

**SUMMER VILLAGE OF SUNRISE BEACH
SUNRISE BEACH, ALBERTA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013 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 public sector accounting 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, 2013 and the results of its operations and accumulated surplus, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Edmonton, Alberta
March 11, 2014

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SUMMER VILLAGE OF SUNRISE BEACH

STATEMENT OF FINANCIAL POSITION

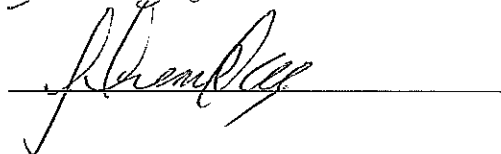
AS AT DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 102,670	\$ 59,457
Receivables (Note 3)	<u>134,521</u>	<u>406,028</u>
	<u>237,191</u>	<u>465,485</u>
LIABILITIES		
Bank indebtedness (Note 4)	-	69,490
Accounts payable and accrued liabilities	<u>13,037</u>	<u>185,388</u>
	<u>13,037</u>	<u>254,878</u>
NET FINANCIAL ASSETS	<u>224,154</u>	<u>210,607</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	1,062,326	1,267,683
Prepaid expenses	<u>1,392</u>	<u>1,351</u>
ACCUMULATED SURPLUS (Note 6)	<u>\$ 1,287,872</u>	<u>\$ 1,479,641</u>

ON BEHALF OF THE VILLAGE COUNCIL:



Mayor



Councillor

**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 established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by Village Council to express an opinion on the Village's financial statements.

Wendy Wildman, Chief Administrative Officer

SUMMER VILLAGE OF SUNRISE BEACH

STATEMENT OF ANNUAL SURPLUS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) (Note 11)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
REVENUE			
Net taxation (Schedule 2)	\$ 205,682	\$ 205,071	\$ 196,917
Provincial government transfers for operating	123,125	20,692	24,638
Penalties and costs on taxes	9,500	9,800	14,641
Other	501	1,158	1,546
Return on investments	<u>-</u>	<u>476</u>	<u>436</u>
	<u>338,808</u>	<u>237,197</u>	<u>238,178</u>
EXPENSES			
General administration	82,171	80,501	75,558
Roads, streets, walks and lighting	171,993	62,105	62,519
Waste management	20,200	20,445	22,680
Fire	19,838	18,523	19,539
Council and other legislative	15,200	13,914	13,770
Land use planning, zoning and development	8,500	11,311	6,061
Parks and recreation	6,709	6,222	6,142
Family and community support services	5,483	5,483	5,483
Police	6,540	2,937	5,556
Ambulance and first aid	1,107	1,172	1,107
Bylaws enforcement	1,067	996	2,917
Amortization	<u>-</u>	<u>47,448</u>	<u>89,687</u>
	<u>338,808</u>	<u>271,057</u>	<u>311,019</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>-</u>	<u>(33,860)</u>	<u>(72,841)</u>
OTHER INCOME			
Government transfers for capital	-	(157,909)	33,150
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>2,290</u>
	<u>-</u>	<u>(157,909)</u>	<u>35,440</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ -</u>	<u>(191,769)</u>	<u>(37,401)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>1,479,641</u>	<u>1,517,042</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 6)		<u>\$ 1,287,872</u>	<u>\$ 1,479,641</u>

SUMMER VILLAGE OF SUNRISE BEACH
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) (Note 11)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ _____ -	\$ <u>(191,769)</u>	\$ <u>(37,401)</u>
Acquisition of tangible capital assets	(107,393)	(22,091)	(33,150)
Amortization of tangible capital assets	-	47,448	89,687
Proceeds on disposal of tangible capital assets	-	-	3,790
Loss (gain) on disposal of tangible capital assets	-	-	(2,290)
Acquisition (use) of prepaid expenses	-	(41)	82
Other tangible capital assets adjustments	_____ -	<u>180,000</u>	_____ -
INCREASE IN NET FINANCIAL ASSETS	(107,393)	13,547	20,718
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>210,607</u>	<u>210,607</u>	<u>189,889</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>103,214</u>	\$ <u>224,154</u>	\$ <u>210,607</u>

SUMMER VILLAGE OF SUNRISE BEACH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus (deficit)	\$ (191,769)	\$ (37,401)
Non-cash items not affecting annual surplus (deficit)		
Amortization	47,448	89,687
Loss (gain) on disposal of tangible capital assets	-	(2,290)
Change in non-cash working capital balances related to operations:		
Prepaid expenses	(41)	82
Receivables	271,507	116,859
Accounts payable and accrued liabilities	<u>(172,351)</u>	<u>1,237</u>
	<u>(45,206)</u>	<u>168,174</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	-	3,790
Purchase of tangible capital assets	(22,091)	(33,150)
Other tangible capital assets adjustments	<u>180,000</u>	<u>-</u>
	<u>157,909</u>	<u>(29,360)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	112,703	138,814
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>(10,033)</u>	<u>(148,847)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>102,670</u>	\$ <u>(10,033)</u>
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash and cash equivalents (Note 2)	102,670	59,457
Bank indebtedness	<u>-</u>	<u>(69,490)</u>
	<u>102,670</u>	<u>(10,033)</u>

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF SUNRISE BEACH
SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule 1

	<u>2013</u>	<u>2012</u>
BALANCE, BEGINNING OF YEAR	\$ 1,267,683	\$ 1,325,720
Purchase of Tangible Capital Assets	22,091	33,150
Amortization of Tangible Capital Assets	(47,448)	(89,687)
Net Book Value of Tangible Capital Assets Disposed of	-	(1,500)
Other Tangible Capital Assets adjustments	<u>(180,000)</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 1,062,326</u>	<u>\$ 1,267,683</u>
 Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible Capital Assets net book value	<u>\$ 1,062,326</u>	<u>\$ 1,267,683</u>

SUMMER VILLAGE OF SUNRISE BEACH

Schedule 2

SCHEDULE OF PROPERTY TAXES

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) (Note 11)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
TAXATION			
Real property taxes	\$ 270,447	\$ 269,836	\$ 266,041
Linear property taxes	<u>3,013</u>	<u>3,013</u>	<u>3,084</u>
	<u>273,460</u>	<u>272,849</u>	<u>269,125</u>
REQUISITIONS			
Alberta School Foundation Fund	62,020	62,020	65,928
Lac Ste. Anne Foundation	<u>5,758</u>	<u>5,758</u>	<u>6,280</u>
	<u>67,778</u>	<u>67,778</u>	<u>72,208</u>
NET MUNICIPAL TAXES	<u>\$ 205,682</u>	<u>\$ 205,071</u>	<u>\$ 196,917</u>

SUMMER VILLAGE OF SUNRISE BEACH

Schedule 3

SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) (Note 11)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
Contracted and general services	\$ 250,204	\$ 141,208	\$ 134,730
Amortization	-	47,448	89,687
Salaries, wages and benefits	48,100	44,511	44,723
Materials, goods and utilities	34,171	32,109	35,942
Transfer payments	5,983	5,483	5,483
Bank charges	<u>350</u>	<u>298</u>	<u>454</u>
	<u>\$ 338,808</u>	<u>\$ 271,057</u>	<u>\$ 311,019</u>

SUMMER VILLAGE OF SUNRISE BEACH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting Entity

The financial statements reflect assets, liabilities, revenue and expenditures, 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.

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

(c) 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 expenditures 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 (CONT'D)

DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) **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.

(e) **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.

(f) **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 (Debt) for the year.

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

2. CASH AND CASH EQUIVALENTS

	<u>2013</u>	<u>2012</u>
Guaranteed Investment Certificate	\$ 59,833	\$ 59,357
Operating account	42,737	-
Petty cash	<u>100</u>	<u>100</u>
	<u>\$ 102,670</u>	<u>\$ 59,457</u>

The Guaranteed Investment Certificate has a term of one year maturing August 25, 2014 and bears interest at an annual rate of 0.80%.

3. RECEIVABLES

	<u>2013</u>	<u>2012</u>
Trade and other	\$ 77,004	\$ 334,176
Taxes and grants in place of taxes	57,517	65,569
Goods and Services Tax	<u>-</u>	<u>6,283</u>
	<u>\$ 134,521</u>	<u>\$ 406,028</u>

4. BANK INDEBTEDNESS

The Village has access to a revolving line of credit with a limit of \$350,000, bearing interest at prime plus 1% per annum.

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

5. TANGIBLE CAPITAL ASSETS

	<u>2013</u> Net Book Value	<u>2012</u> Net Book Value
Land	\$ 396,025	\$ 396,025
Engineered structures:		
Roadways	498,421	693,650
Water systems	99,896	101,344
Buildings	29,862	31,654
Machinery and equipment	25,086	30,111
Vehicles	<u>13,036</u>	<u>14,899</u>
	<u>\$ 1,062,326</u>	<u>\$ 1,267,683</u>

	Cost Beginning of Year	Additions	Adjustments	Cost End of Year
Land	\$ 396,025	\$ -	\$ -	\$ 396,025
Engineered structures:				
Roadways	2,452,571	22,091	(180,000)	2,294,662
Water systems	108,584	-	-	108,584
Buildings	53,760	-	-	53,760
Machinery and equipment	57,051	-	-	57,051
Vehicles	<u>18,625</u>	<u>-</u>	<u>-</u>	<u>18,625</u>
	<u>\$ 3,086,616</u>	<u>\$ 22,091</u>	<u>\$ (180,000)</u>	<u>\$ 2,928,707</u>

	Accumulated Amortization Beginning of Year	Amortization	Adjustments	Accumulated Amortization End of Year
Engineered structures:				
Roadways	\$ 1,758,921	\$ 37,320	\$ -	\$ 1,796,241
Water systems	7,240	1,448	-	8,688
Buildings	22,106	1,792	-	23,898
Machinery and equipment	26,940	5,025	-	31,965
Vehicles	<u>3,726</u>	<u>1,863</u>	<u>-</u>	<u>5,589</u>
	<u>\$ 1,818,933</u>	<u>\$ 47,448</u>	<u>\$ -</u>	<u>\$ 1,866,381</u>

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

6. ACCUMULATED SURPLUS

	<u>2013</u>	<u>2012</u>
Unrestricted surplus	\$ 225,068	\$ 211,480
Restricted surplus (reserves)	478	478
Equity in tangible capital assets (<i>Schedule 1</i>)	<u>1,062,326</u>	<u>1,267,683</u>
	<u>\$ 1,287,872</u>	<u>\$ 1,479,641</u>

7. 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>2013 Total</u>	<u>2012 Total</u>
Town Council				
Mayor Usselman	\$ 5,050	\$ 288	\$ 5,338	\$ 4,514
Macdonald	2,300	256	2,556	4,363
Norton	1,650	110	1,760	-
Steenbergen	1,200	270	1,470	4,123
Tremblay	<u>1,350</u>	<u>37</u>	<u>1,387</u>	<u>-</u>
	<u>\$ 11,550</u>	<u>\$ 961</u>	<u>\$ 12,511</u>	<u>\$ 13,000</u>
Chief Administrative Officers				
Wild Willow Enterprises	<u>43,260</u>	<u>-</u>	<u>43,260</u>	<u>42,000</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.

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

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 Village be disclosed as follows:

	<u>2013</u>	<u>2012</u>
Total debt limit	\$ 355,796	\$ 357,267
Total debt	<u>-</u>	<u>69,490</u>
Amount of debt limit unused	<u>\$ 355,796</u>	<u>\$ 287,777</u>
Service on debt limit	\$ 59,299	\$ 59,545
Service on debt	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 59,299</u>	<u>\$ 59,545</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.

9. CONTRACTUAL OBLIGATIONS

(a) Chief Administrative Officer

The Village has entered into an agreement for Chief Administrative Officer services for the period January 1, 2014 - December 31, 2016. The agreement requires annual fees in the amount of approximately \$43,000.

(b) Office Rent

The Village has entered into an agreement for administrative space for the period January 1, 2014 - December 31, 2017. The agreement requires annual rent in the amount of \$6,000.

(c) Assessment Services

The Village has entered into an agreement for Municipal Assessment Services for the period April 1, 2013 - March 31, 2016. The agreement requires annual fees in the amount of approximately \$5,000 over the term.

10. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash, 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 (CONT'D)

DECEMBER 31, 2013

11. BUDGET FIGURES

Budget figures are provided for informational purposes only and are unaudited.

12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Village Council and Management.

