

**TOWN OF CARSTAIRS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

**TOWN OF CARSTAIRS
FINANCIAL STATEMENTS
DECEMBER 31, 2020**

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets (Debt)	6
Statement of Cash Flows	7
Schedule of Tangible Capital Assets	8
Schedule of Property and Other Taxes	9
Schedule of Government Transfers	9
Schedule of Expenses by Object	10
Schedule of Changes in Accumulated Surplus	11
Schedule of Segmented Disclosure	12
Notes to Financial Statements	13 - 24

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the financial statements of the Town of Carstairs, which comprise of the statement of financial position as at, December 31, 2020 and the results of its operations and changes in its net financial assets (debt) and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of Carstairs as at December 31, 2020, the results of its operations, changes in net financial assets (debt) and its cash flows for the year 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 Financial Statements section of our report. We are independent of the Town of Carstairs in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the users taken on the basis of these 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 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 controls.
- Obtain an understanding of internal controls 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 Town's internal controls.
- 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 Town'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 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 the auditor's report. However future events or conditions may cause the Town to cease to continue to be a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 9.
- Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

TOWN OF CARSTAIRS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 4,618,208	\$ 2,926,374
Receivables		
Taxes and grants in place of taxes (Note 3)	376,957	347,997
Trade and other receivables	438,552	393,920
Receivables from other governments	35,896	464,294
Land inventory held for resale	<u>422,595</u>	<u>422,595</u>
	<u>5,892,208</u>	<u>4,555,180</u>
LIABILITIES		
Accounts payable and accrued liabilities	319,275	325,604
Deposit liabilities (Note 4)	16,900	16,100
Deferred revenue (Note 5)	723,390	100,786
Employee benefit obligations (Note 6)	254,168	203,073
Provision for landfill closure and post-closure costs (Note 7)	111,946	124,353
Long-term debt (Note 8)	<u>3,498,931</u>	<u>4,988,740</u>
	<u>4,924,610</u>	<u>5,758,656</u>
NET FINANCIAL ASSETS (DEBT)	<u>967,598</u>	<u>(1,203,476)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	53,617,500	54,385,081
Prepaid expenses	<u>9,965</u>	<u>5,871</u>
	<u>53,627,465</u>	<u>54,390,952</u>
ACCUMULATED SURPLUS (Schedule 5, Note 11)	<u>\$ 54,595,063</u>	<u>\$ 53,187,476</u>

COMMITMENTS (SEE NOTE 15)

TOWN OF CARSTAIRS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
REVENUE			
Net municipal taxes (Schedule 2)	\$ 4,372,304	\$ 4,367,480	\$ 4,258,385
User fees and sale of goods	3,919,354	4,485,089	2,807,061
Government transfers for operating (Schedule 3)	512,720	818,576	534,501
Investment income	20,400	53,621	91,591
Penalties and costs on taxes	96,900	102,189	102,858
Licenses and permits	118,550	121,499	116,727
Franchise and concession contracts	464,100	475,240	465,719
Transfers from local boards and agencies	5,000	5,000	5,000
Gain on disposal of tangible capital assets		960	19,749
Other	<u>24,373</u>	<u>40,129</u>	<u>52,550</u>
Total Revenue	<u>9,533,701</u>	<u>10,469,783</u>	<u>8,454,141</u>
EXPENSES			
Legislative	347,318	309,337	351,290
Administration	739,417	854,928	790,069
Protective services	1,028,778	1,111,986	1,067,201
Transportation	934,649	2,223,839	2,258,017
Water supply and distribution	856,367	1,037,525	1,050,550
Wastewater treatment and disposal	240,880	424,318	487,038
Public health and welfare	435,466	403,805	431,448
Land use planning, zoning and development	366,533	484,894	226,673
Waste management	476,566	511,459	511,920
Subdivision land and development	200,729	221,313	266,908
Parks and recreation	2,601,729	2,872,869	1,774,834
Culture	<u>374,612</u>	<u>382,865</u>	<u>402,482</u>
Total Expenses	<u>8,603,044</u>	<u>10,839,138</u>	<u>9,618,430</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	930,657	(369,355)	(1,164,289)
Government transfers for capital (Schedule 3)		1,241,083	1,084,756
Contributed and donated assets		418,431	1,797,800
Capital donations and other revenue		13,230	16,295
Off site levies from developers		<u>104,198</u>	<u>146,015</u>
EXCESS OF REVENUE OVER EXPENSES	930,657	1,407,587	1,880,577
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>53,187,476</u>	<u>53,187,476</u>	<u>51,306,899</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 54,118,133</u>	<u>\$ 54,595,063</u>	<u>\$ 53,187,476</u>

TOWN OF CARSTAIRS
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
EXCESS OF REVENUE OVER EXPENSES	\$ <u>930,657</u>	\$ <u>1,407,587</u>	\$ <u>1,880,577</u>
Acquisition of tangible capital assets	(547,000)	(928,765)	(5,966,170)
Contributed and donated assets		(418,431)	(1,797,800)
Proceeds on sale of tangible capital assets		6,000	60,874
Amortization of tangible capital assets		2,106,956	2,035,229
Loss on sale of tangible capital assets		<u>1,820</u>	<u>24,474</u>
	<u>(547,000)</u>	<u>767,580</u>	<u>(5,643,393)</u>
Change in in prepaid expenses		<u>(4,093)</u>	<u>1,397</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	383,657	2,171,074	(3,761,419)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>(1,203,476)</u>	<u>(1,203,476)</u>	<u>2,557,943</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>\$ (819,819)</u>	<u>\$ 967,598</u>	<u>\$ (1,203,476)</u>

TOWN OF CARSTAIRS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 1,407,587	\$ 1,880,577
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization of tangible capital assets	2,106,956	2,035,229
Loss (gain) on sale of tangible capital assets	1,820	24,474
Tangible capital assets received as contributions	<u>(418,431)</u>	<u>(1,797,800)</u>
	3,097,932	2,142,480
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	(28,960)	(39,253)
Decrease(increase) in trade and other receivables	(44,632)	(9,059)
Decrease(increase) in receivables from other governments	428,398	(390,317)
Decrease in land inventory held for resale		15,050
Decrease(increase) in prepaid expenses	(4,093)	1,397
Increase(decrease) in accounts payable and accrued liabilities	(6,328)	43,009
Increase(decrease) in deposit liabilities	800	800
Increase(decrease) in deferred revenue	622,604	50,144
Increase(decrease) in employee benefit obligations	51,095	18,271
Increase(decrease) in provision for landfill post-closure care liability	<u>(12,407)</u>	<u>(11,640)</u>
Cash provided by (applied to) operating transactions	<u>4,104,409</u>	<u>1,820,882</u>
CAPITAL		
Acquisition of tangible capital assets	(928,765)	(5,966,170)
Proceeds on sale of tangible capital assets	<u>6,000</u>	<u>60,874</u>
Cash provided by (applied to) capital transactions	<u>(922,765)</u>	<u>(5,905,296)</u>
FINANCING		
Proceeds from loans	209,912	4,159,504
Repayment on loans	<u>(1,699,722)</u>	<u>(925,025)</u>
Cash provided by (applied to) financing transactions	<u>(1,489,810)</u>	<u>3,234,479</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	1,691,834	(849,935)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,926,374</u>	<u>3,776,309</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,618,208</u>	<u>\$ 2,926,374</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	<u>\$ 4,618,208</u>	<u>\$ 2,926,374</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,618,208</u>	<u>\$ 2,926,374</u>

TOWN OF CARSTAIRS
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
COST:								
BALANCE, BEGINNING OF YEAR	\$ 4,142,172	\$ 3,607,499	\$ 9,098,765	\$ 58,044,779	\$ 2,637,818	\$ 1,667,033	\$ 79,198,066	\$ 71,627,317
Acquisition of tangible capital assets		74,637	76,262	900,019	86,365		1,137,283	4,303,968
Work-in-progress						209,912	209,912	3,460,000
Disposal of tangible capital assets				(14,577)	(6,245)	(18,000)	(38,822)	(193,219)
BALANCE, END OF YEAR	<u>4,142,172</u>	<u>3,662,136</u>	<u>9,175,027</u>	<u>58,930,221</u>	<u>2,717,938</u>	<u>1,858,945</u>	<u>80,506,439</u>	<u>79,198,066</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR		1,082,496	2,731,802	19,180,713	1,269,889	548,085	24,812,985	22,885,629
Annual amortization		153,848	176,335	1,497,063	186,334	93,376	2,106,956	2,035,229
Accumulated amortization on disposals				(14,576)	(3,466)	(12,960)	(31,002)	(107,873)
BALANCE, END OF YEAR		<u>1,236,344</u>	<u>2,908,137</u>	<u>20,663,200</u>	<u>1,452,757</u>	<u>628,501</u>	<u>26,888,939</u>	<u>24,812,985</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 4,142,172</u>	<u>\$ 2,445,792</u>	<u>\$ 6,266,890</u>	<u>\$ 38,267,021</u>	<u>\$ 1,265,181</u>	<u>\$ 1,230,444</u>	<u>\$ 53,617,500</u>	<u>\$ 54,385,081</u>
 2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 4,142,172</u>	<u>\$ 2,525,003</u>	<u>\$ 6,366,963</u>	<u>\$ 38,864,066</u>	<u>\$ 1,367,929</u>	<u>\$ 1,118,948</u>	<u>\$ 54,385,081</u>	

TOWN OF CARSTAIRS
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

	Budget (Unaudited)	2020	2019
TAXATION			
Residential land and improvement taxes	\$ 6,166,304	\$ 6,160,131	\$ 5,919,204
Non-residential linear property taxes	134,427	135,773	134,427
Residential grants in place of property taxes	11,897	11,364	11,897
	<u>6,312,628</u>	<u>6,307,268</u>	<u>6,065,528</u>
REQUISITIONS			
Alberta School Foundation Fund	1,698,945	1,698,409	1,650,644
Mountain View Foundation	241,379	241,379	156,499
	<u>1,940,324</u>	<u>1,939,788</u>	<u>1,807,143</u>
NET MUNICIPAL TAXES	<u>\$ 4,372,304</u>	<u>\$ 4,367,480</u>	<u>\$ 4,258,385</u>

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

Schedule 3

	Budget (Unaudited)	2020	2019
TRANSFERS FOR OPERATING			
Provincial government	\$ 134,080	\$ 402,674	\$ 175,303
Federal government	2,000	2,000	2,000
Local governments	376,640	413,902	357,198
	<u>512,720</u>	<u>818,576</u>	<u>534,501</u>
TRANSFERS FOR CAPITAL			
Provincial government		1,225,293	1,051,027
Local governments		15,790	33,729
		<u>1,241,083</u>	<u>1,084,756</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 512,720</u>	<u>\$ 2,059,659</u>	<u>\$ 1,619,257</u>

TOWN OF CARSTAIRS
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 4

	Budget (Unaudited)	2020	2019
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 4,277,528	\$ 4,122,955	\$ 3,432,625
Contracted and general services	1,836,823	2,057,077	1,978,617
Materials, goods, supplies and utilities	1,821,472	1,886,592	1,464,162
Provision for allowances	2,000	2,506	18,795
Transfers to individuals and organizations	445,689	499,836	546,169
Bank charges and short term interest	20,800	30,658	2,842
Interest on capital long term debt	198,732	129,778	95,768
Amortization of tangible capital assets		2,106,956	2,035,229
Loss on disposal of tangible capital assets		2,780	44,223
	<u>\$ 8,603,044</u>	<u>\$ 10,839,138</u>	<u>\$ 9,618,430</u>

TOWN OF CARSTAIRS
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
BALANCE, BEGINNING OF YEAR	\$ <u>479,965</u>	\$ <u>3,311,170</u>	\$ <u>49,396,341</u>	\$ <u>53,187,476</u>	\$ <u>51,306,899</u>
Excess of revenues over expenses	1,407,587			1,407,587	1,880,577
Unrestricted funds designated for future use	(1,089,011)	1,089,011			
Restricted funds used for tangible capital assets		(484,902)	484,902		
Current year funds used for tangible capital assets	(233,949)		233,949		
Contributed tangible capital assets	(418,431)		418,431		
Disposal of tangible capital assets	7,820		(7,820)		
Annual amortization expense	2,106,956		(2,106,956)		
Long term debt repaid	(1,699,722)		1,699,722		
Change in accumulated surplus	<u>81,250</u>	<u>604,109</u>	<u>722,228</u>	<u>1,407,587</u>	<u>1,880,577</u>
BALANCE, END OF YEAR	\$ <u><u>561,215</u></u>	\$ <u><u>3,915,279</u></u>	\$ <u><u>50,118,569</u></u>	\$ <u><u>54,595,063</u></u>	\$ <u><u>53,187,476</u></u>

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

Schedule 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Community Services	Total
REVENUE								
Net municipal taxes	\$ 4,367,480							\$ 4,367,480
User fees and sales of goods	51,515	154,192		123,854	1,915,227	2,177,823	62,478	4,485,089
Government transfers	268,593	183,177	225,705		258,618	999,588	123,978	2,059,659
Investment Income	14,268	9,750	10,992		1,356	17,255		53,621
Penalties	102,189							102,189
Licenses and permits	23,887	1,280		96,332				121,499
Franchise fees	475,240							475,240
Transfers from local boards					5,000			5,000
Gain on disposal					960			960
Contributed assets			418,431					418,431
Other revenues	2,487	420	91,576	1,905	14,690	46,479		157,557
	<u>5,305,659</u>	<u>348,819</u>	<u>746,704</u>	<u>222,091</u>	<u>2,195,851</u>	<u>3,241,145</u>	<u>186,456</u>	<u>12,246,725</u>
EXPENSES								
Salaries & wages	581,751	573,655	381,832	421,344	1,554,740	440,501	159,132	4,122,955
Contract & general services	360,301	297,198	155,078	280,436	515,507	355,708	92,849	2,057,077
Goods & supplies	30,298	132,573	321,708	2,481	641,101	741,512	16,919	1,886,592
Provision for allowances	2,454					52		2,506
Transfers to organizations		22,782			231,581	110,568	134,905	499,836
Bank charges and interest	11,728				18,930			30,658
Interest on long-term debt		573	72,067		27,024	30,114		129,778
Loss on disposal		2,779	1					2,780
	<u>996,532</u>	<u>1,029,560</u>	<u>930,686</u>	<u>704,261</u>	<u>2,988,883</u>	<u>1,678,455</u>	<u>403,805</u>	<u>8,732,182</u>
NET REVENUE, BEFORE AMORTIZATION	<u>4,309,127</u>	<u>(680,741)</u>	<u>(183,982)</u>	<u>(482,170)</u>	<u>(793,032)</u>	<u>1,562,690</u>	<u>(217,349)</u>	<u>3,514,543</u>
Amortization expense	167,733	82,426	1,293,153	1,946	266,851	294,847		2,106,956
NET REVENUE	<u>\$ 4,141,394</u>	<u>\$ (763,167)</u>	<u>\$ (1,477,135)</u>	<u>\$ (484,116)</u>	<u>\$ (1,059,883)</u>	<u>\$ 1,267,843</u>	<u>\$ (217,349)</u>	<u>\$ 1,407,587</u>

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Carstairs are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting Entity

The 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 Town and are, therefore, accountable to the Town 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 organizations 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 Public Sector Accounting Standards principles 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 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.

Significant financial statement areas requiring the use of management estimates include:

- Landfill post-closure liability;
- Employee benefits obligations;
- Useful life of tangible capital assets;
- Accrued liabilities
- Fair value of contributed tangible capital assets

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

e) 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.

f) 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.

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) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

i) 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 borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay 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 an amount equal to the debt repayment.

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

k) Net Municipal Taxes

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act (MGA) and tax rates established annually by Town Council. Taxation revenues are recorded at the time the tax billings are issued. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gain or losses on assessment changes or appeals are recorded as adjustments to tax revenue and receivables when a written decision is received from the authorized board or a change is generated by the authorized assessor.

l) 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.

m) Contributions

Developer contributions received from third parties are recognized as revenue when the related expenditures have been incurred.

n) 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 Change in Net Financial Assets for the year.

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

	YEARS
Land improvements	10-25
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	10-75
Machinery and equipment	5-40
Vehicles	10-25

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned. 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 such as privately developed subdivisions including water systems, sanitary systems, storm systems, and roads are recorded at fair value at the date of receipt. Equivalent amounts are recorded as revenue for the year on the Statement of Operations.

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.

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. CASH AND TEMPORARY INVESTMENTS

	<u>2020</u>	<u>2019</u>
Cash	\$ 3,079,214	\$ 1,425,722
Temporary investments	<u>1,538,994</u>	<u>1,500,652</u>
	<u>\$ 4,618,208</u>	<u>\$ 2,926,374</u>

Temporary investments are comprised of term deposits bearing interest at 2.24% and maturing in February 2021 as well as 60 day notice deposit account earning interest at 0.70%.

Of the cash and temporary investments \$723,390 (2019 - \$28,769) is considered restricted cash and not available for general use as it relates to conditional government grant revenue and other conditional contributions, that have not yet been expended for the purposes intended.

Of the cash and temporary investments \$16,900 (2019 - \$16,100) is considered restricted cash and not available for general use as it relates to deposits received.

The Town has two revolving lines of credit with ATB Financial totaling \$1,000,000 interest at prime rate less 0.25%. As of December 31, 2020, \$0 was outstanding on the revolving lines of credit.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2020</u>	<u>2019</u>
Current taxes and grants in place receivables	\$ 270,669	\$ 244,505
Arrears taxes	<u>106,288</u>	<u>103,492</u>
	<u>\$ 376,957</u>	<u>\$ 347,997</u>

4. DEPOSIT LIABILITIES

The Town maintains utility and rental deposits of \$16,900 (2019 - \$16,100).

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. DEFERRED REVENUE

	2020	2019
Municipal Stimulus Program	\$ 484,629	\$
Municipal Operating Support Transfer	149,239	
Donations - Carstairs Nature Space	45,949	
Donations - Skateboard Park	20,914	20,914
Donations and unearned revenue	15,153	7,855
Federal Gas Tax Fund	7,506	
Municipal Sustainability Initiative - Capital		72,017
	\$ 723,390	\$ 100,786

Municipal Stimulus Program

Provincial government funding was received in the current year to undertake certain eligible infrastructure project expenses within the Town that have not yet been expended.

Municipal Operating Support Transfer

Provincial and Federal government funding was received in the current year to provide assistance with operating impacts due to the COVID-19 pandemic within the Town that have not yet been expended.

Donations - Carstairs Nature Space

Donations have been received by the Town, which have not yet been spent, to fund the establishment of a nature space within the Town.

Donations - Skateboard Park

Donations have been received by the Town, which have not yet been spent, to fund the maintenance or upgrade of a skateboard park in the community.

Donations and unearned revenue

Certain contributions and fees were received by the Town, which have not yet been earned or are restricted for use in certain projects within the Town, which have not yet been expended.

Federal Gas Tax Fund

Federal and provincial government funding was received in the current year to undertake certain eligible environmentally sustainable projects within the Town that have not yet been expended.

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2020</u>	<u>2019</u>
Vacation pay payable	\$ 82,598	\$ 42,353
Vested sick leave payable	<u>171,570</u>	<u>160,720</u>
	<u>\$ 254,168</u>	<u>\$ 203,073</u>

Vacation pay payable

The vacation liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

Vested sick leave payable

The vested sick leave liability is comprised of paid sick days that employees have not used and are being deferred to future years.

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The Town has not designated assets for settling closure and post-closure liabilities.

	<u>2020</u>	<u>2019</u>
Estimated post-closure costs	\$ <u>111,946</u>	\$ <u>124,353</u>

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. LONG TERM DEBT

	2020	2019
Tax supported debentures	\$ 193,097	\$ 251,867
Tax supported loans	2,768,706	4,084,938
Obligations under capital lease	537,128	651,935
	\$ 3,498,931	\$ 4,988,740

The current portion of the long-term debt amounts to \$1,106,106 (2019- \$1,079,722)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	\$ 1,106,106	\$ 84,600	\$ 1,190,706
2022	1,071,974	53,918	1,125,892
2023	721,123	27,660	748,783
2024	473,780	7,926	481,706
2025	20,991	2,577	23,568
Thereafter	104,957	5,963	110,920
	\$ 3,498,931	\$ 182,644	\$ 3,681,575

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates of 4.65% matures in 2023.

The ATB Financial municipal loans bear interest at bank prime and at bank prime less 0.25% and are repayable in annual principal payments of \$22,500, \$35,000, \$75,000, \$200,000, and \$350,000 plus monthly interest payments.

The Bank of Montreal loans bear interest at bank prime and bank prime less 0.25% and are repayable in annual principal payments of \$133,333 and \$82,000 plus interest. One of the Bank of Montreal loans only bears interest as it is not full drawn as of December 31, 2020. The maximum remaining amount that the Town can draw on this loan is \$290,088.

The John Deere Financial Inc. lease obligation is repayable in monthly instalments of \$2,930 including interest at 4.99%. The monthly payments are made from May to October annually and no payments are due November to April annually. The lease obligation is secured by certain capital equipment.

The De Lage Landen Financial Services Canada Inc. lease obligation is repayable in monthly instalments of \$7,670 including interest at 5.57%. The monthly payments are made from May to October annually and no payments are due November to April annually. The lease obligation is secured by certain capital equipment.

Debenture and bank debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$129,778 (2019 - \$95,768).

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. 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 Town of Carstairs be disclosed as follows:

	2020	2019
Total debt limit	\$ 15,703,235	\$ 12,651,588
Total debt	3,498,931	4,988,740
Amount of debt limit unused	\$ 12,204,304	\$ 7,662,848
Debt servicing limit	\$ 2,617,206	\$ 2,108,598
Debt servicing	1,190,706	1,079,722
Amount of debt servicing limit unused	\$ 1,426,500	\$ 1,028,876

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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets	\$ 80,506,439	\$ 79,198,066
Accumulated amortization	(26,888,939)	(24,812,985)
Long-term debt (Note 8)	(3,498,931)	(4,988,740)
	\$ 50,118,569	\$ 49,396,341

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

11. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 561,215	\$ 479,965
Restricted surplus:		
Operating		
Policing	172,332	172,332
Cemetery	41,500	37,500
Capital		
Water offsite levies	501,288	484,883
Wastewater offsite levies	605,769	610,695
Storm sewers and drainage offsite levies	227,609	217,503
Fire	464,231	394,267
Transportation	733,487	518,214
Water	338,542	155,912
Wastewater	317,014	177,003
Waste management	45,178	32,772
Cemetery	82,971	105,995
Recreation	187,337	247,840
Community hall		4,483
Stone Garden maintenance	10,000	10,000
General capital contingency	188,021	141,771
Equity in tangible capital assets	<u>50,118,569</u>	<u>49,396,341</u>
	<u>\$ 54,595,063</u>	<u>\$ 53,187,476</u>

12. SEGMENTED DISCLOSURE

The Town of Carstairs provides a range of services to its ratepayers. For each reported segment, revenues and expenses represents 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 the followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

13. SALARY AND BENEFITS

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

	2020			2019
	Salary	Benefits & allowances	Total	Total
Councillors:				
Mayor Colby	\$ 25,760	\$	\$ 25,760	\$ 25,760
Councillor Allan	19,835	858	20,693	20,668
Councillor Blair	22,411	993	23,404	23,375
Councillor Gil	19,835		19,835	19,835
Councillor Green	19,835		19,835	19,835
Councillor Ratz	19,835	858	20,693	20,668
Councillor Wilcox	19,835	858	20,693	20,668
Chief Administrative Officer	176,653	27,525	204,178	223,616
Town Assessor	-	-	-	-

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. The Town Assessor position is vacant and the Town has entered into an agreement for assessor services with an independent contractor. Total cost totalled \$51,598 (2019 - \$51,359)

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the 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 Town 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.

Total current service contributions by the Town to the LAPP in 2020 were \$287,567 (2019 - \$255,384). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2020 were \$259,701 (2018 - \$230,548).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.913 billion. This amount is not specifically allocated to the participating government organizations. The 2020 actuarial balance was not available at the date these financial statements were released.

TOWN OF CARSTAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

15.COMMITMENTS

The Town is a 16.66% equity member of the The Mountain View Regional Water Services Commission which was constituted under the Municipal Government Act in 1992.

The Town is an 11% equity member of The Mountain View Regional Waste Management Commission which was constituted under the Municipal Government Act in 2001.

16.FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, temporary bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town 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 Town 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 instrument approximates fair value.

17.BUDGET AMOUNTS

The 2020 budget for the Town was approved by council and has been reported in these financial statement for information purposes only. Amortization was not considered in the budget and has not been included. These budget amounts have not been audited, reviewed, or otherwise verified.

18.COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

19.APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
