

VILLAGE OF CARMANGAY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

VILLAGE OF CARMANGAY

DECEMBER 31, 2015

CONTENTS

	<u>Page</u>
AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Financial Assets (Debt)	5
Consolidated Statement of Cash Flows	6
Schedules	7 - 12
Notes to Financial Statements	13 - 21
Management Report	22



Scase & Partners

Professional Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL VILLAGE OF CARMANGAY

We have audited the accompanying financial statements of Village of Carmangay, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Suite 32, 2333 18th Avenue NE, Calgary Alberta. T2E 8T6
Suite 1000, 640 – 8th Avenue SW, Calgary, Alberta T2P 1G7
Ph: 403-735-0735 Fax: 403-735-2377
www.scase.ca



Partners are members of CPA Alberta

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Village of Carmangay as at December 31, 2015, the results of its operations, changes in its net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

April 23, 2016
Calgary, Alberta



Professional Accountants

VILLAGE OF CARMANGAY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 934,147	\$ 690,084
Receivables:		
Taxes and grants in lieu receivable (Note 3)	94,701	62,409
Trade and other receivables	26,176	25,009
Due from other governments - GST	15,022	7,071
	1,070,046	784,573
LIABILITIES		
Accounts payable and accrued liabilities	15,486	7,310
Deferred revenue (Note 6)	821,655	582,275
Deposit liabilities (Note 6)	11,434	4,710
Long term debt (Note 5)	9,350	18,650
	857,925	612,945
NET FINANCIAL ASSETS (DEBT)	212,121	171,628
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4, Schedule 2)	2,338,080	2,365,448
Prepaid expenses	7,002	7,002
	2,345,082	2,372,450
ACCUMULATED SURPLUS (Schedule 1, Note 10)	\$ 2,557,203	\$ 2,544,078

APPROVED:

_____ **Mayor**

_____ **Councillor**

The accompanying notes form an integral part of these financial statements

VILLAGE OF CARMANGAY

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET	2015	2014
	(Unaudited)		
REVENUE			
Net municipal taxes (Schedule 3)	\$ 235,726	\$ 221,092	\$ 205,537
User fees and sales	173,550	140,624	133,241
Government transfers (Schedule 4)	77,046	41,446	45,249
Investment income	-	4,734	5,039
Penalties and costs of taxes	12,000	22,154	12,647
Licences and permits	1,225	1,250	1,475
Other	-	28,445	107,500
Franchise and concession contracts	11,000	10,266	10,894
Fines	-	1,183	1,362
Rentals	9,241	8,593	10,041
	519,788	479,787	532,985
EXPENSES			
Legislative	22,500	20,502	21,862
Administration	154,324	139,187	140,450
Fire and disaster	16,184	455	455
Ambulance	-	2,794	10,994
Bylaws enforcement	3,500	765	1,411
Common service	-	36,631	43,025
Roads, streets, walks, lighting	73,600	58,293	65,630
Water supply and distribution	136,831	173,763	325,147
Wastewater treatment and disposal	22,700	60,168	67,615
Waste management	53,563	52,736	48,714
Family and community support	2,000	1,709	1,710
Land use, planning, zoning and development	-	750	1,087
Subdivision land development	-	4,073	3,443
Cemeteries	2,000	536	1,436
Parks and recreation	19,100	23,140	19,241
Culture	3,760	4,065	3,961
	510,062	579,567	756,181
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	9,726	(99,780)	(223,196)
OTHER			
Government transfers for capital (Schedule 4)	-	101,659	146,652
Contributed assets	-	11,246	39,620
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	9,726	13,125	(36,924)
ACCUMULATED SURPLUS, beginning of year	2,119,732	2,544,078	2,581,002
ACCUMULATED SURPLUS, end of year	\$ 2,129,458	\$ 2,557,203	\$ 2,544,078

The accompanying notes form an integral part of these financial statements

VILLAGE OF CARMANGAY

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET (Unaudited)	2015	2014
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 9,726	\$ 13,125	\$ (36,924)
Acquisition of tangible capital assets	-	(88,381)	(90,086)
Contributed tangible capital assets	-	(11,246)	(39,620)
Amortization of tangible capital assets	-	126,995	125,239
	-	27,368	(4,467)
Acquisition of prepaid assets	-	(7,002)	(7,002)
Use of prepaid assets	-	7,002	7,001
	-	-	(1)
(INCREASE) DECREASE IN NET DEBT	9,726	40,493	(41,392)
NET FINANCIAL ASSETS (DEBT), beginning of year	267,397	171,628	213,020
NET FINANCIAL ASSETS (DEBT), end of year	\$ 277,123	\$ 212,121	\$ 171,628

The accompanying notes form an integral part of these financial statements

VILLAGE OF CARMANGAY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 13,125	\$ (36,924)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	126,995	125,239
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(32,292)	(9,320)
Decrease (increase) in trade and other receivables	(1,167)	(935)
Decrease (increase) in due from other gov't receivables	(7,951)	(656)
Increase (decrease) in deposit liabilities	6,724	(3,455)
Increase (decrease) in accounts payable and accrued liabilities	8,177	6,775
Increase (decrease) in deferred revenue	239,380	101,778
CASH PROVIDED BY OPERATING TRANSACTIONS	352,991	182,502
CAPITAL		
Acquisition of tangible capital assets	(99,627)	(129,706)
CASH APPLIED TO CAPITAL TRANSACTIONS	(99,627)	(129,706)
FINANCING		
Long-term debt repaid	(9,301)	(8,998)
CASH APPLIED TO FINANCING TRANSACTIONS	(9,301)	(8,998)
CHANGE IN CASH AND CASH EQUIVALENTS	244,063	43,798
CASH AND CASH EQUIVALENTS, beginning of year	690,084	646,286
CASH AND CASH EQUIVALENTS, end of year	\$ 934,147	\$ 690,084
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ 934,147	\$ 690,084
Restricted portion of cash and temporary investments (Note 2)	(899,774)	(653,670)
	\$ 34,373	\$ 36,414
INTEREST PAID ON LONG-TERM DEBT	\$ 425	\$ 728

The accompanying notes form an integral part of these financial statements

VILLAGE OF CARMANGAY

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
BALANCE , beginning of year	\$ 130,596	\$ 66,685	\$ 2,346,797	\$ 2,544,078	\$ 2,581,002
Excess (deficiency) of revenues over expenses	13,125	-	-	13,125	(36,924)
Current year funds used for tangible capital assets	(88,381)	-	88,381	-	-
Annual amortization expense	126,995	-	(126,995)	-	-
Long term debt repaid	(9,301)	-	9,301	-	-
Change in accumulated surplus	42,438	-	(29,313)	13,125	(36,924)
BALANCE , end of year	\$ 173,034	\$ 66,685	\$ 2,317,484	\$ 2,557,203	\$ 2,544,078

VILLAGE OF CARMANGAY

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 2

	<u>ENGINEERED STRUCTURES</u>							2015	2014
	LAND	BUILDINGS IMPROVEMENTS LAND	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	MACHINERY AND EQUIPMENT	VEHICLES		
COST:									
BALANCE, beginning of year	\$ 146,339	\$ 193,189	\$ 1,474,500	\$ 1,208,324	\$ 2,166,394	\$ 246,113	\$ 37,345	\$ 5,472,204	\$ 5,342,498
Acquisition of tangible capital assets	-	11,246	52,323	9,969	7,187	18,902	-	99,627	129,706
BALANCE, end of year	146,339	204,435	1,526,823	1,218,293	2,173,581	265,015	37,345	5,571,831	5,472,204
ACCUMULATED AMORTIZATION:									
BALANCE, beginning of year	-	50,832	986,817	405,060	1,546,952	88,462	28,633	3,106,756	2,981,517
Annual amortization	-	6,047	37,860	23,710	46,944	9,860	2,575	126,996	125,239
BALANCE, end of year	-	56,879	1,024,677	428,770	1,593,896	98,322	31,208	3,233,752	3,106,756
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 146,339	\$ 147,556	\$ 502,146	\$ 789,523	\$ 579,685	\$ 166,693	\$ 6,137	\$ 2,338,079	\$ 2,365,448
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 146,339	\$ 142,357	\$ 487,683	\$ 803,264	\$ 619,442	\$ 157,651	\$ 8,712	\$ 2,365,448	

VILLAGE OF CARMANGAY

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 3

	BUDGET (Unaudited)	2015	2014
TAXATION			
Real property taxes	\$ 271,202	\$ 252,018	\$ 243,661
Special assessments and local improvement taxes	19,000	23,550	12,950
	290,202	275,568	256,611
REQUISITIONS			
Alberta School Foundation Fund	51,278	51,278	48,226
Seniors Lodge	3,198	3,198	2,848
	54,476	54,476	51,074
NET MUNICIPAL TAXES	\$ 235,726	\$ 221,092	\$ 205,537

VILLAGE OF CARMANGAY

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 4

	BUDGET (Unaudited)	2015	2014
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 77,046	\$ 41,446	\$ 39,917
Other Local Governments	-	-	5,332
	77,046	41,446	45,249
TRANSFERS FOR CAPITAL:			
Provincial Government	-	101,659	146,652
	-	101,659	146,652
TOTAL GOVERNMENT TRANSFERS	\$ 77,046	\$ 143,105	\$ 191,901

VILLAGE OF CARMANGAY

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 5

	BUDGET (Unaudited)	2015	2014
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 189,855	\$ 124,618	\$ 139,399
Contracted and general services	129,697	172,626	344,037
Materials, goods and utilities	128,451	139,752	122,576
Transfers to local boards and agencies	24,044	13,711	22,143
Interest on long-term debt	552	425	728
Purchases from other governments	35,963	-	-
Amortization of tangible capital assets	-	126,995	125,239
Bank charges and short-term interest	1,500	1,439	2,060
	\$ 510,062	\$ 579,566	\$ 756,182

VILLAGE OF CARMANGAY

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 221,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,092
Government transfers	41,446	-	101,659	-	-	-	-	143,105
User fees and sales								
of goods	1,814	-	90	650	8,065	129,855	150	140,624
Investment income	4,734	-	-	-	-	-	-	4,734
Contributed assets	-	-	-	-	11,246	-	-	11,246
Other revenues	70,372	1,250	269	-	-	-	-	71,891
	<u>339,458</u>	<u>1,250</u>	<u>102,018</u>	<u>650</u>	<u>19,311</u>	<u>129,855</u>	<u>150</u>	<u>592,692</u>
EXPENSES								
Contract & general services	73,051	1,565	2,574	4,823	10,815	79,798	-	172,626
Salaries and wages	71,203	-	17,990	-	5,156	29,733	536	124,618
Goods and supplies	8,448	-	27,023	-	1,777	102,504	-	139,752
Transfers to local boards	6,707	1,994	-	-	5,010	-	-	13,711
Long-term debt interest	425	-	-	-	-	-	-	425
Other expenses	1,439	-	-	-	-	-	-	1,439
	<u>161,273</u>	<u>3,559</u>	<u>47,587</u>	<u>4,823</u>	<u>22,758</u>	<u>212,035</u>	<u>536</u>	<u>452,571</u>
NET REVENUE BEFORE								
AMORTIZATION	178,185	(2,309)	54,431	(4,173)	(3,447)	(82,180)	(386)	140,121
Amortization Expense	126	455	47,336	-	4,447	74,632	-	126,996
NET REVENUE	<u>\$ 178,059</u>	<u>\$ (2,764)</u>	<u>\$ 7,095</u>	<u>\$ (4,173)</u>	<u>\$ (7,894)</u>	<u>\$ (156,812)</u>	<u>\$ (386)</u>	<u>\$ 13,125</u>

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Carmangay are the representations of management prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the town are as follows:

(a) Reporting Entity

The financial statements consist of tax supported and self-supporting activities or entities whose operations and assets are under the control of the municipal council.

The schedule of taxes levied also includes operating requisitions for many educational, health care, social and other external organization that are not controlled by the municipal council.

The statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of accounting

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified,

Government transfers, contributions, and other amounts are received from third parties pursuant to legislation, regulation, or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Government Transfers

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

Government transfers are recognized in the consolidated financial statements as revenue in the 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 determined.

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Investments

Investments are recorded at cost. Investment premiums and discounts are amortized proportionately over the term of the respective investment.

(e) Non-Financial Assets

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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provided the consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

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

Land Improvements	15-20 years
Buildings	25-50 years
Engineered Structures	
Water System	35-65 years
Wastewater system	35-65 years
Other engineered structures	15-40 years
Machinery and equipment	5-20 years
Vehicles	3-20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the assets if available for productive use.

ii. Contributions of Tangible Capital Assets

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

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Taxes and Grants in Lieu Receivable

Taxes and grants in lieu receivable consist of current tax levies which remain outstanding at December 31, 2015.

(g) Inventories

Inventories of materials and supplies are valued at cost.

Land held for resale is recorded at cost. Cost included costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under their respective functions. When land is sold the inventory balance is reduced with an offsetting adjustment to equity in physical assets.

(h) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the applicable fund.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards for local governments 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 revenues and expenditures during the period. Actual results could differ from those estimates.

(j) Certain balances may not add due to formula rounding.

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

2. CASH AND TEMPORARY INVESTMENTS

	<u>2015</u>	<u>2014</u>
Cash	\$ 373,075	\$ 78,365
Investments - cash equivalents	<u>561,072</u>	<u>611,719</u>
	<u>\$ 934,147</u>	<u>\$ 690,084</u>
Restricted cash		
Restricted surplus	\$ 66,685	\$ 66,685
Deferred revenue	821,655	582,275
Deposits	<u>11,434</u>	<u>4,710</u>
	<u>\$ 899,774</u>	<u>\$ 653,670</u>

Temporary investments are short term deposits with maturities within the normal operating cycle (fiscal year) of the municipality.

Non-current investments are term deposits with maturities exceeding the normal operating cycle (fiscal year) of the municipality.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2015</u>	<u>2014</u>
Current taxes and grants in place of taxes	\$ 64,474	\$ 46,134
Arrears taxes	<u>30,227</u>	<u>16,275</u>
	94,701	62,409
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 94,701</u>	<u>\$ 62,409</u>

4. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	<u>2015</u>	<u>2014</u>
Land	\$ 146,339	\$ 146,339
Land Improvements	46,529	38,299
Buildings	101,026	104,057
Engineered Structures		
Roadway system	502,146	487,683
Water distribution system	789,523	803,264
Wastewater treatment system	579,685	619,442
Machinery, equipment and furnishings	166,694	157,651
Vehicles	<u>6,138</u>	<u>8,713</u>
	<u>\$ 2,338,080</u>	<u>\$ 2,365,448</u>

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

5. LONG-TERM DEBT

	<u>2015</u>	<u>2014</u>	
Tax supported debentures	\$ <u>9,350</u>	\$ <u>18,650</u>	
Current Portion	\$ <u>9,350</u>	\$ <u>8,997</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ <u>9,350</u>	\$ <u>175</u>	\$ <u>9,525</u>

Loan due to ATB Financial for generator for water treatment plant. Blended quarterly payments of \$2,431 with interest calculated at prime bank rate. The loan is due in full January 1, 2017. Security is provided by a bylaw of the Village of Carmangay.

6. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	<u>2015</u>	<u>2014</u>
Deposits		
Playground donations	\$ 6,057	\$ -
Water deposits	1,087	1,087
Tax prepayments	3,520	2,401
Water prepayments	<u>770</u>	<u>1,222</u>
	11,434	4,710
Infrastructure Canada-Alberta programs	<u>821,655</u>	<u>582,275</u>
	<u>\$ 833,089</u>	<u>\$ 586,985</u>

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

7. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2015			2014
	Salary (1)	Benefits and Allowances (2)	Total	Total
Mayor Nichols	5,035	1,924	6,959	\$ 8,196
Councilor Sabourin	4,280	1,548	5,828	6,568
Councilor Smidt	4,445	2,773	7,218	5,216
CAO	31,404	5,104	36,508	66,546

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
- (3) Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement services, concession loans, travel allowances, car allowances and club memberships.

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Carmangay be disclosed as follows:

	2015	2014
Total debt limit	\$ 736,550	\$ 858,908
Total debt	<u>(9,350)</u>	<u>(18,650)</u>
Amount of debt limit (exceeded) unused	<u>\$ 727,200</u>	<u>\$ 840,258</u>
	2015	2014
Debt servicing limit	\$ 122,758	\$ 143,151
Debt servicing	<u>(9,525)</u>	<u>(9,726)</u>
Amount of debt servicing limit (exceeded) unused	<u>\$ 113,233</u>	<u>\$ 133,425</u>

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

8. DEBT LIMITS, continued

The debt limit is calculated as 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Tangible capital assets (Schedule 2)	\$ 5,571,831	\$ 5,472,204
Accumulated amortization (Schedule 2)	<u>(3,233,752)</u>	<u>(3,106,756)</u>
	2,338,079	2,365,448
Long-term debt (Note 5)	<u>(9,350)</u>	<u>(18,650)</u>
	<u>\$ 2,328,729</u>	<u>\$ 2,346,798</u>

10. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ <u>173,034</u>	\$ <u>130,596</u>
Restricted surplus		
Capital reserve	19,911	19,911
Operating contingency	7,654	7,654
Assessment reserve	3,000	3,000
Garbage reserve	621	621
Water treatment reserve	5,499	5,499
Operating reserve	<u>30,000</u>	<u>30,000</u>
	<u>66,685</u>	<u>66,685</u>
Equity in tangible capital assets	<u>2,328,729</u>	<u>2,346,797</u>
	<u>\$ 2,568,448</u>	<u>\$ 2,544,078</u>

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Village is required to make current service contributions to the LAPP of 5.525% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 7.4% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 4.535% of pensionable salary up to the year's maximum pensionable salary and 6.4% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2015 \$8,770 (2014 - \$7,879). Total current service contributions by the employees of the Village to the LAPP in 2015 were \$8,000 (2014 - \$6,992).

12. CONTINGENCIES

The Village of Carmangay is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

13. FINANCIAL INSTRUMENTS

The Village's financial instruments are initially recorded at fair market value and consist of cash and temporary investments, accounts receivable, accounts payable, deposit liabilities, accrued liabilities, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risk arising from these financial instruments.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimize the credit risk.

Unless otherwise noted, the stated of these financial instruments approximate fair value.

14. SEGMENTED DISCLOSURE

The Village of Carmangay provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

VILLAGE OF CARMANGAY

MANAGEMENT REPORT

The accompanying consolidated financial statements for the year ended **DECEMBER 31, 2015** and other information contained in this Financial Report are the responsibility of the management of the Village of Carmangay.

Management has prepared these consolidated financial statements. Consolidated financial statements are not precise since they include certain amounts based on estimated and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village of Carmangay is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets regularly with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

The consolidated financial statements have been audited by Scase & Partners Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of Council, residents and ratepayers of the Village. Scase & Partners was given and had free access to Council.

Village of Carmangay

Mayor

Date

