,884	2,235
Utilities	17,500	18,751	13,008
Amortization	50,000	50,709	50,709
Equipment replacement	---	80	18,341
<b>TOTAL EXPENDITURES</b>	448,650	450,529	434,378
<b>NET REVENUES (EXPENDITURES) FROM OPERATIONS</b>	(2,995)	12,690	302
<b>OTHER</b>			
Grants and transfers related to capital			
Deferred revenues earned	18,000	18,000	18,000
<b>ANNUAL SURPLUS</b>	15,005	30,690	18,302
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	1,005,597	1,005,597	987,295
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	1,020,602	1,036,287	1,005,597

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	2018	2017
	\$	\$
<b>ANNUAL SURPLUS</b>	<b>30,690</b>	<b>18,302</b>
Amortization of tangible capital assets	50,709	50,709
Acquisition of tangible capital assets	(46,576)	(56,793)
	<b>4,133</b>	<b>(6,084)</b>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>34,823</b>	<b>12,218</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>415,493</b>	<b>403,275</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>450,316</b>	<b>415,493</b>

**Statement of Cash Flows**

For the year ended December 31	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus for the year	30,690	18,302
Amortization	50,709	50,709
	<b>81,399</b>	<b>69,011</b>
<b>Net Change in Non-Cash Working Capital Items</b>		
Accounts receivable	(64,905)	222
Accounts payable and accrued liabilities	(23,010)	19,432
	<b>(87,915)</b>	<b>19,654</b>
<b>Working Capital from Operations</b>	<b>(6,516)</b>	<b>88,665</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(46,576)	(56,793)
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(53,092)</b>	<b>31,872</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>439,927</b>	<b>408,055</b>
<b>CASH, END OF YEAR</b>	<b>386,835</b>	<b>439,927</b>

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

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

**December 31, 2018**

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**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.

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**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 expenditures, 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. Expenditures 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:

<b>Assets</b>	<b>Estimated Useful Life</b>
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.

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

**December 31, 2018**

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**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, 2018**

**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 expenditures 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:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Surplus</b>		
Invested in tangible capital assets	585,971	590,104
Library operations	---	584
	<b>585,971</b>	<b>590,688</b>
<b>Reserves</b>		
Capital	450,316	414,909
<b>Accumulated Surplus</b>	<b>1,036,287</b>	<b>1,005,597</b>

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

**December 31, 2018**

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**4. Tangible Capital Assets**

<b>Net Book Value of Assets</b>	<b>2018</b>	<b>2017</b>
	\$	\$
Buildings	379,513	390,024
Books	206,458	200,080
	<b>585,971</b>	<b>590,104</b>

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

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**5. Budget Figures**

Carleton Place Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2018 is included in the budget figures presented in the Statement of Operations.

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**Town of Carleton Place  
Public Library Board**

**Schedule 1 ▶ Continuity of Reserves and Reserve Funds**

For the year ended December 31	(Note 5) Budget	2018	2017
	\$	\$	\$
<b>Net Transfers from (to) Other Funds</b>			
Transfer from current fund	13,505	35,407	30,049
Transfer to capital fund	---	---	(18,341)
<b>Total Net Transfers</b>	13,505	35,407	11,708
<b>Reserves and Reserve Fund Balance, Change in Year</b>	13,505	35,407	11,708
<b>Reserves and Reserve Fund Balance, Beginning of Year</b>	414,909	414,909	403,201
<b>Reserves and Reserve Fund Balance, End of Year</b>	428,414	450,316	414,909

**Composition of Reserves**

For the year ended December 31	2018	2017
	\$	\$
<b>Reserves</b>		
Capital	450,316	414,909

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

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

**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	---
	<b>1,087,851</b>	<b>(1,260)</b>	<b>1,086,591</b>	<b>497,747</b>	<b>50,709</b>	<b>(47,836)</b>	<b>500,620</b>	<b>585,971</b>

**December 31, 2017**

Assets	Cost 01/01/17	Additions (Disposals)	Cost 31/12/17	Accumulated Amortization 01/01/17	Amortization 2017	(Disposals)	Accumulated Amortization 31/12/17	Net Book Value 31/12/17
	\$	\$	\$	\$	\$	\$	\$	\$
Building	630,666	---	630,666	230,131	10,511	---	240,642	390,024
Books	328,071	6,780	334,851	145,061	39,723	(50,013)	134,771	200,080
Equipment	122,334	---	122,334	121,859	475	---	122,334	---
	<b>1,081,071</b>	<b>6,780</b>	<b>1,087,851</b>	<b>497,051</b>	<b>50,709</b>	<b>(50,013)</b>	<b>497,747</b>	<b>590,104</b>

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



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## INDEPENDENT AUDITOR'S REPORT

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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, 2018;
- 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').

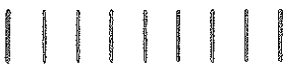
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public 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 14, 2019.

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

December 31	2018	2017
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term deposits	15,077	39,911
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	592	3,799
<b>NET FINANCIAL ASSETS</b>	<b>14,485</b>	<b>36,112</b>
<b>ACCUMULATED SURPLUS (note 3)</b>	<b>14,485</b>	<b>36,112</b>

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	2018	2017
	\$	\$	\$
<b>REVENUES</b>			
Taxation	158,025	<b>158,100</b>	155,000
Municipal contribution	13,300	<b>13,300</b>	13,300
Government grants	2,500	<b>(161)</b>	---
Promotion and donations	16,625	<b>10,340</b>	067
<b>TOTAL REVENUES</b>	190,450	<b>181,579</b>	179,367
<b>EXPENDITURES</b>			
Advertising and promotion	95,150	<b>86,625</b>	79,370
Salaries, wages and benefits	18,000	<b>45,456</b>	29,903
Street maintenance	21,500	<b>27,474</b>	28,489
Office supplies and maintenance	22,800	<b>17,494</b>	22,550
Conventions and conferences	3,000	<b>4,458</b>	4,480
Minor capital	20,000	<b>30,513</b>	12,000
Contribution to facade improvements	10,000	<b>11,186</b>	3,310
<b>TOTAL EXPENDITURES</b>	190,450	<b>223,206</b>	180,102
<b>NET EXPENDITURES FROM OPERATIONS</b>	---	<b>(41,627)</b>	(735)
<b>OTHER</b>			
Grants and transfers related to capital	---	<b>20,000</b>	---
<b>ANNUAL DEFICIT</b>	---	<b>(21,627)</b>	(735)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	36,112	<b>36,112</b>	36,847
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	36,112	<b>14,485</b>	36,112

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	2018	2017
	\$	\$
<b>ANNUAL DEFICIT</b>	<b>(21,627)</b>	<b>(735)</b>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(21,627)</b>	<b>(735)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>36,112</b>	<b>36,847</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>14,485</b>	<b>36,112</b>

**Statement of Cash Flows**

For the year ended December 31	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual deficit for the year	(21,627)	(735)
<b>Net Change in Non-Cash Working Capital Items</b>		
Accounts payable and accrued liabilities	(3,207)	(26,926)
Working Capital from Operations	(24,834)	(27,661)
<b>NET DECREASE IN CASH</b>	<b>(24,834)</b>	<b>(27,661)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>39,911</b>	<b>67,572</b>
<b>CASH, END OF YEAR</b>	<b>15,077</b>	<b>39,911</b>

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



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

**December 31, 2018**

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**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.

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**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 expenditures, 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. Expenditures 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:

<b>Assets</b>	<b>Estimated Useful Life</b>
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.

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

**December 31, 2018**

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**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, 2018**

**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 expenditures 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:

	2018	2017
	\$	\$
<b>Surplus</b>		
Business Improvement Area Committee	---	675
<b>Reserves</b>		
Contingency	14,485	35,937
<b>Accumulated Surplus</b>	<b>14,485</b>	<b>36,112</b>

**4. Budget Figures**

Carleton Place Business Improvement Area Committee reviews its operating and capital budgets each year. The approved operating budget for 2018 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	2018	2017
	\$	\$	\$
<b>Net Transfers from (to) Other Funds</b>			
Transfer to current fund	(20,000)	(20,952)	(1,266)
<b>Total Net Transfers</b>	(20,000)	(20,952)	(1,266)
<b>Reserves and Reserve Fund Balance, Change in Year</b>	(20,000)	(20,952)	(1,266)
<b>Reserves and Reserve Fund Balance, Beginning of Year</b>	35,437	35,437	36,703
<b>Reserves and Reserve Fund Balance, End of Year</b>	15,437	14,485	35,437

**Composition of Reserves**

For the year ended December 31	2018	2017
	\$	\$
<b>Reserves</b>		
Contingency	14,485	35,437

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

**Town of Carleton Place  
Swimming Pool Committee of Management  
Statement of Operations**

For the year ended December 31	(Note 19) Budget	2018	2017
	\$	\$	\$
<b>Revenues</b>			
Fees and lessons	350,700	336,275	336,748
Admissions and memberships	26,500	30,472	26,230
Rent, concessions and special events	60,000	66,081	63,874
School board contributions	95,651	103,398	86,720
Beckwith municipal grant	27,861	27,861	22,728
Mississippi Mills municipal grant	21,537	21,537	17,839
Appropriations from reserves	---	9,565	---
Town contribution	67,272	8,876	73,834
<b>Total Revenues</b>	649,521	604,065	627,973
<b>Expenditures</b>			
Salaries, wages and benefits	396,808	378,365	373,039
Materials and supplies	81,182	66,155	83,150
Utilities	134,458	128,399	131,246
Telephone and office expenses	15,559	---	19,534
Insurance	2,596	2,208	2,543
Appropriations to reserves	18,918	19,373	18,461
	649,521	594,500	627,973
<b>Capital Expenditures</b>			
Other minor capital	---	9,565	---
<b>Total Expenditures</b>	649,521	604,065	627,973
<b>Net Revenues for the Year</b>	---	---	---

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

**Town of Carleton Place  
Children's Centre  
Statement of Operations**

For the year ended December 31	(Note 19) Budget	2018	2017
	\$	\$	\$
<b>Revenues</b>			
County ▶ fee subsidy	640,294	970,118	677,060
▶ operating subsidy	509,698	1,026,556	786,006
▶ other funding	---	31,892	2,460
Attendance fees	2,445,234	2,135,794	2,145,195
Fund raising	5,000	9,816	20
Rental income	---	600	40,303
Other funding	---	---	7,153
Appropriations from reserves	78,000	78,000	78,000
Town contribution	41,521	5	57,504
<b>Total Revenues</b>	<b>3,719,747</b>	<b>4,252,781</b>	<b>3,793,701</b>
<b>Expenditures</b>			
Program ▶ salaries and benefits	2,390,740	2,273,205	2,169,611
▶ materials and services	140,450	84,414	98,592
Occupancy ▶ salaries and benefits	56,338	78,581	100,143
▶ materials and services	133,200	108,718	121,561
▶ allocated rent	65,000	65,000	55,000
▶ debt payments	126,962	126,962	126,107
▶ 'train station'	33,375	17,357	31,895
Dietary ▶ salaries and benefits	128,578	151,051	149,580
▶ food costs and supplies	112,400	97,765	98,473
Administration ▶ salaries and benefits	459,504	457,307	496,874
▶ supplies and services	43,200	24,741	29,534
Appropriations to reserves	30,000	733,026	316,331
	3,719,747	4,218,127	3,793,701
<b>Capital Expenditure</b>	<b>---</b>	<b>34,654</b>	<b>---</b>
<b>Total Expenditures</b>	<b>3,719,747</b>	<b>4,252,781</b>	<b>3,793,701</b>
<b>Net Revenues for the Year</b>	<b>---</b>	<b>---</b>	<b>---</b>

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