

**VILLAGE OF CARMANGAY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

# VILLAGE OF CARMANGAY

DECEMBER 31, 2020

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**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 Village of Carmangay, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of operations, the consolidated statement of 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 a 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, 2020, 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

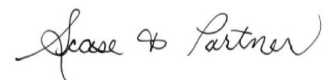
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not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



August 9, 2021  
Calgary, Alberta

Chartered Professional Accountants

# VILLAGE OF CARMANGAY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 8,128	\$ 103,869
Receivables:		
Taxes and grants in lieu receivable (Note 3)	61,872	45,807
Trade and other receivables	96,526	6,637
Due from other governments	68,667	326,410
	<u>235,193</u>	<u>482,723</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	61,495	23,825
Deferred revenue (Note 6)	138,263	396,962
Deposit liabilities (Note 6)	10,995	10,240
	<u>210,753</u>	<u>431,027</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>24,440</u>	<u>51,696</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, (Schedule 2, Note 4)	3,653,781	3,167,725
	<u>3,653,781</u>	<u>3,167,725</u>
<b>ACCUMULATED SURPLUS, (Schedule 1, Note 9)</b>	<u>\$ 3,678,221</u>	<u>\$ 3,219,421</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, 2020

	<b>BUDGET</b>	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>		
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 240,250	\$ 245,143	\$ 248,117
User fees and sales	244,467	332,330	233,379
Government transfers (Schedule 4)	-	89,452	41,624
Other	24,000	88,855	23,079
Franchise and concession contracts	21,400	23,231	21,831
Rentals	8,000	11,512	2,895
Penalties and costs of taxes	2,700	5,512	2,887
Investment income	-	406	2,359
Licences and permits	750	575	775
Net (loss) on sale of capital assets	-	(14,613)	(288)
	<u>541,567</u>	<u>782,403</u>	<u>576,658</u>
<b>EXPENSES</b>			
Administration	197,111	262,113	216,268
Water supply and distribution	158,060	213,673	206,512
Roads, streets, walks, lighting	91,102	151,996	112,321
Common service	111,760	120,140	96,481
Wastewater treatment and disposal	59,727	88,954	97,476
Waste management	56,500	56,671	54,076
Parks and recreation	10,767	19,456	19,929
Fire and disaster	-	16,000	455
Other	8,907	8,907	-
Land use, planning, zoning and development	4,900	8,803	4,815
Legislative	10,200	7,862	10,872
Culture	5,933	4,448	4,614
Ambulance	2,378	2,858	10,842
Family and community support	29,309	2,564	-
Bylaws enforcement	1,000	1,066	376
	<u>747,654</u>	<u>965,511</u>	<u>835,037</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	(206,087)	(183,108)	(258,379)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	280,000	641,908	278,766
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 73,913</u>	458,800	20,387
<b>ACCUMULATED SURPLUS, beginning of year</b>		3,219,421	3,199,034
<b>ACCUMULATED SURPLUS, end of year</b>		<u>\$ 3,678,221</u>	<u>\$ 3,219,421</u>

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, 2020

	BUDGET (Unaudited)	2020	2019
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	\$ 73,913	\$ 458,800	\$ 20,387
Acquisition of tangible capital assets	(693,691)	(693,681)	(515,145)
Proceeds on disposal of tangible capital assets	-	30,000	1,500
Amortization of tangible capital assets	163,011	163,011	148,675
Loss on sale of tangible capital assets	-	14,613	289
	(530,680)	(486,057)	(364,681)
<b>(INCREASE) DECREASE IN NET DEBT</b>	<u>\$ (456,767)</u>	(27,256)	(344,295)
<b>NET FINANCIAL ASSETS (DEBT),</b> beginning of year		51,696	395,991
<b>NET FINANCIAL ASSETS (DEBT), end of year</b>		\$ 24,440	\$ 51,696

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, 2020

	2020	2019
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	\$ 458,800	\$ 20,387
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	163,011	148,675
(Gain) loss on disposal of tangible capital assets	14,613	289
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(16,066)	7,692
Decrease (increase) in trade and other receivables	(89,888)	5,241
Decrease (increase) in due from other government receivables	257,743	97,535
Increase (decrease) in deposit liabilities	755	342
Increase (decrease) in accounts payable and accrued liabilities	37,671	15,600
Increase (decrease) in deferred revenue	(258,699)	(85,760)
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<b>567,940</b>	<b>210,001</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(693,681)	(515,145)
Sale of tangible capital assets	30,000	1,500
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<b>(663,681)</b>	<b>(513,645)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(95,741)</b>	<b>(303,644)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>103,869</b>	<b>407,513</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 8,128</b>	<b>\$ 103,869</b>
<b>CASH AND CASH EQUIVALENTS IS REPRESENTED BY:</b>		
Cash and temporary investments, net of overdraft (Note 2)	\$ 8,128	\$ 103,869

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, 2020

### SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
<b>BALANCE</b> , beginning of year	\$ (14,987)	\$ 66,685	\$ 3,167,724	\$ 3,219,421	\$ 3,199,034
Excess (deficiency) of revenues over expenses	458,800	-	-	458,800	20,387
Current year funds used for tangible capital assets	(693,681)	-	693,681	-	-
Disposal of tangible capital assets	44,613	-	(44,613)	-	-
Annual amortization expense	163,011	-	(163,011)	-	-
Change in accumulated surplus	(27,257)	-	486,057	458,800	20,387
<b>BALANCE</b> , end of year	\$ (42,244)	\$ 66,685	\$ 3,653,781	\$ 3,678,221	\$ 3,219,421

# VILLAGE OF CARMANGAY

## SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

### SCHEDULE 2

	ENGINEERED STRUCTURES							2020	2019
	LAND	BUILDINGS LAND IMPROVEMENTS	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	ELECTRICAL ENERGY SYSTEM	MACHINERY AND AUTOMOTIVE		
<b>COST:</b>									
BALANCE, beginning of year	\$ 158,839	\$ 188,353	\$ 1,712,672	\$ 1,905,618	\$ 2,559,880	\$ -	\$ 408,560	\$ 6,933,922	\$ 6,425,278
Acquisition of tangible capital assets	-	13,942	-	125,286	100,177	380,000	74,276	693,681	515,145
Disposal of tangible capital assets	-	-	-	-	(1,792)	-	(67,092)	(68,884)	(6,500)
<b>BALANCE, end of year</b>	<b>158,839</b>	<b>202,295</b>	<b>1,712,672</b>	<b>2,030,904</b>	<b>2,658,265</b>	<b>380,000</b>	<b>415,744</b>	<b>7,558,719</b>	<b>6,933,922</b>
<b>ACCUMULATED AMORTIZATION:</b>									
BALANCE, beginning of year	-	80,475	1,191,114	532,384	1,787,885	-	174,339	3,766,197	3,622,235
Annual amortization	-	6,379	44,420	32,583	54,390	8,907	16,333	163,012	148,675
Accumulated amortization on disposals	-	-	-	-	(1,613)	-	(22,658)	(24,271)	(4,713)
<b>BALANCE, end of year</b>	<b>-</b>	<b>86,854</b>	<b>1,235,534</b>	<b>564,967</b>	<b>1,840,662</b>	<b>8,907</b>	<b>168,014</b>	<b>3,904,938</b>	<b>3,766,197</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 158,839</b>	<b>\$ 115,441</b>	<b>\$ 477,138</b>	<b>\$ 1,465,937</b>	<b>\$ 817,603</b>	<b>\$ 371,093</b>	<b>\$ 247,730</b>	<b>\$ 3,653,781</b>	<b>\$ 3,167,725</b>
<b>2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 158,839</b>	<b>\$ 107,878</b>	<b>\$ 521,558</b>	<b>\$ 1,373,234</b>	<b>\$ 771,995</b>	<b>\$ -</b>	<b>\$ 234,221</b>	<b>\$ 3,167,725</b>	

# VILLAGE OF CARMANGAY

## SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2020

### SCHEDULE 3

	<b>BUDGET (Unaudited)</b>	<b>2020</b>	<b>2019</b>
<b>TAXATION</b>			
Real property taxes	\$ 305,037	\$ 303,705	\$ 303,489
	305,037	303,705	303,489
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	49,420	53,512	50,574
Seniors Lodge	4,817	5,050	4,798
	54,237	58,562	55,372
<b>NET MUNICIPAL TAXES</b>	<b>\$ 250,800</b>	<b>\$ 245,143</b>	<b>\$ 248,117</b>

# VILLAGE OF CARMANGAY

## SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2020

### SCHEDULE 4

	<b>BUDGET (Unaudited)</b>	<b>2020</b>	<b>2019</b>
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	\$ 42,000	\$ 71,952	\$ 41,624
Other Local Governments	-	17,500	-
	42,000	89,452	41,624
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	280,000	495,988	278,766
Other Local Government	-	145,920	-
	280,000	641,908	278,766
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 322,000</b>	<b>\$ 731,360</b>	<b>\$ 320,390</b>

# VILLAGE OF CARMANGAY

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE 5

	<b>BUDGET (Unaudited)</b>	<b>2020</b>	<b>2019</b>
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>			
Salaries, wages and benefits	\$ 244,999	\$ 299,233	\$ 280,919
Contracted and general services	151,985	262,409	223,311
Materials, goods and utilities	151,350	208,830	158,044
Transfers to local boards and agencies	34,109	28,200	21,209
Amortization of tangible capital assets	163,011	163,011	148,675
Bank charges and short-term interest	2,200	3,828	2,878
	<b>\$ 747,654</b>	<b>\$ 965,511</b>	<b>\$ 835,036</b>

# VILLAGE OF CARMANGAY

## SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2020

### SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
<b>REVENUE</b>								
Net municipal taxes	\$ 245,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,143
Government transfers	88,452	1,000	39,000	-	-	602,908	-	731,360
User fees and sales of goods	14,603	-	74,428	1,500	-	239,300	2,500	332,331
Investment income	406	-	-	-	-	-	-	406
Other revenues	64,351	(13,859)	52,803	-	2,200	9,576	-	115,071
	412,955	(12,859)	166,231	1,500	2,200	851,784	2,500	1,424,311
<b>EXPENSES</b>								
Contract & general services	111,298	2,046	12,329	8,804	12,408	115,353	171	262,409
Salaries and wages	138,741	-	137,419	-	-	23,073	-	299,233
Goods and supplies	9,928	-	65,809	-	3,381	129,712	-	208,830
Transfers to local boards	4,914	17,878	-	-	3,015	-	2,393	28,200
Other expenses	3,828	-	-	-	-	-	-	3,828
	268,709	19,924	215,557	8,804	18,804	268,138	2,564	802,500
<b>NET REVENUE BEFORE</b>								
<b>AMORTIZATION</b>	144,246	(32,783)	(49,326)	(7,304)	(16,604)	583,646	(64)	621,811
Amortization Expense	1,264	-	56,579	-	5,101	100,067	-	163,011
<b>NET REVENUE</b>	\$ 142,982	\$ (32,783)	\$ (105,905)	\$ (7,304)	\$ (21,705)	\$ 483,579	\$ (64)	\$ 458,800

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Carmangay are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the village are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village and are, therefore, accountable to the village council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organization that are not part of the municipal reporting entity. The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(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) 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 revenue and expenditure 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.

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

(e) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(f) Requisition Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(g) Inventories for resale

Land held for resale is recorded at cost. Cost includes 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 the respective function.

(h) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

(i) 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 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, 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (j) 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 includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets 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	
Roads and Streets	15-40 years
Water System	35-65 years
Wastewater system	35-65 years
Electrical energy system	15-40 years
Other engineered structures	15-40 years
Machinery and automotive	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 are 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.

#### iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (k) 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.

#### (l) 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.

#### (m) Fund Accounting

Management funds consists of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Principal payments on debt are recorded as an increase in the capital fund and debt interest payments are recorded as operating fund expenditure. Proceeds from sales of land held for resale are recorded as operating fund revenues.

#### (n) Taxes and Grants in Lieu Receivable

Taxes and grants in lieu receivable consist of current tax levies which remain outstanding at December 31, 2020.

#### (o) Interest on Long Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and there is an accrual for long-term debt interest payable at the end of the year.

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 2. CASH AND TEMPORARY INVESTMENTS

	<u>2020</u>	<u>2019</u>
Cash	\$ 147,350	\$ 48,939
Investments - T Bills due in 30 days	40,328	54,930
Bank indebtedness - line of credit	<u>(179,550)</u>	<u>-</u>
	<u>\$ 8,128</u>	<u>\$ 103,869</u>
Restricted funds		
Restricted surplus	\$ 66,685	\$ 66,685
Deferred revenue	138,263	113,294
Deposits	<u>10,995</u>	<u>10,240</u>
Total restricted funds	<u>\$ 215,943</u>	<u>\$ 190,219</u>
Shortfall	<u>(207,815)</u>	<u>\$ (86,350)</u>

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

### 3. RECEIVABLES

	<u>2020</u>	<u>2019</u>
Property taxes		
Current taxes and grants in place of taxes	\$ 48,353	\$ 23,225
Arrears taxes	<u>13,519</u>	<u>22,581</u>
	61,872	45,806
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 61,872</u>	<u>\$ 45,806</u>
Other		
Trade and other receivables	\$ 96,526	\$ 6,637
GST	68,667	42,742
Due from other governments	<u>-</u>	<u>\$ 283,668</u>
	165,193	333,047
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 165,193</u>	<u>\$ 333,047</u>
	<u>\$ 227,065</u>	<u>\$ 378,853</u>

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 4. TANGIBLE CAPITAL ASSETS

	NET BOOK VALUE	<u>2020</u>	<u>2019</u>
Land		\$ 158,839	\$ 158,839
Land Improvements		29,574	32,965
Buildings		85,867	74,912
Engineered Structures			
Roadway system		477,138	521,558
Water distribution system		1,465,938	1,373,235
Wastewater treatment system		817,603	771,995
Electrical energy system		371,093	-
Machinery and automotive		<u>247,729</u>	<u>234,220</u>
		<u>\$ 3,653,781</u>	<u>\$ 3,167,724</u>

### 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 1% 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 \$179,550 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>2020</u>	<u>2019</u>
Deposits		
Playground donations	\$ 520	\$ -
Water deposits	1,087	1,087
Tax prepayments	9,388	6,596
Water prepayments	<u>-</u>	<u>2,557</u>
	10,995	10,240
Deferred Revenue	<u>138,263</u>	<u>396,962</u>
	<u>\$ 149,258</u>	<u>\$ 407,202</u>

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 6. DEFERRED REVENUE AND DEPOSIT LIABILITIES, continued

The deferred revenue consists of \$50,000 for Municipal Stimulus Program (MSP), \$74,573 for Federal Gas Tax Fund (FGTF) and \$13,690 for Municipal Sustainability Initiative (MSI) - Capital grant.

### 7. DEBT LIMITS AND DEBT SERVICING LIMIT

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>2020</u>	<u>2019</u>
Total debt limit	\$ 1,127,105	\$ 864,987
Total debt	<u>(179,550)</u>	<u>-</u>
Amount of debt limit (exceeded) unused	<u>\$ 947,555</u>	<u>\$ 864,987</u>
	<u>2020</u>	<u>2019</u>
Debt servicing limit	\$ 187,851	\$ 144,165
Debt servicing	<u>(179,550)</u>	<u>-</u>
Amount of debt servicing limit (exceeded) unused	<u>\$ 8,301</u>	<u>\$ 144,165</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.

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 2)	\$ 7,558,719	\$ 6,933,923
Accumulated amortization (Schedule 2)	<u>(3,904,938)</u>	<u>(3,766,197)</u>
	<u>\$ 3,653,781</u>	<u>\$ 3,167,726</u>

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 9. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ (42,244)	\$ (14,987)
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>3,653,780</u>	<u>3,167,723</u>
	<u>\$ 3,678,221</u>	<u>\$ 3,219,421</u>

### 10. 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.

Refer to the Schedule of Segmented Disclosure (schedule 6).

### 11. 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>2020</u>			<u>2019</u>
	Salary (1)	Benefits and Allowances (2)	Total	Total
Mayor Stacey Hovde	\$ 2,000	\$ -	\$ 2,000	\$ 2,720
Councilor JoAnne Juce	\$ 2,230	\$ -	\$ 2,230	\$ 3,565
Councilor Peggy Hovde	\$ 1,650	\$ -	\$ 1,650	\$ 2,080
CAO	\$ 40,000	\$ -	\$ 40,000	\$ 40,000
Designated officers - (2 positions)	\$ 10,731	\$ -	\$ 10,731	\$ 4,980

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 11. SALARY AND BENEFITS DISCLOSURE, continued

- (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.

### 12. 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount. Total current service contributions by the Village to the LAPP in 2020 was \$22,804 (2019 - \$22,178). Total current service contributions by the employees of the Village to the LAPP in 2020 were \$20,571 (2019 - \$19,995).

### 13. COMMITMENTS

#### Twin Valley Water Commission

##### Membership Agreement

Agreement entered into December 1, 2017 and is a continuing agreement unless notice is given that must be a 5 year notice. The agreement is to provide the village's proportional share of the debenture debt of the Commission each year to the Commission. The portion of the debenture debt allocated by the Commission to the village is 34.6%. This annual commitment is \$29,273. There is also a required allocation of the administration costs by the Commission to the village that amounts to village that is 25%. This annual amount is \$16,797. There will be a review every 5 years for any changes to the payment commitments by the town.

Water used by the village will be charged at the rate of \$1,75 per cubic meter.

# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 13 COMMITMENTS, continued

#### Ford Credit Leasing

The village leased a 2019 Ford 4 X 4 truck for a term of 60 months beginning January 28, 2019 ending December 31, 2023 with a buyout at the end of the lease for \$11,691. The commitment until 2023 is for monthly lease payments of \$988. The lease has been classified as an operating lease due to the terms of the leasing arrangement.

#### Ford Credit Leasing

The village leased a Case Tractor loader backhoe for a term of 59 months beginning May 1, 2019 for a term of 59 months ending March 1, 2024 with a buyout at the end of the lease for \$69,185. The commitment until 2024 is for monthly payments of \$2,560. The lease has been classified as an operating lease due to the terms of the leasing arrangement.

#### Benchmark Assessment Consultants Inc.

Benchmark provides assessment services for the property within the town boundaries for an fixed annual fee of \$6,000 that is based on 300 properties. Any services outside the this annual assessment will be charged at \$80 per hour.

#### Total annual commitments of all contracts and leases

2020	\$ 94,631
2020	\$ 94,631
2022	\$ 94,631
2023	\$ 94,631
2024	\$ 53,746

### 14. 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.



# VILLAGE OF CARMANGAY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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### 15. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and deposit liabilities. 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 receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instruments approximates the fair value.

### 16. 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.

### 17. ROUNDING

Certain schedule balances may not add due to formula rounding.

### 18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

# VILLAGE OF CARMANGAY

## MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2020 are the responsibility of the management of the Village of Carmangay.

Management has prepared these consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimates 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 consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The Village of Carmangay 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 of Carmangay'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 & Partner Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Village of Carmangay. Scase & Partner has full and free access to Council.

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Mayor

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Date