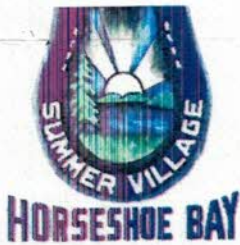


SUMMER VILLAGE OF HORSESHOE BAY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019



Summer Village of Horseshoe Bay

P.O. Box 1778
St. Paul, AB T0A 3A0
Phone: (780)645-4677
Email: svhorseshoebay@gmail.com
Website: www.svhorseshoebay.com

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Summer Village of Horseshoe Bay is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the municipality's financial position as at December 31, 2019 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The council carried out its responsibilities for review of the financial statements principally through its oversight procedures. Council meets regularly with management and external auditors to discuss the results of audit examination and financial reporting matters.

The external auditors have full access to the council with and without the presence of management. The council has approved the financial statements.

The financial statements have been audited by JMD Group LLP, Chartered Accountants, independent external auditors appointed by the board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the municipality's financial statements.



Chief Administrative Officer

April 4, 2020

Date



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of the Summer Village of Horseshoe Bay (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, changes in net financial assets, and cash flows and schedules 1 to 6 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 financial position of the Municipality as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 the audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used 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 Municipality'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 disclosure 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosure, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

St. Paul, Alberta
April 4, 2020

JMO Group LLP
CHARTERED ACCOUNTANTS

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash (note 2)	\$ 343,134	\$ 286,276
Taxes and grants in place of taxes receivable (note 3)	1,271	663
Receivable from other governments	225,428	14,350
Under-levy receivable	250	--
Long-term investment (note 4)	<u>1,046</u>	<u>1,009</u>
	<u>571,129</u>	<u>302,298</u>
Liabilities		
Accounts payable and accrued liabilities	33,161	10,538
Due to other governments	1,723	1,851
Deferred revenue (note 5)	<u>262,930</u>	<u>32,733</u>
	<u>297,814</u>	<u>45,122</u>
Net financial assets	<u>273,315</u>	<u>257,176</u>
Non-financial assets		
Tangible capital assets (schedule 2)	948,149	1,001,751
Prepaid expenses	<u>1,351</u>	<u>476</u>
	<u>949,500</u>	<u>1,002,227</u>
Accumulated surplus (note 8)	\$ <u>1,222,815</u>	\$ <u>1,259,403</u>

Contingencies (note 12)

APPROVED ON BEHALF OF THE SUMMER VILLAGE OF HORSESHOE BAY:



Mayor



Administrator

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u> (unaudited)	<u>2019</u>	<u>2018</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 72,825	\$ 72,838	\$ 68,058
Sales and user fees	500	725	275
Government transfers for operating (schedule 4)	228,000	181,238	198,678
Investment income	2,400	4,646	1,910
Penalties and costs of taxes	400	1,035	529
Licenses and permits	500	150	200
Other	<u>2,375</u>	<u>1,192</u>	<u>570</u>
	<u>307,000</u>	<u>261,824</u>	<u>270,220</u>
Expenses			
Legislative	9,000	8,917	7,060
Administration	34,000	31,705	32,635
Protective services	7,000	4,931	146,188
Roads, streets, walks, lighting	286,000	240,691	109,418
Waste management	14,000	12,919	12,986
Planning and development	1,000	125	--
Recreation and culture	<u>23,000</u>	<u>14,748</u>	<u>22,077</u>
	<u>374,000</u>	<u>314,036</u>	<u>330,364</u>
Deficiency of revenues over expenses before other	(67,000)	(52,212)	(60,144)
Other			
Government transfers for capital (schedule 4)	<u>133,000</u>	<u>15,624</u>	<u>206,698</u>
Excess (deficiency) of revenues over expenses	66,000	(36,588)	146,554
Accumulated surplus, beginning of year	<u>1,259,403</u>	<u>1,259,403</u>	<u>1,112,849</u>
Accumulated surplus, end of year	\$ <u>1,325,403</u>	\$ <u>1,222,815</u>	\$ <u>1,259,403</u>

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u> (unaudited)	<u>2019</u>	<u>2018</u>
Excess (deficiency) of revenues over expenses	\$ <u>66,000</u>	\$ <u>(36,588)</u>	\$ <u>146,554</u>
Acquisition of tangible capital assets	(150,000)	--	(191,357)
Amortization of tangible capital assets	<u>54,000</u>	<u>53,602</u>	<u>50,026</u>
	<u>(96,000)</u>	<u>53,602</u>	<u>(141,331)</u>
Use (acquisition) of prepaid expenses	<u>--</u>	<u>(875)</u>	<u>2,165</u>
Increase (decrease) in net financial assets	(30,000)	16,139	7,388
Net financial assets, beginning of year	<u>257,176</u>	<u>257,176</u>	<u>249,788</u>
Net financial assets, end of year	\$ <u>227,176</u>	\$ <u>273,315</u>	\$ <u>257,176</u>

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess (deficiency) of revenues over expenses	\$ (36,588)	\$ 146,554
Non-cash items included		
Amortization of tangible capital assets	53,602	50,026
Non-cash charges to operations (net change)		
Decrease (increase) in		
Taxes and grants in place receivable	(608)	1,254
Receivables from other governments	(211,078)	(10,531)
Under-levy receivable	(250)	--
Prepaid expenses	(875)	2,165
Increase (decrease) in		
Accounts payable and accrued liabilities	22,623	5,283
Due to other governments	(128)	431
Deferred revenue	<u>230,197</u>	<u>(139,843)</u>
	<u>56,895</u>	<u>55,339</u>
Capital		
Acquisition of tangible capital assets	<u> --</u>	<u>(191,357)</u>
Investing		
Increase in long-term investment	(37)	(33)
Increase in restricted cash	<u>(16,204)</u>	<u>(32,733)</u>
	<u>(16,241)</u>	<u>(32,766)</u>
Change in cash during the year	40,654	(168,784)
Cash, beginning of year	<u>253,543</u>	<u>422,327</u>
Cash, end of year	\$ <u>294,197</u>	\$ <u>253,543</u>
 Cash is made up of:		
Cash (note 2)	\$ 343,134	\$ 286,276
Less restricted portion	<u>(48,937)</u>	<u>(32,733)</u>
	\$ <u>294,197</u>	\$ <u>253,543</u>

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Unrestricted Surplus</u>	<u>Equity in Tangible Capital Assets</u>	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ <u>257,652</u>	\$ <u>1,001,751</u>	\$ <u>1,259,403</u>	\$ <u>1,112,849</u>
Excess (deficiency) of revenues over expenses	(36,588)	--	(36,588)	146,554
Annual amortization expense	<u>53,602</u>	<u>(53,602)</u>	<u>--</u>	<u>--</u>
Change in accumulated surplus	<u>17,014</u>	<u>(53,602)</u>	<u>(36,588)</u>	<u>146,554</u>
Balance, end of year	\$ <u>274,666</u>	\$ <u>948,149</u>	\$ <u>1,222,815</u>	\$ <u>1,259,403</u>

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>2019</u>	<u>2018</u>
Cost						
Balance, beginning of year	\$ 156,573	\$ 74,994	\$ 103,578	\$ 1,360,124	\$ 1,695,269	\$ 1,503,912
Acquisition of tangible capital assets	--	--	--	--	--	<u>191,357</u>
Balance, end of year	<u>156,573</u>	<u>74,994</u>	<u>103,578</u>	<u>1,360,124</u>	<u>1,695,269</u>	<u>1,695,269</u>
Accumulated amortization						
Balance, beginning of year	--	32,549	29,925	631,044	693,518	643,492
Annual amortization	--	<u>2,402</u>	<u>2,341</u>	<u>48,859</u>	<u>53,602</u>	<u>50,026</u>
Balance, end of year	--	<u>34,951</u>	<u>32,266</u>	<u>679,903</u>	<u>747,120</u>	<u>693,518</u>
Net book value of tangible capital assets	<u>\$ 156,573</u>	<u>\$ 40,043</u>	<u>\$ 71,312</u>	<u>\$ 680,221</u>	<u>\$ 948,149</u>	<u>\$ 1,001,751</u>
2018 Net book value of tangible capital assets	<u>\$ 156,573</u>	<u>\$ 42,445</u>	<u>\$ 73,653</u>	<u>\$ 729,080</u>	<u>\$ 1,001,751</u>	

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u> (unaudited)	<u>2019</u>	<u>2018</u>
Taxation			
Residential land and improvements	\$ 113,064	\$ 113,306	\$ 108,319
Commercial property	<u>1,209</u>	<u>1,216</u>	<u>1,180</u>
	<u>114,273</u>	<u>114,522</u>	<u>109,499</u>
Requisitions			
Alberta School Foundation	41,435	41,684	41,435
Designated Industrial	<u>13</u>	<u>--</u>	<u>6</u>
	<u>41,448</u>	<u>41,684</u>	<u>41,441</u>
Net taxes for general municipal operations	<u>\$ 72,825</u>	<u>\$ 72,838</u>	<u>\$ 68,058</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Provincial	\$ 228,000	\$ 181,238	\$ 128,968
Other local governments	<u>--</u>	<u>--</u>	<u>69,710</u>
	228,000	181,238	198,678
Transfers for capital			
Provincial	<u>133,000</u>	<u>15,624</u>	<u>206,698</u>
Total government transfers	<u>\$ 361,000</u>	<u>\$ 196,862</u>	<u>\$ 405,376</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 6,575	\$ 6,125	\$ 5,125
Contracted and general services	276,489	228,652	98,847
Purchases from other governments	23,700	18,526	24,162
Materials, goods, supplies and utilities	13,236	7,131	152,204
Amortization of tangible capital assets	<u>54,000</u>	<u>53,602</u>	<u>50,026</u>
Total expenses	<u>\$ 374,000</u>	<u>\$ 314,036</u>	<u>\$ 330,364</u>

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation and Culture	Environmental Services	Total
Revenue							
Net municipal taxes	\$ 72,838	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 72,838
Government transfers	1,501	3,208	188,104	--	4,049	--	196,862
User fees and sales of goods	275	--	--	--	450	--	725
Investment income	4,646	--	--	--	--	--	4,646
Other revenues	<u>1,035</u>	<u>--</u>	<u>--</u>	<u>150</u>	<u>1,192</u>	<u>--</u>	<u>2,377</u>
	<u>80,295</u>	<u>3,208</u>	<u>188,104</u>	<u>150</u>	<u>5,691</u>	<u>--</u>	<u>277,448</u>
Expenses							
Contract and general services	33,646	4,931	191,774	--	4,627	12,200	247,178
Salaries and wages	6,000	--	--	125	--	--	6,125
Goods and supplies	<u>976</u>	<u>--</u>	<u>58</u>	<u>--</u>	<u>6,097</u>	<u>--</u>	<u>7,131</u>
	<u>40,622</u>	<u>4,931</u>	<u>191,832</u>	<u>125</u>	<u>10,724</u>	<u>12,200</u>	<u>260,434</u>
Net revenue before amortization	39,673	(1,723)	(3,728)	25	(5,033)	(12,200)	17,014
Amortization expense	--	--	(48,859)	--	(4,024)	(719)	(53,602)
Net revenue	<u>\$ 39,673</u>	<u>\$ (1,723)</u>	<u>\$ (52,587)</u>	<u>\$ 25</u>	<u>\$ (9,057)</u>	<u>\$ (12,919)</u>	<u>\$ (36,588)</u>

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. Significant Accounting Policies

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

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, 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 summer village and are, therefore, accountable to the summer village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education 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 requires management to make estimates and assumptions that affect the reported amount 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 expenses 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.

(d) Cash

Cash is defined as cash in bank accounts adjusted for outstanding items.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. Significant Accounting Policies (continued)

(e) Investments

Investments are recorded at amortized cost. 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.

(f) 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.

(g) Requisition Over-levy and Under-levy

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.

(h) 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.

(i) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, provides the consolidated Change in Net Financial Assets 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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings	25 - 50
Engineered structures	
Roadway system	10 - 40
Bridge	55
Machinery and equipment	10
Land improvements	15 - 25

One half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is 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 of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

2. Cash

	<u>2019</u>	<u>2018</u>
Credit Union chequing	\$ 2,838	\$ 3,238
Credit Union savings	<u>340,296</u>	<u>283,038</u>
	<u>\$ 343,134</u>	<u>\$ 286,276</u>

Included in cash is a restricted amount of \$48,937 (2018 - \$32,733) comprised of deferred revenue received and not expended (see note 5).

**SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

3. Taxes and Grants in Place of Taxes Receivable	<u>2019</u>	<u>2018</u>
Taxes receivable		
Current	\$ 1,271	\$ 663
Arrears	<u> --</u>	<u> --</u>
	<u>\$ 1,271</u>	<u>\$ 663</u>
4. Long-Term Investment	<u>2019</u>	<u>2018</u>
Servus Credit Union shares	\$ <u>1,046</u>	\$ <u>1,009</u>
5. Deferred Revenue	<u>2019</u>	<u>2018</u>
ACP – Inter-municipal Collaboration	\$ 46,365	\$ 19,414
Municipal sustainability initiative - capital	186,718	10,835
Gas tax fund	27,275	--
Recreation fund	<u>2,572</u>	<u>2,484</u>
	<u>\$ 262,930</u>	<u>\$ 32,733</u>

Deferred funding in the amount of 48,937 was received from various grant programs and the recreation fund. The remaining deferred revenue of \$213,993 are grants receivable for amounts allocated to the summer village but not yet received. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements or by the contributors. The unexpended funds received are supported by restricted cash (note 2).

6. 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 Summer Village of Horseshoe Bay be disclosed as follows:

	<u>2019</u>	<u>2018</u>
Total debt limit, being total debt limit remaining	\$ <u>134,017</u>	\$ <u>119,997</u>
Debt servicing limit, being debt servicing limit remaining	\$ <u>22,336</u>	\$ <u>20,000</u>

The debt limit is calculated at 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.

**SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

7. Equity in Tangible Capital Assets	<u>2019</u>	<u>2018</u>
Tangible capital assets (Schedule 2)	\$ 1,695,269	\$ 1,695,269
Accumulated amortization (Schedule 2)	<u>(747,120)</u>	<u>(693,518)</u>
	<u>\$ 948,149</u>	<u>\$ 1,001,751</u>

8. Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	\$ 274,666	\$ 257,652
Equity in tangible capital assets (note 7)	<u>948,149</u>	<u>1,001,751</u>
	<u>\$ 1,222,815</u>	<u>\$ 1,259,403</u>

9. Segmented Disclosure

The Summer Village of Horseshoe Bay provides a range of services to its ratepayers. For each 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).

10. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials and officers as required by Alberta Regulation 313/2000 is as follows:

	<u>2019</u>			<u>2018</u>
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Mayor – Gary Burns	\$ 2,125	\$ 1,122	\$ 3,247	\$ 2,061
Deputy mayor/councillor - Amyotte	1,875	167	2,042	1,989
Deputy mayor/councillor - Gushaty	<u>2,000</u>	<u>689</u>	<u>2,689</u>	<u>2,261</u>
	<u>\$ 6,000</u>	<u>\$ 1,978</u>	<u>\$ 7,978</u>	<u>\$ 6,311</u>
CAO – Contract position	<u>\$ 17,460</u>	<u>\$ --</u>	<u>\$ 17,460</u>	<u>\$ 17,960</u>
Assessor – Contract position	<u>\$ 5,000</u>	<u>\$ --</u>	<u>\$ 5,000</u>	<u>\$ 4,800</u>

⁽¹⁾ Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

⁽²⁾ Benefits and allowances include travel reimbursements.

SUMMER VILLAGE OF HORSESHOE BAY
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11. Operating loan

The Summer Village of Horseshoe Bay has a prime plus 1% authorized operating line with a \$30,000 limit with Servus Credit Union. No balance was outstanding at December 31, 2019.

12. Contingencies

The Summer Village of Horseshoe Bay has delegated their powers and duties under the Emergency Management Act to the County of St. Paul No. 19 under an Emergency Management Agreement, with an unspecified term. The Summer Village of Horseshoe Bay is responsible to pay all unrecoverable costs incurred by the County in implementing an Emergency Response within the boundaries of the Summer Village of Horseshoe Bay. Any liability incurred would be accounted for as a current transaction in the year an emergency response occurs.

The Summer Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Summer 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. Commitments

Effective January 1, 2020 under the terms of a cost sharing agreement with the County of St. Paul No. 19, Town of St. Paul, and Town of Elk Point, the summer village contributes to the Regional Recreation Class A facilities operating expenses. The annual contribution by the Summer Village for 2020 will be \$2,557.

14. Financial Instruments

The summer village's financial instruments consist of cash, receivables, long-term investment, accounts payable and accrued liabilities and deferred revenue. It is management's opinion that the summer village is not exposed to significant interest or currency risks arising from these financial instruments.

The summer village is subject to credit risk with respect to taxes and grants in place of taxes receivable. Credit risk arises from the possibility that taxpayers may experience financial difficulty and be unable to fulfill their obligations. The number and diversity of taxpayers minimizes the credit risk.

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

**SUMMER VILLAGE OF HORSESHOE BAY
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15. Contaminated Sites Liability

The summer village has adopted PS3260 Liability for Contaminated Sites. The summer village did not identify any financial liabilities in 2019 (2018 – \$Nil) as a result of this standard.

16. Approval of Financial Statements

Council and Management have approved these financial statements.

17. Budget Amounts

Budget amounts are included for information purposes only and are not audited.

18. Recent Accounting Pronouncements Published But Not Yet Adopted

(a) PSAS Section 1201, Financial Statement Presentation

Revised standard is effective beginning on or after April 1, 2021, when sections PS2601 and PS3450 are adopted.

(b) PSAS Section 2601, Foreign Currency Transactions

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements. It applies to years beginning on or after April 1, 2021.

(c) PSAS Section 3041, Portfolio Investments

This standard addresses the distinction between temporary and portfolio investments. The standard is effective beginning on or after April 1, 2021, when sections PS1201, PS2601 and PS3450 are adopted.

(d) PSAS Section 3280, Asset Retirement Obligations

This standard is intended to provide guidance on accounting for asset retirement obligations and will apply in years beginning on or after April 1, 2021.

(e) PSAS Section 3400, Revenue

This standard will provide greater clarity on the difference between exchange and non-exchange transactions. It applies in years beginning on or after April 1, 2022.

(f) PSAS Section 3450, Financial Instruments

This standard establishes recognition, measurement and disclosure requirements for derivative and non- derivative financial instruments. It applies to years beginning on or after April 1, 2021.