

SUMMER VILLAGE OF SUNRISE BEACH

Financial Statements

For the Year Ended December 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Summer Village of Sunrise Beach

We have audited the accompanying financial statements of the Summer Village of Sunrise Beach, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Summer Village of Sunrise Beach as at December 31, 2017 and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

METRIX GROUP LLP

Chartered Professional Accountants

April 24, 2018
Edmonton, Alberta



**MANAGEMENTS' RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Mayor and Council Summer Village of Sunrise Beach

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Mextrix Group LLP, Chartered Professional Accountants, have been appointed by Summer Village Council to express an opinion on the Village's financial statements.

Wendy Wildman, Chief Administrative Officer

SUMMER VILLAGE OF SUNRISE BEACH
Statement of Financial Position
As at December 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 15,563	\$ 225,914
Receivables <i>(Note 3)</i>	<u>161,748</u>	<u>73,331</u>
	<u>177,311</u>	<u>299,245</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>25,883</u>	<u>6,081</u>
NET FINANCIAL ASSETS	<u>151,428</u>	<u>293,164</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	1,241,104	1,050,666
Prepaid expenses	<u>1,614</u>	<u>1,705</u>
	<u>1,242,718</u>	<u>1,052,371</u>
ACCUMULATED SURPLUS <i>(Note 5)</i>	<u>\$ 1,394,146</u>	<u>\$ 1,345,535</u>

ON BEHALF OF THE VILLAGE COUNCIL:

_____ Mayor

_____ Councillor

SUMMER VILLAGE OF SUNRISE BEACH
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2017

	<u>2017</u> (Budget) (Note 11)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
REVENUE			
Net taxation (Schedule 2)	\$ 226,023	\$ 226,023	\$ 221,592
Provincial government transfers for operating	267,837	13,695	14,379
Penalties and costs on taxes	4,200	7,857	8,748
Other	-	6,862	-
Sales and user charges	1,300	2,950	2,943
Licenses and permits	-	810	-
Return on investments	<u>288</u>	<u>217</u>	<u>288</u>
	<u>499,648</u>	<u>258,414</u>	<u>247,950</u>
EXPENSES			
Roads, streets, walks and lighting	346,208	182,746	77,273
General administration	80,165	79,420	80,452
Waste management	28,600	23,258	17,229
Council and other legislative	12,500	9,876	7,777
Family and community support services	6,580	6,683	7,144
Land use planning, zoning and development	7,900	6,495	5,768
Bylaws enforcement	6,000	5,731	6,339
Water	4,050	4,050	6,293
Fire	7,000	2,000	7,000
Culture: libraries, museums, halls	645	641	641
Ambulance and first aid	-	-	1,278
Amortization	<u>-</u>	<u>62,301</u>	<u>99,097</u>
	<u>499,648</u>	<u>383,201</u>	<u>316,291</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>-</u>	<u>(124,787)</u>	<u>(68,341)</u>
OTHER INCOME			
Government transfers for capital	-	171,437	2,100
Gain on disposal of tangible capital assets	<u>-</u>	<u>1,961</u>	<u>-</u>
	<u>-</u>	<u>173,398</u>	<u>2,100</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ -</u>	<u>48,611</u>	<u>(66,241)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>1,345,535</u>	<u>1,411,776</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 5)		<u>\$ 1,394,146</u>	<u>\$ 1,345,535</u>

SUMMER VILLAGE OF SUNRISE BEACH
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2017

	<u>2017</u> (Budget) (Note 11)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ 48,611	\$ (66,241)
Acquisition of tangible capital assets	-	(253,979)	(2,100)
Amortization of tangible capital assets	-	62,301	99,097
Proceeds on disposal of tangible capital assets	-	3,201	-
Gain on disposal of tangible capital assets	-	(1,961)	-
Acquisition (use) of prepaid expenses	-	<u>91</u>	<u>(241)</u>
INCREASE IN NET FINANCIAL ASSETS	-	(141,736)	30,515
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>293,164</u>	<u>293,164</u>	<u>262,649</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 293,164</u>	<u>\$ 151,428</u>	<u>\$ 293,164</u>

SUMMER VILLAGE OF SUNRISE BEACH
Statement of Cash Flows
For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus (deficit)	\$ 48,611	\$ (66,241)
Non-cash items not affecting annual surplus (deficit)		
Amortization	62,301	99,097
Gain on disposal of tangible capital assets	(1,961)	-
Change in non-cash working capital balances related to operations:		
Prepaid expenses	91	(241)
Receivables	(88,417)	66,805
Accounts payable and accrued liabilities	19,802	(3,725)
Deferred revenue	-	(329)
	<u>40,427</u>	<u>95,366</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	3,201	-
Purchase of tangible capital assets	<u>(253,979)</u>	<u>(2,100)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(210,351)	93,266
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>225,914</u>	<u>132,648</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 15,563</u>	<u>\$ 225,914</u>

SUMMER VILLAGE OF SUNRISE BEACH
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2017

Schedule 1

	<u>2017</u>	<u>2016</u>
BALANCE, BEGINNING OF YEAR	\$ 1,050,666	\$ 1,147,663
Purchase of Tangible Capital Assets	253,979	2,100
Amortization of Tangible Capital Assets	(62,301)	(99,097)
Net Book Value of Tangible Capital Assets Disposed of	<u>(1,240)</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 1,241,104</u>	<u>\$ 1,050,666</u>
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible Capital Assets net book value	<u>\$ 1,241,104</u>	<u>\$ 1,050,666</u>

SUMMER VILLAGE OF SUNRISE BEACH
Schedule of Net Taxation
For the Year Ended December 31, 2017

Schedule 2

	<u>2017</u> (Budget) (Note 11)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
TAXATION			
Real property taxes	\$ 288,581	\$ 285,369	\$ 285,053
Linear property taxes	<u>-</u>	<u>3,213</u>	<u>3,235</u>
	<u>288,581</u>	<u>288,582</u>	<u>288,288</u>
REQUISITIONS			
Alberta School Foundation Fund	57,682	57,682	61,484
Lac Ste. Anne Foundation	<u>4,876</u>	<u>4,877</u>	<u>5,212</u>
	<u>62,558</u>	<u>62,559</u>	<u>66,696</u>
NET MUNICIPAL TAXES	<u>\$ <u>226,023</u></u>	<u>\$ <u>226,023</u></u>	<u>\$ <u>221,592</u></u>

SUMMER VILLAGE OF SUNRISE BEACH
Schedule of Expenses by Object
For the Year Ended December 31, 2017

Schedule 3

	<u>2017</u> (Budget) (Note 11)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
Contracted and general services	\$ 378,857	\$ 237,040	\$ 131,296
Amortization	-	62,301	99,097
Salaries, wages and benefits	50,450	40,891	42,587
Materials, goods and utilities	62,261	33,639	33,452
Transfer payments	7,080	6,803	7,609
Bank charges	<u>1,000</u>	<u>2,527</u>	<u>2,250</u>
	<u>\$ 499,648</u>	<u>\$ 383,201</u>	<u>\$ 316,291</u>

SUMMER VILLAGE OF SUNRISE BEACH
Notes to Financial Statements
For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Summer Village of Sunrise Beach (the "Village") are as follows:

(a) Reporting Entity

The financial statements reflect assets, liabilities, revenue and expenses, changes in fund balances and changes in financial position of the Village. This is comprised of the municipal operations plus all of the organizations that are owned or accountable to the Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Cash and cash equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments have a maturity of one year or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

(d) Tax revenue

Property taxes are recognized as revenue in the year they are levied.

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 and are recognized as revenue in the year the tax is levied.

(e) Use of Estimates

The preparation of financial statements in accordance 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.

(CONT'D)

SUMMER VILLAGE OF SUNRISE BEACH
Notes to Financial Statements
For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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 their estimated useful lives as follows:

Engineered structures:	
Roadways	10 years
Water systems	75 years
Buildings	30 years
Machinery and equipment	10 years
Vehicles	10 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

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

(g) Contaminated sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Summer Village is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(h) Under-Levies and Over-Levies

Under-levies and over-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

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

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

(i) 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 annual surplus (deficit), provides the consolidated Change in Net Financial Assets for the year.

SUMMER VILLAGE OF SUNRISE BEACH
Notes to Financial Statements
For the Year Ended December 31, 2017

2. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Operating account - ATB	\$ 42,253	\$ -
Guaranteed Investment Certificates	1,242	60,952
Petty cash	100	100
Operating account - CIBC	<u>(28,032)</u>	<u>164,862</u>
	<u>\$ 15,563</u>	<u>\$ 225,914</u>

The Guaranteed Investment Certificate matures July 2018 and bears interest at an annual rate of 0.45%.

3. RECEIVABLES

	<u>2017</u>	<u>2016</u>
Government transfers	\$ 107,168	\$ 26,837
Taxes and grants in place of taxes	30,009	34,765
Goods and Services Tax	<u>24,571</u>	<u>11,729</u>
	<u>\$ 161,748</u>	<u>\$ 73,331</u>

4. CREDIT FACILITY

The Village has a demand revolving line of credit with its financial institution with a maximum amount of \$350,000, bearing interest at prime plus 1% per annum. No amounts were drawn as at December 31, 2017 or 2016.

5. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ 152,564	\$ 294,391
Restricted surplus	478	478
Equity in tangible capital assets (<i>Schedule 1</i>)	<u>1,241,104</u>	<u>1,050,666</u>
	<u>\$ 1,394,146</u>	<u>\$ 1,345,535</u>

SUMMER VILLAGE OF SUNRISE BEACH
Notes to Financial Statements
For the Year Ended December 31, 2017

6. TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
	<u>Net Book Value</u>	Net Book Value
Land	\$ 396,025	\$ 396,025
Engineered structures:		
Roadways	675,573	486,508
Water systems	94,106	95,554
Machinery and equipment	45,665	39,674
Buildings	24,151	25,458
Vehicles	<u>5,584</u>	<u>7,447</u>
	<u>\$ 1,241,104</u>	<u>\$ 1,050,666</u>

	Cost Beginning of Year	Additions	Disposals	Cost End of Year
Land	\$ 396,025	\$ -	\$ -	\$ 396,025
Engineered structures:				
Roadways	2,540,479	240,070	(1,151,489)	1,629,060
Water systems	108,584	-	-	108,584
Buildings	53,760	-	-	53,760
Machinery and equipment	69,735	13,909	(6,899)	76,745
Vehicles	<u>18,625</u>	<u>-</u>	<u>-</u>	<u>18,625</u>
	<u>\$ 3,187,208</u>	<u>\$ 253,979</u>	<u>\$ (1,158,388)</u>	<u>\$ 2,282,799</u>

	Accumulated Amortization Beginning of Year	Amortization	Disposals	Accumulated Amortization End of Year
Engineered structures:				
Roadways	\$ 2,053,971	\$ 51,005	\$(1,151,489)	\$ 953,487
Water systems	13,030	1,448	-	14,478
Buildings	28,302	1,307	-	29,609
Machinery and equipment	30,061	6,678	(5,659)	31,080
Vehicles	<u>11,178</u>	<u>1,863</u>	<u>-</u>	<u>13,041</u>
	<u>\$ 2,136,542</u>	<u>\$ 62,301</u>	<u>\$ (1,157,148)</u>	<u>\$ 1,041,695</u>

SUMMER VILLAGE OF SUNRISE BEACH
Notes to Financial Statements
For the Year Ended December 31, 2017

7. 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 Village be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 387,621	\$ 371,925
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 387,621</u>	<u>\$ 371,925</u>
Service on debt limit	\$ 64,604	\$ 61,988
Service on debt	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 64,604</u>	<u>\$ 61,988</u>

The debt limit is calculated at 1.5 times revenue of the Village (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Village. Rather, the financial statements must be interpreted as a whole.

8. CONTRACTUAL OBLIGATIONS

(a) Chief Administrative Officer

The Village has entered into an agreement for Chief Administrative Officer services for the period January 1, 2017 - December 31, 2021. The agreement requires annual fees in the amount of approximately \$48,000.

(b) Assessment Services

The Village has entered into an agreement for municipal assessment services for the period April 1, 2016 - March 31, 2019. The agreement requires annual fees in the amount of approximately \$5,000 over the term.

(c) Waste Hauling

The Village has entered into an agreement for solid waste and organics removal services for the period September 1, 2015 - August 31, 2020. The agreement requires annual fees for of approximately \$16,000 over the term.

9. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities. It is management's opinion that the Village is not exposed to significant interest or currency risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

The Village is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of customers minimizes the Village's credit risk.

SUMMER VILLAGE OF SUNRISE BEACH
Notes to Financial Statements
For the Year Ended December 31, 2017

10. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officers and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>2017 Total</u>	<u>2016 Total</u>
Town Council				
Mayor Usselman	\$ 3,150	\$ 308	\$ 3,458	\$ 3,465
Tremblay	1,750	158	1,908	1,050
Norton	1,200	264	1,464	1,950
Beck	<u>1,150</u>	<u>292</u>	<u>1,442</u>	<u>-</u>
	<u>\$ 7,250</u>	<u>\$ 1,022</u>	<u>\$ 8,272</u>	<u>\$ 6,465</u>
Chief Administrative Officer				
Wild Willow Enterprises	<u>48,184</u>	<u>-</u>	<u>48,184</u>	<u>48,411</u>

Salary includes regular base pay, lump sum payments, gross honoraria and any other direct cash remuneration. Chief Administrative Officer salary also includes amounts paid in subcontracting administrative support staff services.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees and the employer's share of the costs of any additional taxable benefits.

11. BUDGET FIGURES

The 2017 budget data presented in these financial statements is based upon the operating budget approved by the Summer Village of Sunrise Beach Council and reflects all municipal activities including capital projects and reserves for future use.

12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Village Council and Management.