

**SUMMER VILLAGE OF SANDY BEACH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Summer Village of Sandy Beach, which comprise the statement of financial position as at December 31, 2014 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 Sandy Beach as at December 31, 2014 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.

Edmonton, Alberta
April 9, 2015


Hawkings Epp Dumont LLP
Chartered Accountants



**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Mayor and Council Summer Village of Sandy 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 consolidated financial statements.

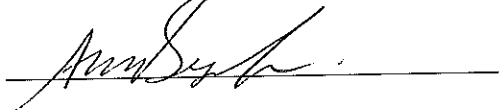

Wendy Wildman, Chief Administrative Officer

SUMMER VILLAGE OF SANDY BEACH
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,336,518	\$ 1,168,333
Receivables (Note 3)	<u>83,966</u>	<u>82,097</u>
	<u>1,420,484</u>	<u>1,250,430</u>
 LIABILITIES		
Accounts payable and accrued liabilities	35,692	5,947
Deferred revenue (Note 4)	<u>148,935</u>	<u>134,059</u>
	<u>184,627</u>	<u>140,006</u>
 NET FINANCIAL ASSETS	<u>1,235,857</u>	<u>1,110,424</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	1,420,489	1,446,506
Prepaid expenses	<u>1,682</u>	<u>12,627</u>
	<u>1,422,171</u>	<u>1,459,133</u>
 ACCUMULATED SURPLUS (Note 6)	<u>\$ 2,658,028</u>	<u>\$ 2,569,557</u>

ON BEHALF OF THE VILLAGE COUNCIL:

 _____ Mayor

 _____ Councillor

SUMMER VILLAGE OF SANDY BEACH
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> (Budget) (Note 12)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
REVENUE			
Net taxation (Schedule 2)	\$ 355,016	\$ 355,022	\$ 348,650
Provincial government transfers for operating	14,932	14,932	18,524
Penalties and costs on taxes	12,000	13,199	11,195
Rentals	10,600	11,750	11,370
Sales and user charges	6,100	6,180	10,907
Return on investments	<u>3,340</u>	<u>5,827</u>	<u>2,839</u>
	<u>401,988</u>	<u>406,910</u>	<u>403,485</u>
EXPENSES			
General administration	228,447	132,286	125,206
Roads, streets, walks and lighting	106,200	102,207	96,406
Fire	34,090	25,228	32,280
Council and other legislative	16,500	13,129	11,180
Waste management	22,700	11,282	11,510
Parks and recreation	12,417	10,276	10,344
Land use planning, zoning and development	8,400	7,560	7,704
Family and community support services	7,310	7,310	7,310
Culture: libraries, museums, halls	6,618	5,882	5,562
Water	3,070	3,882	1,951
Bylaws enforcement	2,586	1,914	1,736
Ambulance and first aid	1,650	1,656	1,647
Police	-	-	6,346
Amortization	<u>-</u>	<u>86,792</u>	<u>85,142</u>
	<u>449,988</u>	<u>409,404</u>	<u>404,324</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>(48,000)</u>	<u>(2,494)</u>	<u>(839)</u>
OTHER INCOME			
Government transfers for capital	<u>322,500</u>	<u>90,965</u>	<u>119,452</u>
ANNUAL SURPLUS	<u>\$ 274,500</u>	<u>88,471</u>	<u>118,613</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>2,569,557</u>	<u>2,450,944</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 6)		<u>\$ 2,658,028</u>	<u>\$ 2,569,557</u>

SUMMER VILLAGE OF SANDY BEACH
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> (Budget) (Note 12)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
ANNUAL SURPLUS	\$ 274,500	\$ 88,471	\$ 118,613
Acquisition of tangible capital assets	(304,500)	(60,775)	(104,019)
Amortization of tangible capital assets	-	86,792	85,142
Use of prepaid expenses	<u>-</u>	<u>10,945</u>	<u>15,021</u>
INCREASE IN NET FINANCIAL ASSETS	(30,000)	125,433	114,757
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,110,424</u>	<u>1,110,424</u>	<u>995,667</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 1,080,424</u>	<u>\$ 1,235,857</u>	<u>\$ 1,110,424</u>

SUMMER VILLAGE OF SANDY BEACH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Cash from operations	\$ 88,471	\$ 118,613
Annual surplus		
Non-cash items not affecting annual surplus		
Amortization	86,792	85,142
 Change in non-cash working capital balances related to operations:		
Prepaid expenses	10,945	15,021
Receivables	(1,869)	(31,714)
Accounts payable and accrued liabilities	29,745	(27,669)
Deferred revenue	<u>14,876</u>	<u>(51,901)</u>
	<u>228,960</u>	<u>107,492</u>
 INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>(60,775)</u>	<u>(104,019)</u>
 CHANGE IN CASH DURING YEAR	 168,185	 3,473
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>1,168,333</u>	 <u>1,164,860</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 1,336,518</u>	 <u>\$ 1,168,333</u>

SUMMER VILLAGE OF SANDY BEACH
 SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 1

	<u>2014</u>	<u>2013</u>
BALANCE, BEGINNING OF YEAR	\$ 1,446,506	\$ 1,427,629
Purchase of tangible capital assets	60,775	104,019
Amortization of tangible capital assets	<u>(86,792)</u>	<u>(85,142)</u>
BALANCE, END OF YEAR	<u>\$ 1,420,489</u>	<u>\$ 1,446,506</u>
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets net book value	<u>\$ 1,420,489</u>	<u>\$ 1,446,506</u>

SUMMER VILLAGE OF SANDY BEACH
SCHEDULE OF PROPERTY TAXES
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 2

	<u>2014</u> (Budget) (Note 12)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
TAXATION			
Real property taxes	\$ 457,220	\$ 458,594	\$ 464,718
Linear property taxes	<u>4,672</u>	<u>3,304</u>	<u>3,244</u>
	<u>461,892</u>	<u>461,898</u>	<u>467,962</u>
 REQUISITIONS			
Alberta School Foundation Fund	97,846	97,846	109,216
Lac Ste. Anne Foundation	<u>9,030</u>	<u>9,030</u>	<u>10,096</u>
	<u>106,876</u>	<u>106,876</u>	<u>119,312</u>
 NET MUNICIPAL TAXES	 <u>\$ 355,016</u>	 <u>\$ 355,022</u>	 <u>\$ 348,650</u>

SUMMER VILLAGE OF SANDY BEACH
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 3

	<u>2014</u> (Budget) (Note 12)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Materials, goods and utilities	\$ 135,735	\$ 127,191	\$ 124,810
Contracted and general services	234,741	115,286	117,743
Amortization	-	86,792	85,142
Salaries, wages and benefits	67,000	69,065	64,833
Transfer payments to other governments	12,262	10,975	11,765
Bank charges	<u>250</u>	<u>95</u>	<u>31</u>
	<u>\$ 449,988</u>	<u>\$ 409,404</u>	<u>\$ 404,324</u>

SUMMER VILLAGE OF SANDY BEACH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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 Summer Village of Sandy Beach (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 SANDY BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

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:

Land improvements	15 - 25 years
Engineered structures:	
Roadways	20 - 30 years
Wastewater systems	45 years
Buildings	50 years
Machinery and equipment	5 - 20 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, provides the consolidated Change in Net Financial Assets for the year.

(g) **Cash and cash equivalents**

Cash and cash equivalents includes bank accounts and Guaranteed Investment Certificates that are redeemable at any time.

(h) **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.

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

DECEMBER 31, 2014

2. CASH AND CASH EQUIVALENTS

	<u>2014</u>	<u>2013</u>
Operating account	\$ 690,714	\$ 618,239
Guaranteed Investment Certificates	514,054	-
Savings account	145,993	564,148
Tax sale surplus (<i>Note 13</i>)	<u>(14,243)</u>	<u>(14,054)</u>
	<u>\$ 1,336,518</u>	<u>\$ 1,168,333</u>

Guaranteed Investment Certificates have terms of 1 and 5 years, maturing May 22, 2015 and May 22, 2019, bearing interest at 1.47% and 2.20%, respectively.

3. RECEIVABLES

	<u>2014</u>	<u>2013</u>
Taxes and grants in place of taxes	\$ 62,648	\$ 64,121
Trade and other	16,867	22,958
Goods and Services Tax payable	<u>4,451</u>	<u>(4,982)</u>
	<u>\$ 83,966</u>	<u>\$ 82,097</u>

4. DEFERRED REVENUE

	<u>2014</u>	<u>2013</u>
Federal Gas Tax Fund grants	\$ 68,333	\$ 43,746
Municipal Sustainability Initiative grants	47,018	56,928
Alberta Municipal Infrastructure Program grants	<u>33,584</u>	<u>33,385</u>
	<u>\$ 148,935</u>	<u>\$ 134,059</u>

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

DECEMBER 31, 2014

5. TANGIBLE CAPITAL ASSETS

	<u>2014</u> Net Book Value	<u>2013</u> Net Book Value
Land	\$ 222,015	\$ 222,015
Land improvements	32,133	35,479
Engineered structures:		
Roadways	394,902	409,070
Wastewater systems	115,046	120,270
Buildings	442,632	455,226
Machinery and equipment	<u>213,761</u>	<u>204,446</u>
	<u>\$ 1,420,489</u>	<u>\$ 1,446,506</u>

	Cost Beginning of Year	Additions	Disposals	Cost End of Year
Land	\$ 222,015	\$ -	\$ -	\$ 222,015
Land improvements	74,448	-	-	74,448
Engineered structures:				
Roadways	1,095,314	29,655	-	1,124,969
Wastewater systems	240,422	-	-	240,422
Buildings	642,545	-	-	642,545
Machinery and equipment	322,233	31,120	-	353,353
Vehicles	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>16,500</u>
	<u>\$ 2,613,477</u>	<u>\$ 60,775</u>	<u>\$ -</u>	<u>\$ 2,674,252</u>

	Accumulated Amortization Beginning of Year	Additions	Disposals	Accumulated Amortization End of Year
Land improvements	\$ 38,969	\$ 3,346	\$ -	\$ 42,315
Engineered structures:				
Roadways	686,244	43,823	-	730,067
Wastewater systems	120,152	5,224	-	125,376
Buildings	187,319	12,594	-	199,913
Machinery and equipment	117,787	21,805	-	139,592
Vehicles	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>16,500</u>
	<u>\$ 1,166,971</u>	<u>\$ 86,792</u>	<u>\$ -</u>	<u>\$ 1,253,763</u>

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

DECEMBER 31, 2014

6. ACCUMULATED SURPLUS

	<u>2014</u>	<u>2013</u>
Unrestricted surplus	\$ <u>364,039</u>	\$ <u>329,551</u>
Restricted surplus		
Sewage reserve	280,000	260,000
Equipment reserve	220,000	200,000
Water reserve	190,000	170,000
Roads reserve	<u>183,500</u>	<u>163,500</u>
	<u>873,500</u>	<u>793,500</u>
Equity in tangible capital assets (<i>Schedule 1</i>)	<u>1,420,489</u>	<u>1,446,506</u>
	<u>\$ 2,658,028</u>	<u>\$ 2,569,557</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>2014 Total</u>	<u>2013 Total</u>
Town Council				
Mayor Lambert	\$ 3,600	\$ -	\$ 3,600	\$ 3,600
Hellings	3,600	-	3,600	1,500
Bigelow	3,600	-	3,600	1,200
Jackson	-	-	-	2,100
Drybrough	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100</u>
	<u>\$ 10,800</u>	<u>\$ -</u>	<u>\$ 10,800</u>	<u>\$ 10,500</u>
Chief Administrative Officer	<u>\$ 61,898</u>	<u>\$ -</u>	<u>\$ 61,898</u>	<u>\$ 60,095</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 SANDY BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

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>2014</u>	<u>2013</u>
Total debt limit	\$ 610,365	\$ 605,228
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 610,365</u>	<u>\$ 605,228</u>
Service on debt limit	\$ 101,728	\$ 100,871
Service on debt	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 101,728</u>	<u>\$ 100,871</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) The Village has entered into an agreement for Chief Administrative Officer services for the period January 1, 2012 - December 31, 2016. The agreement requires annual fees in the amount of approximately \$62,000.
- (b) 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 \$7,500 over the term.
- (c) The Village has accepted a proposal related to the Lakeshore Drive Road Project totaling \$704,000. As of December 31, 2014, costs of \$29,655 have been incurred. The project is expected to be completed in 2015.

10. 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 values of these financial instruments approximates their carrying values.

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.

11. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Village Council and Management.

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

DECEMBER 31, 2014

12. BUDGET FIGURES

Budget figures are provided for informational purposes only and are unaudited. The 2014 budget, prepared by the Summer Village of Sandy Beach, reflects all municipal activities including capital projects and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	<u>2014</u> (Budget)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Annual Surplus	274,500	88,471	118,613
Add back:			
Amortization expense	-	86,792	85,142
Net transfers from (to) reserves	30,000	(80,000)	(80,000)
Deduct:			
Purchase of tangible capital assets	<u>(304,500)</u>	<u>(60,775)</u>	<u>(104,019)</u>
Result of Operations	\$ <u> -</u>	\$ <u> 34,488</u>	\$ <u> 19,736</u>

13. TRUST FUNDS

A summary of trust fund activities by the Summer Village is as follows:

	<u>2014</u>	<u>2013</u>
Tax Sale Properties		
Balance, beginning of year	\$ 14,054	\$ -
Interest	189	-
Receipts	-	14,054
Disbursements	<u> -</u>	<u> -</u>
Balance, end of year	\$ <u> 14,243</u>	\$ <u> 14,054</u>

14. COMPARATIVE FIGURES

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