

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Financial Statements
Year Ended December 31, 2019

SUMMER VILLAGE OF ISLAND LAKE
Index to Consolidated Financial Statements
Year Ended December 31, 2019

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Consolidated Schedule of Property and Other Taxes <i>(Schedule 1)</i>	8
Consolidated Schedule of Government Transfers <i>(Schedule 2)</i>	8
Consolidated Schedule of Expenditures by Object <i>(Schedule 3)</i>	8
Consolidated Schedule of Segmented Disclosure <i>(Schedule 4)</i>	9
Consolidated Schedule of Changes in Accumulated Surplus <i>(Schedule 5)</i>	10
Notes to Consolidated Financial Statements	11 - 18

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Summer Village of Island Lake 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 consolidated financial statements present fairly the Summer Village's financial position as at December 31, 2019 and the results of its operations for the year then ended.

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

The consolidated 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 consolidated 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, 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 consolidated financial statements.

The Summer Village Council carries out its responsibilities for review of the consolidated financial statements principally through its Council meetings. Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Council with and without the presence of management. The Summer Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Seniuk and Company, Chartered Professional Accountants, independent external auditors appointed by the Summer Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

The consolidated financial statements have been audited on behalf of the Members of Council by Seniuk and Company, Chartered Professional Accountants, in accordance with Canadian public sector accounting standards.

Ms. Wendy Wildman, CAO

Alberta Beach, Alberta
June 16, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of Island Lake

Opinion

We have audited the consolidated financial statements of Summer Village of Island Lake (the "Summer Village") 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 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 of the Summer Village as at December 31, 2019, and the consolidated results of its operations and 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 Summer Village in accordance with 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 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS 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 Summer 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 Summer Village or to cease operations, or has no realistic alternative but to do so.

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

(continues)

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 Summer 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 Summer 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 Summer 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.

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.

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 Summer Village's debt limit can be found in Note 8.

- Supplementary Accounting Principles and Standards Regulation (Salary and Benefit Disclosure):

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 10.

Edmonton, Alberta
June 16, 2020

Seniuk & Company
**Seniuk and Company,
Chartered Professional Accountants**

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Statement of Financial Position
December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 412,476	\$ 622,936
Taxes and grants in place of taxes <i>(Note 4)</i>	26,317	9,841
Grants and receivables from other governments <i>(Note 5)</i>	145,644	13,913
Interest receivable	3,438	4,103
	\$ 587,875	\$ 650,793
LIABILITIES		
Accounts payable	\$ 48,855	\$ 27,448
Deferred income <i>(Note 6)</i>	17,820	576
	66,675	28,024
NET FINANCIAL ASSETS	521,200	622,769
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 7)</i>	1,411,871	1,294,203
Prepaid expenses	840	-
	1,412,711	1,294,203
ACCUMULATED SURPLUS	\$ 1,933,911	\$ 1,916,972

On behalf of the Summer Village of Island Lake

_____ Councillor

_____ Councillor

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Statement of Operations
Year Ended December 31, 2019

	Budget (Unaudited) 2019	Actual 2019	Actual 2018
REVENUE			
Net municipal taxes (Schedule 1)	\$ 250,434	\$ 241,866	\$ 225,355
User fees and sale of goods	800	1,348	1,045
Government transfers for operating (Schedule 2)	33,253	22,999	21,065
Investment income	8,000	10,282	10,310
Penalties and costs of taxes	8,000	9,194	8,679
Licenses and permits	2,250	3,138	2,267
Other	-	100	-
Total revenue	302,737	288,927	268,721
EXPENSES			
Administration and legislative	116,762	116,203	123,147
Fire service	6,657	9,698	6,639
Bylaw enforcement	786	814	786
Roads, streets, walks and lighting	31,000	28,832	33,606
Waste management	42,000	41,297	41,101
Land use planning, zoning and development	26,050	16,805	5,824
Parks, recreation, family and community support	77,133	61,529	80,360
Libraries, museums and halls	2,349	2,348	2,312
Total operating expenses	302,737	277,526	293,775
Excess (deficiency) of revenue over expenses before other	-	11,401	(25,054)
OTHER			
Government transfers for capital (Schedule 2)	260,000	132,557	193,950
Amortization	-	(127,019)	(125,460)
	260,000	5,538	68,490
EXCESS OF REVENUE OVER EXPENSES	260,000	16,939	43,436
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	1,916,972	1,873,536
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 1,933,911	\$ 1,916,972

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2019

	2019	2018
Excess (Shortfall) of Revenues Over Expenses	\$ 16,939	\$ 43,436
Acquisition of tangible capital assets	(244,687)	(191,998)
Amortization of tangible capital assets	127,020	125,460
	(117,667)	(66,538)
Use of prepaids	(841)	\$ -
(INCREASE) DECREASE IN NET DEBT	(101,569)	(23,102)
Net financial assets (debt), beginning of year	622,769	645,871
NET ASSETS - END OF YEAR	\$ 521,200	\$ 622,769

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 16,939	\$ 43,436
Item not affecting cash:		
Amortization	127,020	125,460
	143,959	168,896
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	(16,476)	2,438
Grants and receivables from other governments	(131,731)	981
Interest receivable	665	(3,309)
Accounts payable	21,406	(3,365)
Deferred income	17,244	427
Prepaid expenses	(840)	-
	(109,732)	(2,828)
Cash flow from operating activities	34,227	166,068
INVESTING ACTIVITY		
Purchase of capital assets	(244,687)	(191,998)
DECREASE IN CASH FLOW	(210,460)	(25,930)
Cash - beginning of year	622,936	648,866
CASH - END OF YEAR (Note 2)	\$ 412,476	\$ 622,936

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE**Consolidated Schedule of Property and Other Taxes****(Schedule 1)****Year Ended December 31, 2019**

	Budget 2019	Actual 2019	Actual 2018
TAXATION			
Real property tax	\$ 513,609	\$ 506,106	\$ 492,962
Linear property taxes	3,887	3,887	2,150
	517,496	509,993	495,112
REQUISITIONS			
Alberta School Foundation	244,751	238,664	244,731
Seniors' housing requisition	22,311	29,463	25,026
	267,062	268,127	269,757
NET MUNICIPAL TAXES	\$ 250,434	\$ 241,866	\$ 225,355

Consolidated Schedule of Government Transfers**(Schedule 2)****Year Ended December 31, 2019**

	Budget 2019	2019	2018
TRANSFERS FOR OPERATING			
Provincial Government	\$ 33,253	\$ 22,999	\$ 21,065
TRANSFERS FOR CAPITAL			
Provincial Government	260,000	132,557	193,950
TOTAL GOVERNMENT TRANSFERS	\$ 293,253	\$ 155,556	\$ 215,015

Consolidated Schedule of Expenditures by Object**(Schedule 3)****Year Ended December 31, 2019**

	Budget 2019	2019	2018
EXPENSES			
Salaries, wages, and benefits	\$ 20,400	\$ 11,662	\$ 19,632
Contracted and general services	235,605	232,539	233,359
Materials, goods and utilities	20,550	19,070	20,389
Transfer to local boards and agencies	20,432	14,256	20,395
Total Consolidated Expenditures by Object	\$ 296,987	\$ 277,527	\$ 293,775

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE

**Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2019**

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 241,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,866
Government transfers for operating	11,887	-	650	4,000	6,466	-	-	23,003
User fees and sales of goods	1,348	-	-	-	-	-	-	1,348
Investment income	10,282	-	-	-	-	-	-	10,282
Other revenues	9,294	-	-	3,138	-	-	-	12,432
	274,677	-	650	7,138	6,466	-	-	288,931
EXPENSES								
Contract & general services	107,888	10,512	28,832	18,006	26,006	41,297	-	232,541
Salaries & wages	11,662	-	-	-	-	-	-	11,662
Materials, goods & utilities	716	-	-	-	18,354	-	-	19,070
Transfers to local boards	-	-	-	10,000	4,256	-	-	14,256
	120,266	10,512	28,832	28,006	48,616	41,297	-	277,529
Excess (deficiency) of revenue over expenses before other	154,411	(10,512)	(28,182)	(20,868)	(42,150)	(41,297)	-	11,402
OTHER EXPENSE/INCOME								
Amortization	-	(3,586)	(113,964)	-	(6,225)	(3,244)	-	(127,019)
Government transfers for capital	-	-	132,557	-	-	-	-	132,557
	-	(3,586)	18,593	-	(6,225)	(3,244)	-	-
EXCESS OF REVENUE (DEFICIENCY) OVER EXPENSES	\$ 154,411	\$ (14,098)	\$ (9,589)	\$ (20,868)	\$ (48,375)	\$ (44,541)	\$ -	\$ 16,940

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE

**Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2019**

(Schedule 5)

	Unrestricted Surplus	Equity in Tangible Capital Assets	Restricted Reserves	2019 Total	2018 Total
BALANCE, BEGINNING OF YEAR	\$ 622,769	\$ 1,294,203	\$ -	\$ 1,916,972	\$ 1,873,536
Excess (deficiency) of revenues over expenses	16,939	-	-	16,939	43,436
Current year funds used for tangible capital assets	(244,687)	244,687	-	-	-
Annual amortization expense	127,019	(127,019)	-	-	-
Net transfers to/from reserves	(5,750)	-	5,750	-	-
	(106,479)	117,668	5,750	16,939	43,436
BALANCE, END OF YEAR	\$ 516,290	\$ 1,411,871	\$ 5,750	\$ 1,933,911	\$ 1,916,972

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Island Lake 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Summer Village are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Summer Village of Island Lake (the "Summer Village"). The 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, 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.

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.

(continues)

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tax Revenue

Annually, the Summer Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Summer Village Council in accordance with legislation and Summer Village Council approved policies to raise the tax revenue required to meet the Summer Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Summer Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting 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.

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.

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 unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

(continues)

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 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.

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.

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 has been met and reasonable estimates of the amounts can be determined.

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 Changes in Net Financial Assets (Debt) for the year.

(continues)

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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	25 years
Buildings	20 - 25 years
Machinery and equipment	10 - 20 years
Engineered structures	15 - 40 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 asset is available for productive use.

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.

Cultural and Historical Tangible Capital Assets

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

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 AND TEMPORARY INVESTMENTS

	2019	2018
Cash	\$ 101,926	\$ 222,936
Temporary investments	300,000	400,000
Restricted cash related to grant funds	10,550	-
	\$ 412,476	\$ 622,936

Temporary investments are short term deposits with original maturities of 1 year or less.

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

3. TEMPORARY INVESTMENTS

	2019 Cost	2019 Market value	2018 Cost	2018 Market value
Short term note due May 2019	\$ -	\$ -	\$ 100,000	\$ 100,000
Short term note due October 2019	-	-	100,000	100,000
Short term note due October 2019	-	-	100,000	100,000
Short term note due May 2020	100,000	-	100,000	100,000
Short term note due July 2020	100,000	-	-	-
Short term note due October 2020	100,000	-	-	-
	\$ 300,000	\$ -	\$ 400,000	\$ 400,000

Temporary investments have effective interest rates of 2.36 % (2018 – 2.25%) and mature in one year.

4. TAXES AND GRANTS IN PLACE OF TAXES

Taxes and grants in place of taxes are comprised of:

	2019	2018
Current taxes and grants in place of taxes	\$ 24,254	\$ 9,141
Arrears taxes and grants in place of taxes	2,063	700
	\$ 26,317	\$ 9,841

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2019	2018
Government grants receivable	\$ 132,557	\$ -
Goods and Services Tax refundable	13,087	13,913
	\$ 145,644	\$ 13,913

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2019	2018
Alberta Community Partnership Grant	\$ 10,550	\$ -
Requisition over-levy	6,052	-
Prepaid property taxes	1,218	576
	\$ 17,820	\$ 576

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 7,251	\$ -	\$ 7,251	\$ 7,251
Land improvements	139,930	33,293	106,637	99,557
Buildings	158,566	81,888	76,678	80,764
Machinery and equipment	20,315	20,315	-	-
Engineered structures	2,152,677	931,372	1,221,305	1,106,631
	\$ 2,478,739	\$ 1,066,868	\$ 1,411,871	\$ 1,294,203

The net book value of the tangible capital assets at year end also represents the amount of equity in tangible capital assets.

Equity in tangible capital assets equals the tangible capital assets balance.

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Summer Village of Island Lake be disclosed as follows:

	2019	2018
Total debt limit	\$ 433,391	\$ 403,080
Total debt	-	-
Amount of debt limit unused	433,391	403,080
Debt servicing limit	72,232	67,180
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 72,232	\$ 67,180

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.

9. SEGMENTED DISCLOSURE

The Summer Village of Island Lake 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 4).

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

10. SALARY AND BENEFITS DISCLOSURE

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:

			2019	2018
	Salary (1)	Benefits & allowances (2)	Total	Total
Binder, D - Councilor	\$ 2,050	\$ -	\$ 2,050	\$ 1,900
Newton, C. - Councilor	1,800	-	1,800	1,466
Montague, J. - Councilor	2,550	-	2,550	2,283
Chief Administrative Officer	68,734	-	68,734	66,851
Designated Officers	8,866	-	8,866	5,824
	\$ 84,000	\$ -	\$ 84,000	\$ 78,324

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. Administrative services are paid via contract for the Chief Administrative Officer and Designated Officers.
2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

11. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy and long term debt.

It is management's opinion that the Summer Village is not exposed to significant interest or currency risks arising from these financial instruments.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The municipality is subject to credit risk with respect to taxes and grants, in place of taxes receivable and trade, and other receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

Fair value

The Summer Village's carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Summer Village for debt with similar terms.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

13. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

14. CONTAMINATED SITES LIABILITY

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