

SUMMER VILLAGE OF SANDY BEACH

Financial Statements

For the Year Ended December 31, 2017

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, 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 Sandy 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 19, 2018
Edmonton, Alberta

**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.

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

Rudolf Liebenberg, Chief Administrative Officer

SUMMER VILLAGE OF SANDY 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>	\$ 1,557,354	\$ 1,342,896
Receivables <i>(Note 3)</i>	<u>121,110</u>	<u>170,939</u>
	<u>1,678,464</u>	<u>1,513,835</u>
 LIABILITIES		
Accounts payable and accrued liabilities	16,239	19,550
Deferred revenue <i>(Note 4)</i>	<u>199,988</u>	<u>85,325</u>
	<u>216,227</u>	<u>104,875</u>
 NET FINANCIAL ASSETS	<u>1,462,237</u>	<u>1,408,960</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 5)</i>	1,822,300	1,930,605
Prepaid expenses	<u>10,279</u>	<u>9,967</u>
	<u>1,832,579</u>	<u>1,940,572</u>
 ACCUMULATED SURPLUS <i>(Note 6)</i>	<u>\$ 3,294,816</u>	<u>\$ 3,349,532</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, 2017

	<u>2017</u> (Budget) (Note 11)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
REVENUE			
Net taxation (Schedule 2)	\$ 339,072	\$ 339,859	\$ 350,415
Return on investments	5,100	16,681	5,112
Penalties and costs on taxes	40,000	13,817	17,306
Provincial government transfers for operating	60,595	9,617	16,531
Rentals	6,600	6,650	12,200
Sales and user charges	<u>4,250</u>	<u>819</u>	<u>4,670</u>
	<u>455,617</u>	<u>387,443</u>	<u>406,234</u>
EXPENSES			
General administration	165,020	158,716	144,271
Roads, streets, walks and lighting	113,899	117,868	108,122
Waste management	27,000	16,767	12,279
Council and other legislative	14,000	11,207	11,609
Culture: libraries, museums, halls	8,800	8,606	12,248
Water	7,374	5,709	7,350
Fire	33,000	4,440	3,220
Land use planning, zoning and development	7,000	3,643	5,665
Bylaws enforcement	-	2,627	3,446
Parks and recreation	1,800	1,650	1,719
Family and community support services	9,065	600	6,888
Amortization	<u>-</u>	<u>124,633</u>	<u>121,923</u>
	<u>386,958</u>	<u>456,466</u>	<u>438,740</u>
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER INCOME	68,659	(69,023)	(32,506)
OTHER INCOME			
Gain on disposal of tangible capital assets	<u>-</u>	<u>14,307</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	68,659	(54,716)	(32,506)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,349,532</u>	<u>3,349,532</u>	<u>3,382,038</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 6)	<u>\$ 3,418,191</u>	<u>\$ 3,294,816</u>	<u>\$ 3,349,532</u>

SUMMER VILLAGE OF SANDY 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)	\$ 68,659	\$ (54,716)	\$ (32,506)
Acquisition of tangible capital assets	-	(16,328)	(40,414)
Amortization of tangible capital assets	-	124,633	121,923
Use of prepaid expenses	<u>-</u>	<u>(312)</u>	<u>3,748</u>
INCREASE IN NET FINANCIAL ASSETS	68,659	53,277	52,751
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,408,960</u>	<u>1,408,960</u>	<u>1,356,209</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 1,477,619</u>	<u>\$ 1,462,237</u>	<u>\$ 1,408,960</u>

SUMMER VILLAGE OF SANDY 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)	\$ (54,716)	\$ (32,506)
Non-cash items not affecting annual surplus		
Amortization	124,633	121,923
Gain on disposal of tangible capital assets	(14,307)	-
Change in non-cash working capital		
balances related to operations:		
Prepaid expenses	(312)	3,748
Receivables	49,829	20,272
Accounts payable and accrued liabilities	(3,311)	12,945
Deferred revenue	<u>114,663</u>	<u>84,886</u>
	<u>216,479</u>	<u>211,268</u>
INVESTING ACTIVITIES		
Proceeds on land sale	14,307	-
Purchase of tangible capital assets	<u>(16,328)</u>	<u>(40,414)</u>
	<u>(2,021)</u>	<u>(40,414)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	214,458	170,854
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,342,896</u>	<u>1,172,042</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,557,354</u>	<u>\$ 1,342,896</u>

SUMMER VILLAGE OF SANDY 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	\$ 1,930,605	\$ 2,012,114
Purchase of tangible capital assets	16,328	40,414
Amortization of tangible capital assets	<u>(124,633)</u>	<u>(121,923)</u>
BALANCE, END OF YEAR	<u>\$ 1,822,300</u>	<u>\$ 1,930,605</u>
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets net book value	<u>\$ 1,822,300</u>	<u>\$ 1,930,605</u>

SUMMER VILLAGE OF SANDY BEACH
Schedule of Property Taxes
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	\$ 447,157	\$ 447,158	\$ 459,381
Linear property taxes	<u>3,676</u>	<u>3,676</u>	<u>3,303</u>
	<u>450,833</u>	<u>450,834</u>	<u>462,684</u>
REQUISITIONS			
Alberta School Foundation Fund	103,336	102,355	103,532
Lac Ste. Anne Foundation	<u>8,425</u>	<u>8,620</u>	<u>8,737</u>
	<u>111,761</u>	<u>110,975</u>	<u>112,269</u>
NET MUNICIPAL TAXES	\$ <u>339,072</u>	\$ <u>339,859</u>	\$ <u>350,415</u>

SUMMER VILLAGE OF SANDY 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)
Materials, goods and utilities	\$ 132,149	\$ 114,248	\$ 110,146
Salaries, wages and benefits	93,269	110,786	78,725
Contracted and general services	152,325	92,962	109,113
Transfer payments to other governments	9,065	13,725	18,686
Bank charges	150	112	147
Amortization	<u>-</u>	<u>124,633</u>	<u>121,923</u>
	<u>\$ 386,958</u>	<u>\$ 456,466</u>	<u>\$ 438,740</u>

SUMMER VILLAGE OF SANDY 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 Sandy 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) 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.

(d) 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.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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
For the Year Ended December 31, 2017

2. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Savings account	\$ 1,239,406	\$ 243,169
Operating account	303,894	585,673
Guaranteed Investment Certificates	<u>14,054</u>	<u>514,054</u>
	<u>\$ 1,557,354</u>	<u>\$ 1,342,896</u>

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

3. RECEIVABLES

	<u>2017</u>	<u>2016</u>
Goods and Services Tax	\$ 65,793	\$ 56,203
Taxes and grants in place of taxes	53,928	74,638
Trade and other	<u>1,389</u>	<u>40,098</u>
	<u>\$ 121,110</u>	<u>\$ 170,939</u>

4. DEFERRED REVENUE

Deferred revenue consists of restricted funds received by the Village which relate to costs that will be incurred in future periods.

	<u>2017</u>	<u>2016</u>
Municipal Sustainability Initiative - capital component	\$ 192,947	\$ 85,325
Family and Community Support Services	6,418	-
Federal Gas Tax Fund grants	<u>623</u>	<u>-</u>
	<u>\$ 199,988</u>	<u>\$ 85,325</u>

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

5. TANGIBLE CAPITAL ASSETS

	<u>2017</u> <u>Net Book</u> <u>Value</u>	<u>2016</u> <u>Net Book</u> <u>Value</u>
Land	\$ 222,015	\$ 222,015
Land improvements	22,100	25,445
Engineered structures:		
Roadways	882,513	957,381
Wastewater systems	99,018	104,360
Buildings	404,850	417,444
Machinery and equipment	158,840	167,118
Vehicles	<u>32,964</u>	<u>36,842</u>
	<u>\$ 1,822,300</u>	<u>\$ 1,930,605</u>

	<u>Cost</u> <u>Beginning of</u> <u>Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Cost</u> <u>End of</u> <u>Year</u>
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	354,986	16,328	-	371,314
Vehicles	<u>55,281</u>	<u>-</u>	<u>-</u>	<u>55,281</u>
	<u>\$ 3,412,912</u>	<u>\$ 16,328</u>	<u>\$ -</u>	<u>\$ 3,429,240</u>

	<u>Accumulated</u> <u>Amortization</u> <u>Beginning of</u> <u>Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Accumulated</u> <u>Amortization</u> <u>End of</u> <u>Year</u>
Land improvements	\$ 49,003	\$ 3,345	\$ -	\$ 52,348
Engineered structures:				
Roadways	865,834	74,868	-	940,702
Wastewater systems	136,062	5,342	-	141,404
Buildings	225,101	12,594	-	237,695
Machinery and equipment	187,868	24,606	-	212,474
Vehicles	<u>18,439</u>	<u>3,878</u>	<u>-</u>	<u>22,317</u>
	<u>\$ 1,482,307</u>	<u>\$ 124,633</u>	<u>\$ -</u>	<u>\$ 1,606,940</u>

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

6. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ <u>383,826</u>	\$ <u>393,332</u>
Restricted surplus		
Sewage reserve	340,000	320,000
Equipment reserve	271,000	260,000
Water reserve	234,190	222,095
Roads reserve	<u>243,500</u>	<u>223,500</u>
	<u>1,088,690</u>	<u>1,025,595</u>
Equity in tangible capital assets (<i>Schedule 1</i>)	<u>1,822,300</u>	<u>1,930,605</u>
	<u>\$ 3,294,816</u>	<u>\$ 3,349,532</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>2017 Total</u>	<u>2016 Total</u>
Town Council				
Mayor Lambert	\$ 3,600	\$ -	\$ 3,600	\$ 3,600
Hellings	2,255	-	2,255	3,600
Bigelow	2,255	-	2,255	3,600
Harney	1,326	-	1,326	-
Drybrough	<u>1,326</u>	<u>-</u>	<u>1,326</u>	<u>-</u>
	<u>\$ 10,762</u>	<u>\$ -</u>	<u>\$ 10,762</u>	<u>\$ 10,800</u>
Chief Administrative Officers	<u>\$ 61,734</u>	<u>\$ 1,625</u>	<u>\$ 63,359</u>	<u>\$ 63,137</u>

Salary includes regular base pay, lump sum payments, gross honoraria and any other direct cash remuneration. Chief Administrative Officers salaries 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
For the Year Ended December 31, 2017

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>2017</u>	<u>2016</u>
Total debt limit	\$ 581,165	\$ 609,351
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 581,165</u>	<u>\$ 609,351</u>
Service on debt limit	\$ 96,861	\$ 101,559
Service on debt	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 96,861</u>	<u>\$ 101,559</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.

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

11. BUDGET FIGURES

Budget figures are provided for informational purposes only and are unaudited. The 2017 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>2017</u> (Budget)	<u>2017</u> (Actual)
Annual Surplus (Deficit)	68,659	(54,716)
Add back:		
Amortization expense	-	124,633
Net transfers from (to) reserves	(60,635)	(72,095)
Deduct:		
Purchase of tangible capital assets	<u>-</u>	<u>(16,328)</u>
Result of Operations	\$ <u>8,024</u>	\$ <u>(18,506)</u>

12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Village Council and Management.

13. RELATED PARTY TRANSACTIONS

Salaries and wage expenses include \$35,301 (2016 - \$32,419) for enforcement officer salaries and benefits to the brother of a Village Council member.