

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

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, 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 Sandy Beach as at December 31, 2013 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
March 13, 2014


Hawkings Epp Dumont LLP
Chartered Accountants

EDMONTON
10476 Mayfield Road
Edmonton, AB T5P 4P4
1.877.489.9606
T: 780.489.9606
F: 780.484.9689

STONY PLAIN
#101, 5300 – 50 Street
PO Box 3188, Station Main
Stony Plain, AB T7Z 1T8
T: 780.963.2727
F: 780.963.1294

LLOYDMINSTER
5102 – 48 Street
PO Box 10099
Lloydminster, AB T9V 3A2
T: 780.875.7433
F: 780.875.5304

HAWKINGS.COM



**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

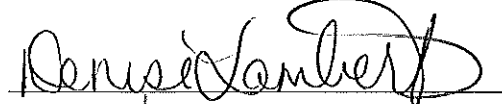
SUMMER VILLAGE OF SANDY BEACH


STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
FINANCIAL ASSETS		
Cash	\$ 1,168,333	\$ 1,164,860
Receivables (Note 2)	<u>82,097</u>	<u>50,384</u>
	<u>1,250,430</u>	<u>1,215,244</u>
LIABILITIES		
Deferred revenue (Note 4)	134,059	185,960
Accounts payable and accrued liabilities	<u>5,947</u>	<u>33,617</u>
	<u>140,006</u>	<u>219,577</u>
NET FINANCIAL ASSETS	<u>1,110,424</u>	<u>995,667</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	1,446,506	1,427,629
Prepaid expenses	<u>12,627</u>	<u>27,648</u>
	<u>1,459,133</u>	<u>1,455,277</u>
ACCUMULATED SURPLUS (Note 5)	<u>\$ 2,569,557</u>	<u>\$ 2,450,944</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, 2013

	<u>2013</u> (Budget) (Note 11)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
REVENUE			
Net taxation (Schedule 2)	\$ 347,926	\$ 348,650	\$ 339,407
Provincial government transfers for operating	213,524	18,524	31,227
Rentals	10,600	11,370	10,995
Penalties and costs on taxes	12,000	11,195	12,986
Sales and user charges	6,000	10,907	5,124
Return on investments	<u>2,749</u>	<u>2,839</u>	<u>3,139</u>
	<u>592,799</u>	<u>403,485</u>	<u>402,878</u>
EXPENSES			
General administration	117,555	127,157	109,321
Parks and recreation	159,135	82,656	89,265
Fire	35,613	32,280	34,051
Roads, streets, walks and lighting	219,000	24,094	15,941
Waste management	12,400	11,510	11,103
Council and other legislative	17,000	11,180	11,450
Land use planning, zoning and development	10,200	7,704	6,143
Family and community support services	7,310	7,310	7,310
Police	11,740	6,346	9,682
Culture: libraries, museums, halls	7,375	5,562	5,843
Bylaws enforcement	1,915	1,736	4,088
Ambulance and first aid	1,556	1,647	2,550
Amortization	<u>-</u>	<u>85,142</u>	<u>79,145</u>
	<u>600,799</u>	<u>404,324</u>	<u>385,892</u>
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER INCOME	<u>(8,000)</u>	<u>(839)</u>	<u>16,986</u>
OTHER INCOME			
Government transfers for capital	<u>88,000</u>	<u>119,452</u>	<u>15,966</u>
	<u>88,000</u>	<u>119,452</u>	<u>15,966</u>
ANNUAL SURPLUS	<u>\$ 80,000</u>	<u>118,613</u>	<u>32,952</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>2,450,944</u>	<u>2,417,992</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 5)		<u>\$ 2,569,557</u>	<u>\$ 2,450,944</u>

SUMMER VILLAGE OF SANDY 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	\$ 80,000	\$ 118,613	\$ 32,952
Acquisition of tangible capital assets	(80,000)	(104,019)	-
Amortization of tangible capital assets	-	85,142	79,145
Acquisition of prepaid expenses	<u>-</u>	<u>15,021</u>	<u>(22,548)</u>
INCREASE IN NET FINANCIAL ASSETS	-	114,757	89,549
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>995,667</u>	<u>995,667</u>	<u>906,118</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 995,667</u>	<u>\$ 1,110,424</u>	<u>\$ 995,667</u>

SUMMER VILLAGE OF SANDY 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	\$ 118,613	\$ 32,952
Non-cash items not affecting annual surplus		
Amortization	85,142	79,145
Change in non-cash working capital balances related to operations:		
Prepaid expenses	15,021	(22,548)
Receivables	(31,714)	(2,508)
Accounts payable and accrued liabilities	(27,669)	11,311
Deferred revenue	<u>(51,901)</u>	<u>71,556</u>
	<u>107,492</u>	<u>169,908</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>(104,019)</u>	-
CHANGE IN CASH DURING YEAR	3,473	169,908
CASH, BEGINNING OF YEAR	<u>1,164,860</u>	<u>994,952</u>
CASH, END OF YEAR	<u>\$ 1,168,333</u>	<u>\$ 1,164,860</u>

SUMMER VILLAGE OF SANDY 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	\$ 1,427,629	\$ 1,506,774
Purchase of tangible capital assets	104,019	-
Amortization of tangible capital assets	<u>(85,142)</u>	<u>(79,145)</u>
BALANCE, END OF YEAR	<u>\$ 1,446,506</u>	<u>\$ 1,427,629</u>
 Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets net book value	<u>\$ 1,446,506</u>	<u>\$ 1,427,629</u>

SUMMER VILLAGE OF SANDY 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	\$ 463,269	\$ 464,718	\$ 464,566
Linear property taxes	<u>4,695</u>	<u>3,244</u>	<u>3,332</u>
	<u>467,964</u>	<u>467,962</u>	<u>467,898</u>
REQUISITIONS			
Alberta School Foundation Fund	109,216	109,216	117,669
Lac Ste. Anne Foundation	<u>10,822</u>	<u>10,096</u>	<u>10,822</u>
	<u>120,038</u>	<u>119,312</u>	<u>128,491</u>
NET MUNICIPAL TAXES	<u>\$ 347,926</u>	<u>\$ 348,650</u>	<u>\$ 339,407</u>

SUMMER VILLAGE OF SANDY 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)
Materials, goods and utilities	\$ 230,128	\$ 124,810	\$ 119,265
Contracted and general services	298,111	117,743	114,292
Amortization	-	85,142	79,145
Salaries, wages and benefits	65,000	64,833	58,732
Transfer payments to other governments	7,310	11,765	14,311
Bank charges	<u>250</u>	<u>31</u>	<u>147</u>
	<u>\$ 600,799</u>	<u>\$ 404,324</u>	<u>\$ 385,892</u>

SUMMER VILLAGE OF SANDY 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 Summer ("Village") of Sandy Beach 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, 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:

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.

2. RECEIVABLES

	<u>2013</u>	<u>2012</u>
Taxes and grants in place of taxes	\$ 64,121	\$ 43,239
Trade and other	22,958	15,966
Goods and Services Tax payable	<u>(4,982)</u>	<u>(8,821)</u>
	<u>\$ 82,097</u>	<u>\$ 50,384</u>

SUMMER VILLAGE OF SANDY BEACH

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

3. TANGIBLE CAPITAL ASSETS

	<u>2013</u> <u>Net Book</u> <u>Value</u>	<u>2012</u> <u>Net Book</u> <u>Value</u>
Land	\$ 222,015	\$ 222,015
Land improvements	35,479	38,823
Engineered structures:		
Roadways	409,070	452,893
Wastewater systems	120,270	125,494
Buildings	455,226	467,820
Machinery and equipment	<u>204,446</u>	<u>120,584</u>
	<u>\$ 1,446,506</u>	<u>\$ 1,427,629</u>

	Cost Beginning of <u>Year</u>	<u>Additions</u>	<u>Disposals</u>	Cost End of <u>Year</u>
Land	\$ 222,015	\$ -	\$ -	\$ 222,015
Land improvements	74,448	-	-	74,448
Engineered structures:				
Roadways	1,095,314	-	-	1,095,314
Wastewater systems	240,422	-	-	240,422
Buildings	642,555	-	-	642,555
Machinery and equipment	218,214	104,019	-	322,233
Vehicles	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>16,500</u>
	<u>\$ 2,509,468</u>	<u>\$ 104,019</u>	<u>\$ -</u>	<u>\$ 2,613,487</u>

	Accumulated Amortization Beginning of <u>Year</u>	<u>Additions</u>	<u>Disposals</u>	Accumulated Amortization End of <u>Year</u>
Land improvements	\$ 35,625	\$ 3,344	\$ -	\$ 38,969
Engineered structures:				
Roadways	642,421	43,823	-	686,244
Wastewater systems	114,928	5,224	-	120,152
Buildings	174,735	12,594	-	187,329
Machinery and equipment	97,630	20,157	-	117,787
Vehicles	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>16,500</u>
	<u>\$ 1,081,839</u>	<u>\$ 85,142</u>	<u>\$ -</u>	<u>\$ 1,166,981</u>

SUMMER VILLAGE OF SANDY BEACH

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

4. DEFERRED REVENUE

	<u>2013</u>	<u>2012</u>
Municipal Sustainability Initiative grants	\$ 56,928	\$ 109,191
Federal Gas Tax Fund grants	43,746	43,485
Alberta Municipal Infrastructure Program grants	<u>33,385</u>	<u>33,284</u>
	<u>\$ 134,059</u>	<u>\$ 185,960</u>

5. ACCUMULATED SURPLUS

	<u>2013</u>	<u>2012</u>
Unrestricted surplus	\$ <u>329,551</u>	\$ <u>309,815</u>
Restricted surplus		
Sewage reserve	260,000	240,000
Equipment reserve	200,000	180,000
Roads reserve	163,500	143,500
Water reserve	<u>170,000</u>	<u>150,000</u>
	<u>793,500</u>	<u>713,500</u>
Equity in tangible capital assets (Schedule 1)	<u>1,446,506</u>	<u>1,427,629</u>
	<u>\$ 2,569,557</u>	<u>\$ 2,450,944</u>

6. 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 Lambert	\$ 3,600	\$ -	\$ 3,600	\$ 3,675
Mayor Drybrough	2,100	-	2,100	3,600
Jackson	2,100	-	2,100	3,600
Hellings	1,500	-	1,500	-
Bigelow	<u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>-</u>
	<u>\$ 10,500</u>	<u>\$ -</u>	<u>\$ 10,500</u>	<u>\$ 10,875</u>
Chief Administrative Officer	\$ <u>60,095</u>	\$ <u>-</u>	\$ <u>60,095</u>	\$ <u>58,200</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, 2013

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>2013</u>	<u>2012</u>
Total debt limit	\$ 605,228	\$ 604,317
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 605,228</u>	<u>\$ 604,317</u>
Service on debt limit	\$ 100,871	\$ 100,720
Service on debt	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 100,871</u>	<u>\$ 100,720</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) 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 \$60,200.
- (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.

9. 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 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.

10. 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, 2013

11. BUDGET FIGURES

Budget figures are provided for informational purposes only and are unaudited. The 2013 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>2013</u> (Budget)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
Annual Surplus	80,000	118,613	32,952
Add back:			
Amortization expense	-	85,142	79,145
Net transfers from (to) reserves	(80,000)	(80,000)	-
Deduct:			
Purchase of tangible capital assets	-	(104,019)	-
Result of Operations	<u>\$ -</u>	<u>\$ 19,736</u>	<u>\$ 112,097</u>

12. TRUST FUNDS

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

	<u>2013</u>	<u>2012</u>
Tax Sale Properties		
Balance, beginning of year	\$ -	\$ -
Receipts	14,054	-
Disbursements	-	-
Balance, end of year	<u>\$ 14,054</u>	<u>\$ -</u>

13. COMPARATIVE FIGURES

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