

VILLAGE OF CARMANGAY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

VILLAGE OF CARMANGAY

DECEMBER 31, 2019

CONTENTS

	<u>Page</u>
AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets (Debt)	6
Consolidated Statement of Cash Flows	7
Schedule of Changes in Accumulated Surplus	8
Schedule of Tangible Capital Assets	9
Schedule of Property and Other Taxes	10
Schedule of Government Transfers	11
Schedule of Consolidated Expense by Object	12
Schedule of Segmented Disclosure	13
Notes to Financial Statements	14 - 21
Management Report	22



SCASE & PARTNER
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF COUNCIL
VILLAGE OF CARMANGAY**

We have audited the accompanying financial statements of , which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, changes in net financial assets (debt) and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including summary 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, 2019, 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

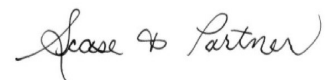
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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.



September 25, 2020
Calgary, Alberta

Chartered Professional Accountants

VILLAGE OF CARMANGAY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 103,869	\$ 407,513
Receivables:		
Taxes and grants in lieu receivable (Note 3)	45,807	53,499
Trade and other receivables	6,637	11,879
Due from other governments	326,410	423,945
	<u>482,723</u>	<u>896,836</u>
LIABILITIES		
Accounts payable and accrued liabilities	23,825	8,225
Deferred revenue (Note 6)	396,962	482,722
Deposit liabilities (Note 6)	10,240	9,898
	<u>431,027</u>	<u>500,845</u>
NET FINANCIAL ASSETS (DEBT)	<u>51,696</u>	<u>395,991</u>
NON-FINANCIAL ASSETS		
Tangible capital assets, (Schedule 2, Note 4)	3,167,724	2,803,043
	<u>3,167,724</u>	<u>2,803,043</u>
ACCUMULATED SURPLUS, (Schedule 1, Note 10)	<u>\$ 3,219,420</u>	<u>\$ 3,199,034</u>

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, 2019

	BUDGET (Unaudited)	2019	2018
REVENUE			
Net municipal taxes (Schedule 3)	\$ 250,800	\$ 248,117	\$ 237,459
User fees and sales	160,860	233,379	181,089
Government transfers (Schedule 4)	42,000	41,624	51,411
Other	28,000	23,079	28,087
Franchise and concession contracts	21,400	21,831	19,378
Rentals	4,528	2,895	2,409
Penalties and costs of taxes	1,202	2,887	3,160
Investment income	-	2,359	5,303
Licences and permits	700	775	725
Fines	-	-	76
Net gain on sale of capital assets	-	(288)	-
	509,490	576,658	529,097
EXPENSES			
Administration	172,513	216,269	192,721
Water supply and distribution	152,730	206,512	169,470
Roads, streets, walks, lighting	30,850	112,321	80,385
Wastewater treatment and disposal	21,800	97,476	63,088
Common service	55,125	96,481	55,962
Waste management	67,900	54,076	56,209
Parks and recreation	6,100	19,929	37,349
Legislative	11,750	10,872	11,493
Ambulance	10,850	10,842	11,842
Land use, planning, zoning and development	5,900	4,815	1,556
Culture	3,000	4,614	4,090
Fire and disaster	-	455	455
Bylaws enforcement	1,000	376	764
Family and community support	-	-	1,992
Subdivision land development	-	-	3,082
Cemeteries	100	-	76
	539,618	835,038	690,534
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(30,128)	(258,380)	(161,437)
OTHER			
Government transfers for capital (Schedule 4)	280,000	278,766	315,771
EXCESS OF REVENUE OVER EXPENSES	\$ 249,872	20,386	154,334
ACCUMULATED SURPLUS, beginning of year		3,199,034	3,044,700
ACCUMULATED SURPLUS, end of year		\$ 3,219,420	\$ 3,199,034

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, 2019

	BUDGET (Unaudited)	2019	2018
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 249,872	\$ 20,386	\$ 154,334
Acquisition of tangible capital assets	-	(515,145)	(173,700)
Proceeds on disposal of tangible capital assets	-	1,500	-
Amortization of tangible capital assets	-	148,675	139,526
(Gain) loss on sale of tangible capital assets	-	289	-
	-	(364,681)	(34,174)
(INCREASE) DECREASE IN NET DEBT	<u>\$ 249,872</u>	(344,295)	120,159
NET FINANCIAL ASSETS (DEBT), beginning of year		395,991	275,832
NET FINANCIAL ASSETS (DEBT), end of year		\$ 51,696	\$ 395,991

The accompanying notes form an integral part of these financial statements

VILLAGE OF CARMANGAY

CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 20,386	\$ 154,334
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	148,675	139,526
(Gain) loss on disposal of tangible capital assets	289	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	7,692	(2,661)
Decrease (increase) in trade and other receivables	5,242	28,343
Decrease (increase) in due from other government receivables	97,535	(186,000)
Increase (decrease) in deposit liabilities	342	3,146
Increase (decrease) in accounts payable and accrued liabilities	15,600	160
Increase (decrease) in deferred revenue	(85,760)	(9,899)
CASH PROVIDED BY OPERATING TRANSACTIONS	210,001	126,949
CAPITAL		
Acquisition of tangible capital assets	(515,145)	(173,700)
Sale of tangible capital assets	1,500	-
CASH APPLIED TO CAPITAL TRANSACTIONS	(513,645)	(173,700)
CHANGE IN CASH AND CASH EQUIVALENTS	(303,644)	(46,751)
CASH AND CASH EQUIVALENTS, beginning of year	407,513	454,264
CASH AND CASH EQUIVALENTS, end of year	\$ 103,869	\$ 407,513
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ 103,869	\$ 407,513
Restricted portion of cash and temporary investments (Note 2)	(190,219)	(186,730)
	\$ (86,350)	\$ 220,783

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, 2019

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE , beginning of year	\$ 329,307	\$ 66,685	\$ 2,803,043	\$ 3,199,034	\$ 3,044,700
Excess (deficiency) of revenues over expenses	20,386	-	-	20,386	154,334
Current year funds used for tangible capital assets	(515,145)	-	515,145	-	-
Disposal of tangible capital assets	1,789	-	(1,789)	-	-
Annual amortization expense	148,675	-	(148,675)	-	-
Change in accumulated surplus	(344,295)	-	364,681	20,386	154,334
BALANCE , end of year	\$ (14,988)	\$ 66,685	\$ 3,167,724	\$ 3,219,420	\$ 3,199,034

VILLAGE OF CARMANGAY

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 2

	ENGINEERED STRUCTURES							2019	2018
	LAND	BUILDINGS LAND IMPROVEMENTS	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	MACHINERY AND EQUIPMENT	VEHICLES		
COST:									
BALANCE, beginning of year	\$ 146,339	\$ 188,353	\$ 1,712,672	\$ 1,598,323	\$ 2,460,152	\$ 282,093	\$ 37,345	\$ 6,425,277	\$ 6,251,577
Acquisition of tangible capital assets	12,500	-	-	307,295	99,728	95,622	-	515,145	173,700
Disposal of tangible capital assets	-	-	-	-	-	-	(6,500)	(6,500)	-
BALANCE, end of year	158,839	188,353	1,712,672	1,905,618	2,559,880	377,715	30,845	6,933,922	6,425,277
ACCUMULATED AMORTIZATION:									
BALANCE, beginning of year	-	74,375	1,146,695	500,425	1,736,083	129,099	35,558	3,622,235	3,482,709
Annual amortization	-	6,100	44,419	31,959	51,802	14,395	-	148,675	139,526
Accumulated amortization on disposals	-	-	-	-	-	-	(4,713)	(4,713)	-
BALANCE, end of year	-	80,475	1,191,114	532,384	1,787,885	143,494	30,845	3,766,197	3,622,235
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 158,839	\$ 107,878	\$ 521,558	\$ 1,373,234	\$ 771,995	\$ 234,221	\$ -	\$ 3,167,725	\$ 2,803,042
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 146,339	\$ 113,978	\$ 565,977	\$ 1,097,898	\$ 724,069	\$ 152,994	\$ 1,787	\$ 2,803,042	

VILLAGE OF CARMANGAY

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 3

	BUDGET (Unaudited)	2019	2018
TAXATION			
Real property taxes	\$ 305,037	\$ 303,489	\$ 291,368
Special assessments and local improvement taxes	-	-	500
	305,037	303,489	291,868
REQUISITIONS			
Alberta School Foundation Fund	49,420	50,574	51,385
Seniors Lodge	4,817	4,798	3,024
	54,237	55,372	54,409
NET MUNICIPAL TAXES	\$ 250,800	\$ 248,117	\$ 237,459

VILLAGE OF CARMANGAY

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 4

	BUDGET (Unaudited)	2019	2018
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 42,000	\$ 41,624	\$ 51,411
	42,000	41,624	51,411
TRANSFERS FOR CAPITAL:			
Provincial Government	280,000	278,766	315,771
	280,000	278,766	315,771
TOTAL GOVERNMENT TRANSFERS	\$ 322,000	\$ 320,390	\$ 367,182

VILLAGE OF CARMANGAY

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 5

	BUDGET (Unaudited)	2019	2018
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 208,020	\$ 280,919	\$ 178,494
Contracted and general services	107,169	223,311	183,849
Materials, goods and utilities	127,846	158,044	166,164
Transfers to local boards and agencies	23,317	21,209	20,902
Purchases from other governments	42,210	-	-
Amortization of tangible capital assets	-	148,675	139,526
Bank charges and short-term interest	2,350	2,878	1,600
	\$ 510,912	\$ 835,036	\$ 690,535

VILLAGE OF CARMANGAY

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 248,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 248,117
Government transfers	41,624	-	278,766	-	-	-	-	320,390
User fees and sales of goods	3,386	-	21,835	1,200	10,828	195,905	225	233,379
Investment income	2,359	-	-	-	-	-	-	2,359
Other revenues	50,385	775	-	-	-	19	-	51,179
	345,871	775	300,601	1,200	10,828	195,924	225	855,424
EXPENSES								
Contract & general services	65,492	376	23,369	4,816	8,122	121,136	-	223,311
Salaries and wages	142,421	-	73,635	-	-	64,863	-	280,919
Goods and supplies	10,262	-	57,611	-	6,054	84,118	-	158,045
Transfers to local boards	4,822	10,842	-	-	5,545	-	-	21,209
Other expenses	2,878	-	-	-	-	-	-	2,878
	225,875	11,218	154,615	4,816	19,721	270,117	-	686,362
NET REVENUE BEFORE								
AMORTIZATION	119,996	(10,443)	145,986	(3,616)	(8,893)	(74,193)	225	169,062
Amortization Expense	1,264	455	54,187	-	4,822	87,948	-	148,676
NET REVENUE	\$ 118,732	\$ (10,898)	\$ 91,799	\$ (3,616)	\$ (13,715)	\$ (162,141)	\$ 225	\$ 20,386

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the 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.

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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.

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019.

(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, 2019

2. CASH AND TEMPORARY INVESTMENTS

	<u>2019</u>	<u>2018</u>
Cash	\$ 48,939	\$ 51,208
Investments - cash equivalents	<u>54,930</u>	<u>356,305</u>
	<u>\$ 103,869</u>	<u>\$ 407,513</u>
Restricted funds		
Restricted surplus	\$ 66,685	\$ 66,685
Deferred revenue	113,294	110,147
Deposits	<u>10,240</u>	<u>9,898</u>
Total restricted funds	<u>\$ 190,219</u>	<u>\$ 186,730</u>
Unrestricted funds	<u>\$ (86,350)</u>	<u>\$ 220,783</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>2019</u>	<u>2018</u>
Current taxes and grants in place of taxes	\$ 23,225	\$ 44,088
Arrears taxes	<u>22,581</u>	<u>9,411</u>
	45,806	53,499
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 45,806</u>	<u>\$ 53,499</u>

4. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	<u>2019</u>	<u>2018</u>
Land	\$ 158,839	\$ 146,339
Land Improvements	32,965	36,356
Buildings	74,912	77,621
Engineered Structures		
Roadway system	521,558	565,977
Water distribution system	1,373,235	1,097,898
Wastewater treatment system	771,995	724,070
Machinery, equipment and furnishings	234,220	152,994
Vehicles	<u>-</u>	<u>1,788</u>
	<u>\$ 3,167,724</u>	<u>\$ 2,803,043</u>

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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>2019</u>	<u>2018</u>
Deposits		
Water deposits	\$ 1,087	\$ 1,087
Tax prepayments	6,596	7,271
Water prepayments	<u>2,557</u>	<u>1,540</u>
	10,240	9,898
Infrastructure Canada-Alberta programs	<u>396,962</u>	<u>482,722</u>
	<u>\$ 407,202</u>	<u>\$ 492,620</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>2019</u>			<u>2018</u>
	Salary (1)	Benefits and Allowances (2)	Total	Total
Mayor/councilor Stacey Hovde	\$ 2,720	\$ -	\$ 2,720	\$ 1,325
Councilor JoAnne Juce	\$ 3,565	\$ -	\$ 3,565	\$ 4,710
Councilor Peggy Hovde	\$ 2,080	\$ -	\$ 2,080	\$ 2,595
CAO	\$ 40,000	\$ -	\$ 40,000	\$ 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, 2019

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 be disclosed as follows:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 864,988	\$ 793,646
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit (exceeded) unused	<u>\$ 864,988</u>	<u>\$ 793,646</u>
	<u>2019</u>	<u>2018</u>
Debt servicing limit	\$ 144,166	\$ 132,274
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit (exceeded) unused	<u>\$ 144,166</u>	<u>\$ 132,274</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>2019</u>	<u>2018</u>
Tangible capital assets (Schedule 2)	\$ 6,933,922	\$ 6,425,277
Accumulated amortization (Schedule 2)	<u>(3,766,197)</u>	<u>(3,622,235)</u>
	<u>\$ 3,167,725</u>	<u>\$ 2,803,042</u>

10. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	\$ <u>(14,988)</u>	\$ <u>329,307</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>3,167,723</u>	<u>2,803,042</u>
	<u>\$ 3,219,420</u>	<u>\$ 3,199,034</u>

VILLAGE OF CARMANGAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 personable salary up to the year's maximum personable salary and 6.4% on personable salary above this amount. Total current service contributions by the Village to the LAPP in 2019 was \$22,178 (2018 - \$12,492). Total current service contributions by the employees of the Village to the LAPP in 2019 were \$19,995 (2018 - \$11,334).

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 Village 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, these financial instruments approximate fair value.

14. SEGMENTED DISCLOSURE

The 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, 2019

15. SUBSEQUENT EVENT

The COVID-19 arose in the first part of the 2020 fiscal year and has been declared pandemic by the World Health Organization. Measures in place imposed by Federal and Provincial governments to combat the health threat of the virus has caused material impact on the operations of everyone resulting in economic slowdown. Management and Village council have evaluated the potential impact on the operations of the village. The evaluation included the source of revenue for the village and the impact that the shutdown would have on the continued ability to provide services to residents and business of the community. The management and council placed restrictions on unnecessary expenditures other than those necessary to maintain existing services. The duration of the outbreak is unknown at this time and it is not possible to reliably estimate the impact on the future financial results of the Village.

The Village has decided after yearend date to sell a property, Plan 570X, Block 4, Lot 12 to The Carmangay Community Centre Association for \$1 plus any costs incurred in selling and rezoning the land.

16. 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, 2019 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