

**SUMMER VILLAGE OF SANDY BEACH**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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, 2016 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, 2016 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  
May 11, 2017



Hawkings Epp Dumont LLP  
Chartered Accountants

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**MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL REPORTING**

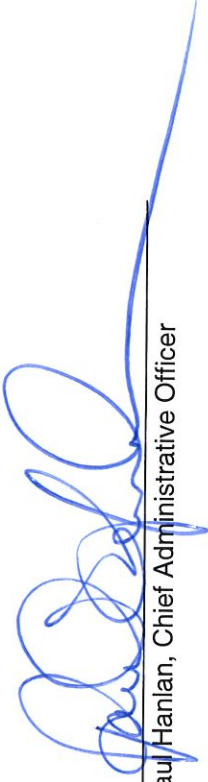
To the Mayor and Council Summer Village of Sandy Beach

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. 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 Summer Village Council to express an opinion on the Summer Village's financial statements.



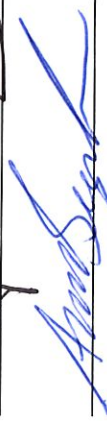
Paul Harlan, Chief Administrative Officer

**SUMMER VILLAGE OF SANDY BEACH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 1,342,896	\$ 1,172,042
Receivables (Note 3)	<u>170,939</u>	<u>191,211</u>
	<b>1,513,835</b>	<b>1,363,253</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	19,550	6,605
Deferred revenue (Note 4)	<u>85,325</u>	<u>439</u>
	<u>104,875</u>	<u>7,044</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,408,960</u>	<u>1,356,209</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 5)	1,930,605	2,012,114
Prepaid expenses	<u>9,967</u>	<u>13,715</u>
	<u>1,940,572</u>	<u>2,025,829</u>
<b>ACCUMULATED SURPLUS (Note 6)</b>	<u>\$ 3,349,532</u>	<u>\$ 3,382,038</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, 2016**

	<u>2016</u> (Budget) (Note 11)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>REVENUE</b>			
Net taxation ( <i>Schedule 2</i> )	\$ 350,661	\$ 350,415	\$ 354,933
Penalties and costs on taxes	12,000	17,306	16,900
Provincial government transfers for operating	114,976	16,531	16,279
Rentals	11,100	12,200	12,330
Return on investments	4,400	5,112	9,086
Sales and user charges	<u>1,750</u>	<u>4,670</u>	<u>1,845</u>
	<u>494,887</u>	<u>406,234</u>	<u>411,373</u>
<b>EXPENSES</b>			
General administration	180,427	144,271	118,897
Roads, streets, walks and lighting	115,200	108,122	106,999
Waste management	13,700	12,279	10,361
Council and other legislative	15,000	11,609	11,756
Culture: libraries, museums, halls	10,400	9,678	1,635
Water	7,350	7,350	7,211
Family and community support services	9,065	6,888	7,310
Land use planning, zoning and development	49,100	5,665	4,700
Parks and recreation	4,750	4,289	3,696
Bylaws enforcement	9,800	3,446	2,609
Fire	8,000	3,220	4,123
Amortization	-	<u>121,923</u>	<u>106,621</u>
	<u>422,792</u>	<u>438,740</u>	<u>385,918</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME</b>	72,095	(32,506)	25,455
<b>OTHER INCOME</b>			
Government transfers for capital	-	-	<u>698,555</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 72,095</u>	<u>(32,506)</u>	724,010
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<u>3,382,038</u>	<u>2,658,028</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 6)</b>		<u>\$ 3,349,532</u>	<u>\$ 3,382,038</u>

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

SUMMER VILLAGE OF SANDY BEACH

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 (Budget) (Note 11)	2016 (Actual)	2015 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 72,095	\$ (32,506)	\$ 724,010
Acquisition of tangible capital assets	-	(40,414)	(698,246)
Amortization of tangible capital assets	-	121,923	106,621
Use of prepaid expenses	-	<u>3,748</u>	<u>(12,033)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	72,095	52,751	120,352
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>1,356,209</u>	<u>1,356,209</u>	<u>1,235,857</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 1,428,304</u>	<u>\$ 1,408,960</u>	<u>\$ 1,356,209</u>

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

**SUMMER VILLAGE OF SANDY BEACH**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Cash from operations		
Annual surplus (deficit)	\$ (32,506)	\$ 724,010
Non-cash items not affecting annual surplus		
Amortization	121,923	106,621
Change in non-cash working capital balances related to operations:		
Prepaid expenses	3,748	(12,033)
Receivables	20,272	(107,245)
Accounts payable and accrued liabilities	12,945	(29,087)
Deferred revenue	<u>84,886</u>	<u>(148,496)</u>
	<u>211,268</u>	<u>533,770</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(40,414)</u>	<u>(698,246)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	170,854	(164,476)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,172,042</u>	<u>1,336,518</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,342,896</u>	<u>\$ 1,172,042</u>

SUMMER VILLAGE OF SANDY BEACH

Schedule 1

SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 2,012,114	\$ 1,420,489
Purchase of tangible capital assets	40,414	698,246
Amortization of tangible capital assets	<u>(121,923)</u>	<u>(106,621)</u>
<b>BALANCE, END OF YEAR</b>	<u>\$ 1,930,605</u>	<u>\$ 2,012,114</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible capital assets net book value

\$ 1,930,605      \$ 2,012,114



**SUMMER VILLAGE OF SANDY BEACH  
SCHEDULE OF PROPERTY TAXES**

**Schedule 2**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u> (Budget) (Note 11)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 458,195	\$ 459,381	\$ 459,593
Linear property taxes	<u>4,735</u>	<u>3,303</u>	<u>3,253</u>
	<u>462,930</u>	<u>462,684</u>	<u>462,846</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	103,532	103,532	99,048
Lac Ste. Anne Foundation	<u>8,737</u>	<u>8,737</u>	<u>8,865</u>
	<u>112,269</u>	<u>112,269</u>	<u>107,913</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 350,661</u>	<u>\$ 350,415</u>	<u>\$ 354,933</u>

**SUMMER VILLAGE OF SANDY BEACH  
SCHEDULE OF EXPENSES BY OBJECT**

*Schedule 3*

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u> (Budget) (Note 11)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Contracted and general services	\$ 145,749	\$ 109,113	\$ 81,604
Materials, goods and utilities	180,928	110,146	118,791
Salaries, wages and benefits	77,100	78,725	68,800
Transfer payments to other governments	18,865	18,686	9,919
Bank charges	150	147	183
Amortization	<u>-</u>	<u>121,923</u>	<u>106,621</u>
	<u>\$ 422,792</u>	<u>\$ 438,740</u>	<u>\$ 385,918</u>

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

## SUMMER VILLAGE OF SANDY BEACH

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

#### 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 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.

Expenses 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 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.

(CONTD)

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

DECEMBER 31, 2016

**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 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.

(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, 2016

**2. CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
Operating account	\$ 585,673	\$ 423,782
Guaranteed Investment Certificates	14,054	514,054
Savings account	<u>743,169</u>	<u>234,206</u>
	<u>\$ 1,342,896</u>	<u>\$ 1,172,042</u>

Guaranteed Investment Certificate bears interest at a rate of 2.20% maturing May 2019.

**3. RECEIVABLES**

	<u>2016</u>	<u>2015</u>
Taxes and grants in place of taxes	\$ 74,638	\$ 67,710
Goods and Services Tax	56,203	44,300
Trade and other	<u>40,098</u>	<u>79,201</u>
	<u>\$ 170,939</u>	<u>\$ 191,211</u>

**4. DEFERRED REVENUE**

Deferred revenue consists of funds received which relate to costs of future periods.

	<u>2016</u>	<u>2015</u>
Municipal Sustainability Initiative - capital component	\$ 85,325	\$ -
Family and Community Support Services	<u>-</u>	<u>439</u>
	<u>\$ 85,325</u>	<u>\$ 439</u>

**SUMMER VILLAGE OF SANDY BEACH**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2016**

**5. TANGIBLE CAPITAL ASSETS**

	<u>2016</u> Net Book Value	<u>2015</u> Net Book Value
Land	\$ 222,015	\$ 222,015
Land improvements	25,445	28,790
Engineered structures:		
Roadways	957,381	1,032,247
Wastewater systems	104,360	109,703
Buildings	417,444	430,038
Machinery and equipment	167,118	189,321
Vehicles	<u>36,842</u>	<u>-</u>
	<u>\$ 1,930,605</u>	<u>\$ 2,012,114</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	1,823,215	-	-	1,823,215
Wastewater systems	240,422	-	-	240,422
Buildings	642,545	-	-	642,545
Machinery and equipment	353,353	1,633	-	354,986
Vehicles	<u>16,500</u>	<u>38,781</u>	<u>-</u>	<u>55,281</u>
	<u>\$ 3,372,498</u>	<u>\$ 40,414</u>	<u>\$ -</u>	<u>\$ 3,412,912</u>

	Accumulated Amortization Beginning of Year	Additions	Disposals	Accumulated Amortization End of Year
Land	\$ 45,658	\$ 3,345	-	\$ 49,003
Land improvements	790,968	74,866	-	865,834
Engineered structures:				
Roadways	130,719	5,343	-	136,062
Wastewater systems	212,507	12,594	-	225,101
Buildings	164,032	23,836	-	187,868
Machinery and equipment	<u>16,500</u>	<u>1,939</u>	<u>-</u>	<u>18,439</u>
Vehicles	<u>\$ 1,360,384</u>	<u>\$ 121,923</u>	<u>\$ -</u>	<u>\$ 1,482,307</u>

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

DECEMBER 31, 2016

**6. ACCUMULATED SURPLUS**

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ 393,332	\$ 416,424
Restricted surplus		
Sewage reserve	320,000	300,000
Equipment reserve	260,000	240,000
Water reserve	222,095	210,000
Roads reserve	<u>223,500</u>	<u>203,500</u>
	<u>1,025,595</u>	<u>953,500</u>
Equity in tangible capital assets ( <i>Schedule 1</i> )	<u>1,930,605</u>	<u>2,012,114</u>
	<u>\$ 3,349,532</u>	<u>\$ 3,382,038</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>2016</u>	<u>2015</u>
	<u>Salary</u>	<u>Benefits and Allowances</u>
	<u>Total</u>	<u>Total</u>
Town Council		
Mayor Lambert	\$ 3,600	\$ 3,600
Hellings	3,600	3,746
Bigelow	<u>3,600</u>	<u>3,600</u>
	<u>\$ 10,800</u>	<u>\$ 10,946</u>
Chief Administrative Officer	<u>\$ 65,820</u>	<u>\$ 63,137</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, 2016**

**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>2016</u>	<u>2015</u>
Total debt limit	\$ 609,351	\$ 617,060
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 609,351</u>	<u>\$ 617,060</u>
Service on debt limit	\$ 101,559	\$ 102,843
Service on debt	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 101,559</u>	<u>\$ 102,843</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 Municipal Assessment Services for the period April 1, 2016 - March 31, 2019. The agreement requires annual fees in the amount of \$7,772 over the term.

**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.