

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Financial Statements
Year Ended December 31, 2014

SUMMER VILLAGE OF CRYSTAL SPRINGS
Index to Consolidated Financial Statements
Year Ended December 31, 2014

	Page
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Changes in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Consolidated Schedule of Property and Other Taxes <i>(Schedule 1)</i>	6
Consolidated Schedule of Government Transfers <i>(Schedule 2)</i>	6
Consolidated Schedule 3 - Schedule of Expenditures by Object <i>(Schedule 3)</i>	7
Consolidated Schedule of Segmented Disclosure <i>(Schedule 4)</i>	8
Consolidated Schedule of Changes in Accumulated Surplus <i>(Schedule 5)</i>	9
Notes to Consolidated Financial Statements	10 - 17



INDEPENDENT AUDITOR'S REPORT

To the Members of Councils of Summer Village of Crystal Springs

We have audited the accompanying consolidated financial statements of Summer Village of Crystal Springs, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Summer Village of Crystal Springs as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 15, 2015

Seniuk & Company

**Seniuk and Company
Chartered Accountants**

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Statement of Financial Position
December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,285,452	\$ 934,084
Term deposits (Note 2)	14,906	76,816
Taxes and grants in place of taxes (Note 3)	9,600	9,365
Grants and receivables from other governments (Note 4)	11,509	11,603
Trade and other receivables	-	45
Interest receivable	-	3,280
	\$ 1,321,467	\$ 1,035,193
LIABILITIES		
Accounts payable	\$ 61,012	\$ 13,679
Deferred income (Note 6)	787,247	607,558
	848,259	621,237
NET FINANCIAL ASSET (DEBT)	473,208	413,956
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	3,935,671	3,962,933
Prepaid expenses	1,890	2,213
	3,937,561	3,965,146
ACCUMULATED SURPLUS	\$ 4,410,769	\$ 4,379,102

On behalf of Council

_____ Mayor

_____ CAO

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Statement of Operations
Year Ended December 31, 2014

	Budget		
	2014	2014	2013
REVENUE			
Net municipal taxes (Schedule 1)	\$ 263,373	\$ 262,454	\$ 243,400
User fees and sale of goods	21,511	23,759	28,245
Government transfers for operating	8,807	9,307	13,225
Investment income	2,000	6,863	7,218
Penalties and costs of taxes	1,000	3,628	4,172
Licenses and permits	1,025	1,160	1,545
Other	-	50	-
Fines	500	-	760
Intermunicipal Development Plan recovery (Note 12)	10,900	-	7,606
Total revenue	309,116	307,221	306,171
EXPENSES			
Administration and Legislative	107,158	113,397	100,039
Police services	25,200	8,455	21,600
Fire service	10,750	11,950	9,292
Disaster and emergency measures	10,050	2,978	1,440
Roads, streets, walks and lighting	57,594	33,001	23,920
Wastewater treatment and disposal	385,161	209,954	56,357
Waste management	30,960	27,651	27,567
Family and community support	731	731	731
Land use planning, zoning and development	3,950	1,931	2,657
Parks and recreation	23,150	16,199	12,619
Libraries, museums and halls	1,100	1,087	1,087
Total operating expenses	655,804	427,334	257,309
Excess (deficiency) of revenue over expenses before other	(346,688)	(120,113)	48,862
OTHER			
Government transfers for capital	375,242	190,292	103,003
Amortization	-	(38,512)	(29,074)
	375,242	151,780	73,929
EXCESS OF REVENUE OVER EXPENSES	28,554	31,667	122,791
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	4,379,102	4,256,311
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 4,410,769	\$ 4,379,102

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2014

	2014	2013
Excess (Shortfall) of Revenues Over Expenses	\$ 31,667	\$ 122,791
Acquisition of tangible capital assets	(11,250)	(66,500)
Amortization of tangible capital assets	38,512	29,074
Use of prepaids	323	\$ (1,106)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	59,252	84,259
Net financial assets (debt), beginning of year	413,956	329,697
NET ASSETS - END OF YEAR	\$ 473,208	\$ 413,956

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 31,667	\$ 122,791
Item not affecting cash:		
Amortization	38,512	29,074
	70,179	151,865
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	(235)	(7,126)
Interest receivable	3,280	(1,816)
Trade and other receivables	45	80
Grants and receivables from other governments	94	4,583
Accounts payable	47,334	(50,723)
Deferred income	179,689	28,031
Prepaid expenses	323	(1,107)
	230,530	(28,078)
Cash flow from operating activities	300,709	123,787
INVESTING ACTIVITY		
Additions to capital assets	(11,250)	(66,500)
INCREASE IN CASH FLOW	289,459	57,287
Cash - beginning of year	1,010,900	953,613
CASH - END OF YEAR (Note 2)	\$ 1,300,359	\$ 1,010,900

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2014

(Schedule 1)

	Budget 2014	2014	2013
TAXATION			
Real property tax	\$ 470,996	\$ 470,073	\$ 458,630
Linear property taxes	857	862	2,400
	471,853	470,935	461,030
REQUISITIONS			
Alberta School Foundation	208,481	208,481	217,630
NET MUNICIPAL TAXES	\$ 263,372	\$ 262,454	\$ 243,400

Consolidated Schedule of Government Transfers
Year Ended December 31, 2014

(Schedule 2)

	Budget 2014	2014	2013
TRANSFERS FOR OPERATING			
Provincial Government	\$ 8,807	\$ 8,807	\$ 12,725
Other Local Governments	-	500	500
	8,807	9,307	13,225
	8,807	9,307	13,225
TRANSFERS FOR CAPITAL			
Provincial Government	375,242	190,292	103,003
TOTAL GOVERNMENT TRANSFERS	\$ 384,049	\$ 199,599	\$ 116,228

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF CRYSTAL SPRINGS**Consolidated Schedule 3 - Schedule of Expenditures by Object***(Schedule 3)***Year Ended December 31, 2014**

	Budget 2014	2014	2013
EXPENSES			
Salaries, wages & benefits	\$ 13,500	\$ 20,324	\$ 12,201
Contracted and general services	252,054	208,358	201,103
Materials, goods and utilities	12,950	6,897	6,335
Transfer to local boards and agencies	1,650	1,462	1,087
Other expenditures	365,500	190,292	36,583
Total Consolidated Expenditures by Object	\$ 645,654	\$ 427,333	\$ 257,309

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF CRYSTAL SPRINGS

**Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2014**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 262,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,454
Government transfers	8,807	-	43,034	-	-	147,258	500	199,599
User fees and sales of goods	578	-	-	2,665	-	20,516	-	23,759
Investment income	6,863	-	-	-	-	-	-	6,863
Other revenues	3,678	-	-	1,160	-	-	-	4,838
	<u>282,380</u>	<u>-</u>	<u>43,034</u>	<u>3,825</u>	<u>-</u>	<u>167,774</u>	<u>500</u>	<u>497,513</u>
EXPENSES								
Contract & general services	93,072	23,383	26,347	1,556	15,956	47,313	731	208,358
Salaries & wages	20,325	-	-	-	-	-	-	20,325
Materials, goods & utilities	-	-	6,654	-	243	-	-	6,897
Transfers to local boards	-	-	-	375	1,087	-	-	1,462
Other Expenses	-	-	-	-	-	190,292	-	190,292
	<u>113,397</u>	<u>23,383</u>	<u>33,001</u>	<u>1,931</u>	<u>17,286</u>	<u>237,605</u>	<u>731</u>	<u>427,334</u>
Excess (deficiency) of revenue over expenses before other	168,983	(23,383)	10,033	1,894	(17,286)	(69,831)	(231)	70,179
OTHER EXPENSE								
Amortization	1,205	-	33,191	-	4,116	-	-	38,512
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 167,778</u>	<u>\$ (23,383)</u>	<u>\$ (23,158)</u>	<u>\$ 1,894</u>	<u>\$ (21,402)</u>	<u>\$ (69,831)</u>	<u>\$ (231)</u>	<u>\$ 31,667</u>

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF CRYSTAL SPRINGS

(Schedule 5)

**Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2014**

	Unrestricted Surplus	Operating Reserve	Capital Reserve	Equity in Tangible Capital Assets	Total 2014	Total 2013
BALANCE, BEGINNING OF YEAR	\$ 131,380	\$ 63,055	\$ 221,733	\$ 3,962,934	\$ 4,379,102	\$ 4,256,311
Excess (deficiency) of revenues over expenses	31,667	-	-	-	31,667	122,791
Current year funds used for tangible capital assets	(11,250)	-	-	11,250	-	-
Annual amortization expense	38,512	-	-	(38,512)	-	-
Transfer to capital reserves	(166,500)	-	166,500	-	-	-
	(107,571)	-	166,500	(27,262)	31,667	122,791
BALANCE, END OF YEAR	\$ 23,809	\$ 63,055	\$ 388,233	\$ 3,935,672	\$ 4,410,769	\$ 4,379,102

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Crystal Springs are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments 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 are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Summer Village of Crystal Springs (the "Summer Village"). The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Summer Village and are, therefore accountable to the Summer 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. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tax Revenue

Annually, the Summer Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Summer Village Council in accordance with legislation and Summer Village Council approved policies to raise the tax revenue required to meet the Summer Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Summer Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditure 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.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

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SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction are not expected to be repaid in the future or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

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 excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

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SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 the estimated useful life as follows:

Land improvements	15 - 25 years
Machinery and equipment	5 - 20 Years
Engineered structures	10 - 40 Years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

2. CASH AND TEMPORARY INVESTMENTS

	2014	2013
Cash - unrestricted	\$ 500,359	\$ 327,743
Term deposits - unrestricted	14,906	76,816
Restricted term deposit	785,094	606,341
	\$ 1,300,359	\$ 1,010,900

Term deposits are temporary investments with original maturities of one year or less.

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2014	2013
Current taxes and grants in place of taxes	\$ 9,600	\$ 7,049
Arrears taxes and grants in place of taxes	-	2,316
	\$ 9,600	\$ 9,365

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2014	2013
Goods and Services Tax refundable	\$ 11,509	\$ 11,603

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 3,774,715	\$ -	\$ 3,774,715	\$ 3,774,715
Land improvements	62,688	33,270	29,418	33,534
Engineered structures	411,179	283,080	128,099	150,040
Machinery and equipment	13,249	9,810	3,439	4,644
	\$ 4,261,831	\$ 326,160	\$ 3,935,671	\$ 3,962,933

The net book value of the tangible capital assets at year end also represents the amount of equity in tangible capital assets.

Equity in tangible capital assets equals the tangible capital assets balance.

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2014	2013
Municipal Sustainability Initiative - Capital	\$ 568,937	\$ 491,785
Alberta Municipal Infrastructure Program	115,415	114,555
Regional Collaboration Program Grant	100,742	-
Subtotal	785,094	606,340
Prepaid Property Taxes	1,153	217
Other	1,000	1,000
	\$ 787,247	\$ 607,557

Municipal Sustainability Initiative - Capital

Additional funding in the amount of \$116,171 was received in the current year from the Municipal Sustainability Initiative - Capital and is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in the next 3 to 5 years. Unexpended funds related to the advance are supported by restricted cash of \$568,937 held exclusively for these projects (refer to Note 2).

Alberta Municipal Infrastructure Program

The Alberta Municipal Infrastructure Program was restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in the next 5 years. Unexpended funds related to the advance are supported by restricted cash of \$115,415 held exclusively for these projects (refer to Note 2).

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SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

6. DEFERRED REVENUE *(continued)*

2014 **2013**

Regional Collaboration Program Grant

Funding of the \$ 248,000 was received in the current year from the Regional Collaboration Program and is restricted to eligible expenditures related to the southside wastewater collaboration plan, as approved under the funding agreement. Funds from this grant are being deferred for future completion of the project. Unexpended funds related to the advance are supported by restricted cash of \$100,742 held exclusively for these projects (refer to Note 2).

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 Summer Village of Crystal Springs be disclosed as follows:

	2014	2013
Total debt limit	\$ 460,832	\$ 447,848
Total debt	-	-
Amount of debt limit unused (exceeded)	460,832	447,848
Debt servicing limit	76,805	74,641
Debt servicing costs	-	-
Amount of debt servicing limit unused	\$ 76,805	\$ 74,641

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs which has been granted. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2014	2013
Tangible capital assets (Note 5)	\$ 4,261,830	\$ 4,250,580
Accumulated amortization (Note 5)	(326,159)	(287,647)
	\$ 3,935,671	\$ 3,962,933

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

9. SEGMENTED DISCLOSURE

The Summer Village of Crystal Springs provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 4).

10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

			2014	2013
	Salary (1)	Benefits & allowances (2)	Total	Total
D. Bell - Councilor	\$ 11,125	\$ -	\$ 11,125	\$ 4,350
K. Pratt - Councilor	4,550	-	4,550	3,975
G. Churchill - Councilor	4,650	-	4,650	1,650
W. Schlese - Councilor	-	-	-	2,225
Chief Administrative Officer	12,597	2,684	15,281	14,102
Assistant Administrative Officers	23,197	2,754	25,951	22,645
	\$ 56,119	\$ 5,438	\$ 61,557	\$ 48,947

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. The Chief and Assistant Chief Administrative Officers are paid by contracted services via the Joint Services Agreement.

2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

11. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt.

It is management's opinion that the Summer Village is not exposed to significant interest or currency risks arising from these financial instruments.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

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SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

11. FINANCIAL INSTRUMENTS *(continued)*

Fair value

The summer village's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the summer village for debt with similar terms.

12. COMMITMENTS

The summer village has the following commitments:

a) Intermunicipal Development Plan Agreement

During the prior year the Intermunicipal Development Plan Agreement with the summer villages of Crystal Springs, Grandview, Norris Beach, Poplar Bay and the County of Wetaskiwin was revised and funds in excess of the newly established reserve maximums for each road were refunded on a proportionate share basis to each participating municipality. The Summer Village of Crystal Springs received \$- (2013 - \$7,606)

The amended agreement with the same municipalities participating was signed for 20 years ending 2022. The agreement calls for compatible land use development, simplified annexation processes and cost sharing for road maintenance and capital road upgrades. The agreement will continue to be managed by the County of Wetaskiwin and will maintain minimum reserve balances. All participating municipalities are committed to contribute their proportionate cost annually as per the agreement terms. In the event that the year-end reserve balances are greater than the established maximum reserve balances, the over contribution will be refunded. If the agreement is terminated, all reserve funds will be returned to all participating municipalities based of their original proportional contribution

b) South Side Pigeon Lake Regional Wastewater Project

The summer village is part of the South Side Pigeon Lake Regional Wastewater Project that will provide wastewater transmission lines between participating municipalities and the Mulhurst lagoon. All participating municipalities are committed to contribute their proportionate share of construction costs as per the agreement terms. A future agreement will set out cost sharing for annual operating costs. The summer village's current share of construction costs at 11.59% is \$43,034. (2013 - \$36,503).

13. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements in their meeting of April 7, 2014.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

15. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited.