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# VILLAGE OF CARMANGAY

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## CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

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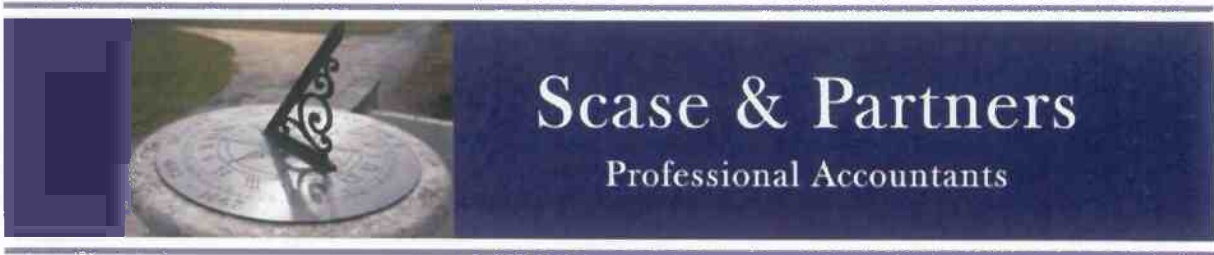
# VILLAGE OF CARMANGAY

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DECEMBER 31, 2018

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## 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, 2018, and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position at December 31, 2018, and its consolidated financial performance 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Village'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 Village or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village'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 Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Village to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Village audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Darryl Scase, CPA.



April 29, 2019  
Calgary, Alberta

Professional Accountants

# VILLAGE OF CARMANGAY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT December 31, 2018

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 407,513	\$ 454,263
Receivables:		
Taxes and grants in lieu receivable (Note 3)	53,499	50,838
Trade and other receivables	11,879	40,222
Due from other governments	423,945	237,946
	896,836	783,269
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	8,225	8,064
Deferred revenue (Note 6)	482,722	492,621
Deposit liabilities (Note 6)	9,898	6,752
	500,845	507,437
<b>NET FINANCIAL ASSETS (DEBT)</b>	395,991	275,832
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, (Schedule 2, Note 4)	2,803,043	2,768,868
	2,803,043	2,768,868
<b>ACCUMULATED SURPLUS, (Schedule 1, Note 10)</b>	\$ 3,199,034	\$ 3,044,700

**APPROVED:**

\_\_\_\_\_ Mayor

\_\_\_\_\_ Councilor

The accompanying notes form an integral part of these financial statements

# VILLAGE OF CARMANGAY

## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED December 31, 2018

	BUDGET (Unaudited)	2018	2017
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 192,851	\$ 237,459	\$ 240,601
User fees and sales	203,600	181,089	185,827
Government transfers (Schedule 4)	99,644	51,411	35,758
Investment income	440	5,303	3,150
Penalties and costs of taxes	10,000	3,160	11,156
Licences and permits	500	725	1,273
Other	500	28,087	55,518
Franchise and concession contracts	13,000	19,378	13,230
Fines	-	76	-
Rentals	4,435	2,409	4,507
	524,970	529,097	551,020
<b>EXPENSES</b>			
Legislative	16,900	11,493	15,125
Administration	163,971	192,721	161,656
Fire and disaster	9,000	455	10,031
Ambulance	2,000	11,842	1,994
Bylaws enforcement	1,300	764	407
Common service	32,300	55,962	38,901
Roads, streets, walks, lighting	35,556	80,385	82,805
Water supply and distribution	132,620	169,470	178,241
Wastewater treatment and disposal	15,764	63,088	73,736
Waste management	61,424	56,209	57,766
Family and community support	2,342	1,992	2,085
Land use, planning, zoning and development	15,700	1,556	1,016
Subdivision land development	1,000	3,082	3,663
Cemeteries	1,335	76	1,396
Parks and recreation	16,700	37,349	20,895
Culture	3,000	4,090	4,576
	510,912	690,534	654,293
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	14,058	(161,437)	(103,273)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	-	315,771	-
<b>(SHORTFALL) EXCESS OF REVENUE OVER EXPENSES</b>	\$ 14,058	154,334	(103,273)
<b>ACCUMULATED SURPLUS, beginning of year</b>		3,044,700	3,147,973
<b>ACCUMULATED SURPLUS, end of year</b>		\$ 3,199,034	\$ 3,044,700

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, 2018

	BUDGET (Unaudited)	2018	2017
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	\$ 14,058	\$ 154,334	\$ (103,273)
Acquisition of tangible capital assets	-	(173,700)	-
Amortization of tangible capital assets	-	139,526	140,764
	-	(34,174)	140,764
Use of prepaid assets	-	(1)	7,002
	-	(1)	7,002
<b>(INCREASE) DECREASE IN NET DEBT NET FINANCIAL ASSETS (DEBT), beginning of year</b>	<u>\$ 14,058</u>	120,159	44,493
		275,832	231,339
<b>NET FINANCIAL ASSETS (DEBT), end of year</b>		\$ 395,991	\$ 275,832

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, 2018

	2018	2017
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	\$ 154,334	\$ (103,273)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	139,526	140,764
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(2,661)	22,399
Decrease (increase) in trade and other receivables	28,343	(13,392)
Decrease (increase) in due from other government receivables	(186,000)	(182,454)
Increase (decrease) in deposit liabilities	3,146	1
Decrease (increase) in prepaid expenses	-	7,002
Increase (decrease) in accounts payable and accrued liabilities	161	(9,661)
Increase (decrease) in deferred revenue	(9,899)	206,407
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<b>126,950</b>	<b>67,793</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(173,700)	-
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(46,750)</b>	<b>67,793</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>454,263</b>	<b>386,470</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 407,513</b>	<b>\$ 454,263</b>
<b>CASH AND CASH EQUIVALENTS IS REPRESENTED BY:</b>		
Cash and temporary investments (Note 2)	\$ 407,513	\$ 454,263
Restricted portion of cash and temporary investments (Note 2)	(186,730)	(373,893)
	<b>\$ 220,783</b>	<b>\$ 80,370</b>

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, 2018

#### SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
<b>BALANCE</b> , beginning of year	\$ 209,147	\$ 66,685	\$ 2,768,868	\$ 3,044,700	\$ 3,147,973
Excess (deficiency) of revenues over expenses	154,334	-	-	154,334	(103,273)
Current year funds used for tangible capital assets	(173,700)	-	173,700	-	-
Annual amortization expense	139,526	-	(139,526)	-	-
Change in accumulated surplus	120,160	-	34,174	154,334	(103,273)
<b>BALANCE</b> , end of year	\$ 329,307	\$ 66,685	\$ 2,803,042	\$ 3,199,034	\$ 3,044,700

## VILLAGE OF CARMANGAY

### SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED December 31, 2018

#### SCHEDULE 2

	ENGINEERED STRUCTURES							2018	2017
	LAND	BUILDINGS LAND IMPROVEMENTS	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	MACHINERY AND EQUIPMENT	VEHICLES		
<b>COST</b>									
BALANCE, beginning of year	\$ 146,339	\$ 188,353	\$ 1,712,672	\$ 1,516,919	\$ 2,384,934	\$ 265,015	\$ 37,345	\$ 6,251,577	\$ 6,251,577
Acquisition of tangible capital assets	-	-	-	81,404	75,218	17,078	-	173,700	-
<b>BALANCE, end of year</b>	<b>146,339</b>	<b>188,353</b>	<b>1,712,672</b>	<b>1,598,323</b>	<b>2,460,152</b>	<b>282,093</b>	<b>37,345</b>	<b>6,425,277</b>	<b>6,251,576</b>
<b>ACCUMULATED AMORTIZATION</b>									
BALANCE, beginning of year	-	68,275	1,102,275	472,241	1,686,225	118,460	35,233	3,482,709	3,341,945
Annual amortization	-	6,100	44,420	28,184	49,858	10,639	325	139,526	140,764
BALANCE, end of year	-	74,375	1,146,695	500,425	1,736,083	129,099	35,558	3,622,235	3,482,709
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 146,339</b>	<b>\$ 113,978</b>	<b>\$ 565,977</b>	<b>\$ 1,097,898</b>	<b>\$ 724,069</b>	<b>\$ 152,994</b>	<b>\$ 1,787</b>	<b>\$ 2,803,042</b>	<b>\$ 2,768,867</b>
<b>2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 146,339</b>	<b>\$ 120,078</b>	<b>\$ 610,397</b>	<b>\$ 1,044,678</b>	<b>\$ 698,709</b>	<b>\$ 146,555</b>	<b>\$ 2,112</b>	<b>\$ 2,768,868</b>	

# VILLAGE OF CARMANGAY

## SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED December 31, 2018

### SCHEDULE 3

	BUDGET (Unaudited)	2018	2017
<b>TAXATION</b>			
Real property taxes	\$ 230,261	\$ 291,368	\$ 261,750
Special assessments and local improvement taxes	17,000	500	29,000
	247,261	291,868	290,750
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	51,386	51,385	47,403
Seniors Lodge	3,024	3,024	2,746
	54,410	54,409	50,149
<b>NET MUNICIPAL TAXES</b>	<b>\$ 192,851</b>	<b>\$ 237,459</b>	<b>\$ 240,601</b>

# VILLAGE OF CARMANGAY

## SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED December 31, 2018

### SCHEDULE 4

	BUDGET (Unaudited)	2018	2017
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	\$ 99,644	\$ 51,411	\$ 35,758
	99,644	51,411	35,758
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	-	315,771	-
	-	315,771	-
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 99,644</b>	<b>\$ 367,182</b>	<b>\$ 35,758</b>

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# VILLAGE OF CARMANGAY

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## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED December 31, 2018

### SCHEDULE 5

	BUDGET (Unaudited)	2018	2017
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>			
Salaries, wages and benefits	\$ 208,020	\$ 178,494	\$ 150,774
Contracted and general services	107,169	183,849	192,476
Materials, goods and utilities	127,846	166,163	153,290
Transfers to local boards and agencies	23,317	20,902	14,401
Purchases from other governments	42,210	-	-
Amortization of tangible capital assets	-	139,526	140,764
Bank charges and short-term interest	2,350	1,600	2,588
	<b>\$ 510,912</b>	<b>\$ 690,534</b>	<b>\$ 654,293</b>

## VILLAGE OF CARMANGAY

### SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED December 31, 2018

#### SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
<b>REVENUE</b>								
Net municipal taxes	\$ 237,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,459
Government transfers	68,489	-	142,070	-	-	156,623	-	367,182
User fees and sales of goods	21,496	-	348	128	4,725	154,392	-	181,089
Investment income	5,303	-	-	-	-	-	-	5,303
Other revenues	50,085	725	3,100	-	-	(75)	-	53,835
	<u>382,832</u>	<u>725</u>	<u>145,518</u>	<u>128</u>	<u>4,725</u>	<u>310,940</u>	<u>-</u>	<u>844,868</u>
<b>EXPENSES</b>								
Contract & general services	64,520	3,605	5,411	4,639	12,314	93,359	-	183,848
Salaries and wages	115,775	-	30,191	-	16,902	15,550	76	178,494
Goods and supplies	16,750	-	49,421	-	2,366	97,627	-	166,164
Transfers to local boards	6,867	9,000	-	-	5,035	-	-	20,902
Other expenses	1,600	-	-	-	-	-	-	1,600
	<u>205,512</u>	<u>12,605</u>	<u>85,023</u>	<u>4,639</u>	<u>36,617</u>	<u>206,536</u>	<u>76</u>	<u>551,008</u>
<b>NET REVENUE BEFORE AMORTIZATION</b>								
Amortization Expense	177,320	(11,880)	60,495	(4,511)	(31,892)	104,404	(76)	293,860
	<u>695</u>	<u>455</u>	<u>51,324</u>	<u>-</u>	<u>4,822</u>	<u>82,230</u>	<u>-</u>	<u>139,526</u>
<b>NET REVENUE</b>	<b>\$ 176,625</b>	<b>\$ (12,335)</b>	<b>\$ 9,171</b>	<b>\$ (4,511)</b>	<b>\$ (36,714)</b>	<b>\$ 22,174</b>	<b>\$ (76)</b>	<b>\$ 154,334</b>

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# VILLAGE OF CARMANGAY

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2018

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### 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,

(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.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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# VILLAGE OF CARMANGAY

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2018

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### 1. SIGNIFICANT ACCOUNTING POLICIES, *continued*

#### (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.

#### (f) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to repay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by the amount equal to the debt repayment.

The accompanying notes form an integral part of these financial statements



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# VILLAGE OF CARMANGAY

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2018

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Taxes and Grants in Lieu Receivable

Taxes and grants in lieu receivable consist of current tax levies which remain outstanding at December 31, 2018.

(h) 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.

(i) 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.

(j) 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. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(k) Fund Accounting

Management funds consists of the operating, capital, and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Capital fund debt principal and interest payments are recorded as operating fund expenditures. Proceeds from sales of land held for resale are recorded as operating fund revenues.

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

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2018

### 2. CASH AND TEMPORARY INVESTMENTS

	<u>2018</u>	<u>2017</u>
Cash	\$ 51,208	\$ 168,894
Investments - cash equivalents	<u>356,305</u>	<u>285,369</u>
	<u>\$ 407,513</u>	<u>\$ 454,263</u>
Restricted funds		
Restricted surplus	\$ 66,685	\$ 66,685
Deferred revenue	110,147	300,456
Deposits	<u>9,898</u>	<u>6,752</u>
Total restricted funds	<u>\$ 186,730</u>	<u>\$ 373,893</u>
Unrestricted funds	<u>\$ 220,783</u>	<u>\$ 80,370</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>2018</u>	<u>2017</u>
Current taxes and grants in place of taxes	\$ 44,088	\$ 36,161
Arrears taxes	<u>9,411</u>	<u>14,677</u>
	53,499	50,838
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 53,499</u>	<u>\$ 50,838</u>

### 4. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	<u>2018</u>	<u>2017</u>
Land	\$ 146,339	\$ 146,339
Land Improvements	36,356	39,747
Buildings	77,621	80,330
Engineered Structures		
Roadway system	565,977	610,397
Water distribution system	1,097,898	1,044,678
Wastewater treatment system	724,070	698,709
Machinery, equipment and furnishings	152,994	146,555
Vehicles	<u>1,788</u>	<u>2,113</u>
	<u>\$ 2,803,043</u>	<u>\$ 2,768,868</u>

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2018

### 5. BANK REVOLVING LINE OF CREDIT AND CREDIT CARD

The Village has entered into a borrowing agreement with ATB Financial for a revolving line of credit to a maximum of \$200,000 with interest calculated at prime plus .25% and payable at the end of each month on any outstanding balance.. Security for the line of credit is by way of a Borrowing Bylaw and property owned by the Village. There was no balance outstanding at the year end.

The Village has arranged an ATB business mastercard with a credit limit of \$5,000. Interest is calculated at prime bank rate. Minimum balance payment is 3% of the new balance each month.

### 6. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	<u>2018</u>	<u>2017</u>
Deposits		
Water deposits	\$ 1,087	\$ 1,087
Tax prepayments	7,271	4,903
Water prepayments	<u>1,540</u>	<u>763</u>
	9,898	6,753
Infrastructure Canada-Alberta programs	<u>482,722</u>	<u>492,621</u>
	<u>\$ 492,620</u>	<u>\$ 499,374</u>

### 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:

	<u>2018</u>			<u>2017</u>
	Salary (1)	Benefits and Allowances (2)	Total	Total
Mayor Nichols	\$ -	\$ -	\$ -	\$ 4,487
Mayor/councilor Stacey Hovde	\$ 1,325	\$ -	\$ 1,325	\$ 3,467
Councilor JoAnne Juce	\$ 4,710	\$ -	\$ 4,710	\$ -
Councilor Peggy Hovde	\$ 2,595	\$ -	\$ 2,595	\$ 342
Councilor Smidt	\$ -	\$ -	\$ -	\$ 5,627
CAO	\$ 24,724	\$ 494	\$ 25,218	\$ 42,689
CAO	\$ 16,667	\$ 2,277	\$ 18,944	\$ -

- (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.

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2018

### 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:

	<u>2018</u>	<u>2017</u>
Total debt limit	\$ 793,647	\$ 826,530
Total debt	-	-
Amount of debt limit (exceeded) unused	<u>\$ 793,647</u>	<u>\$ 826,530</u>
	<u>2018</u>	<u>2017</u>
Debt servicing limit	\$ 132,275	\$ 137,755
Debt servicing	-	-
Amount of debt servicing limit (exceeded) unused	<u>\$ 132,275</u>	<u>\$ 137,755</u>

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>2018</u>	<u>2017</u>
Tangible capital assets (Schedule 2)	\$ 6,425,277	\$ 6,251,576
Accumulated amortization (Schedule 2)	<u>(3,622,235)</u>	<u>(3,482,709)</u>
	<u>\$ 2,803,042</u>	<u>\$ 2,768,867</u>

### 10. ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	<u>\$ 329,307</u>	<u>\$ 209,147</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>2,803,042</u>	<u>2,768,868</u>
	<u>\$ 3,199,034</u>	<u>\$ 3,044,700</u>

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# VILLAGE OF CARMANGAY

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2018

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### 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 2018 was \$12,492 (2017 - \$10,845). Total current service contributions by the employees of the Village to the LAPP in 2018 were \$11,334 (2017 - \$9,893).

### 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 fulfil 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.

### 15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

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# VILLAGE OF CARMANGAY

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## MANAGEMENT REPORT

The accompanying consolidated financial statements for the year ended December 31, 2018 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