

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Financial Statements
Year Ended December 31, 2015

SUMMER VILLAGE OF CRYSTAL SPRINGS
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Year Ended December 31, 2015

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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, 2015 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, 2015 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 27, 2016

Seniuk & Company
Seniuk and Company
Chartered Accountants

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Statement of Financial Position
December 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,403,842	\$ 1,285,452
Term deposits (Note 2)	-	14,906
Taxes and grants in place of taxes (Note 3)	6,902	9,600
Grants and receivables from other governments (Note 4)	21,743	11,509
Trade and other receivables	1,904	-
	\$ 1,434,391	\$ 1,321,467
LIABILITIES		
Accounts payable	\$ 74,614	\$ 61,013
Deferred income (Note 6)	797,305	787,247
	871,919	848,260
NET FINANCIAL ASSET (DEBT)	562,472	473,207
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	3,913,773	3,935,671
Prepaid expenses	3,191	1,890
	3,916,964	3,937,561
ACCUMULATED SURPLUS	\$ 4,479,436	\$ 4,410,768

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, 2015

	Budget		
	2015	2015	2014
REVENUE			
Net municipal taxes (Schedule 1)	\$ 284,831	\$ 285,446	\$ 262,454
User fees and sale of goods	20,716	20,674	21,094
Government transfers for operating	10,155	21,406	9,307
Investment income	4,000	4,475	6,863
Penalties and costs of taxes	2,000	5,057	3,628
Licenses and permits	2,025	1,502	3,825
Other	300	300	50
Fines	-	87	-
Total revenue	324,027	338,947	307,221
EXPENSES			
Administration and Legislative	109,054	115,771	113,397
Police services	3,500	2,540	8,455
Fire service	12,000	11,116	11,950
Disaster and emergency measures	4,244	8,667	2,978
Roads, streets, walks and lighting	72,700	33,563	33,001
Wastewater treatment and disposal	21,661	143,076	209,954
Waste management	30,960	28,043	27,651
Family and community support	731	731	731
Land use planning, zoning and development	3,300	4,015	1,931
Parks and recreation	26,740	15,740	16,199
Libraries, museums and halls	1,100	1,087	1,087
Total operating expenses	285,990	364,349	427,334
Excess (deficiency) of revenue over expenses before other	38,037	(25,402)	(120,113)
OTHER			
Government transfers for capital	-	126,914	190,292
Amortization	-	(32,844)	(38,512)
	-	94,070	151,780
EXCESS OF REVENUE OVER EXPENSES	38,037	68,668	31,667
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	4,410,768	4,379,101
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 4,479,436	\$ 4,410,768

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, 2015

	2015	2014
Excess (Shortfall) of Revenues Over Expenses	\$ 68,668	\$ 31,667
Acquisition of tangible capital assets	(10,945)	(11,250)
Amortization of tangible capital assets	32,844	38,512
Use of prepaids	(1,302)	\$ 323
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	89,265	59,252
Net financial assets (debt), beginning of year	473,207	413,955
NET ASSETS - END OF YEAR	\$ 562,472	\$ 473,207

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, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 68,668	\$ 31,667
Item not affecting cash:		
Amortization	32,844	38,512
	101,512	70,179
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	2,698	(235)
Trade and other receivables	(1,904)	3,325
Grants and receivables from other governments	(10,234)	94
Accounts payable	13,599	47,334
Deferred income	10,058	179,689
Prepaid expenses	(1,301)	323
	12,916	230,530
Cash flow from operating activities	114,428	300,709
INVESTING ACTIVITY		
Additions to capital assets	(10,945)	(11,250)
INCREASE IN CASH FLOW	103,483	289,459
Cash - beginning of year	1,300,359	1,010,900
CASH - END OF YEAR (Note 2)	\$ 1,403,842	\$ 1,300,359

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, 2015

(Schedule 1)

	Budget 2015	2015	2014
TAXATION			
Real property tax	\$ 469,890	\$ 470,531	\$ 470,073
Linear property taxes	1,944	1,918	862
	471,834	472,449	470,935
REQUISITIONS			
Alberta School Foundation	187,003	187,003	208,481
NET MUNICIPAL TAXES	\$ 284,831	\$ 285,446	\$ 262,454

Consolidated Schedule of Government Transfers
Year Ended December 31, 2015

(Schedule 2)

	Budget 2015	2015	2014
TRANSFERS FOR OPERATING			
Provincial Government	\$ 10,155	\$ 21,406	\$ 8,807
Other Local Governments	-	-	500
	10,155	21,406	9,307
	10,155	21,406	9,307
TRANSFERS FOR CAPITAL			
Provincial Government	-	126,914	190,292
TOTAL GOVERNMENT TRANSFERS	\$ 10,155	\$ 148,320	\$ 199,599

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, 2015**

	Budget 2015	2015	2014
EXPENSES			
Salaries, wages & benefits	\$ 17,502	\$ 15,450	\$ 20,324
Contracted and general services	254,178	223,868	208,733
Materials, goods and utilities	13,210	7,692	6,897
Transfer to local boards and agencies	1,100	1,087	1,087
Other expenditures	-	116,252	190,292
Amortization	-	32,844	38,512
Total Consolidated Expenditures by Object	\$ 285,990	\$ 397,193	\$ 465,845

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, 2015**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 285,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,446
Government transfers	21,406	-	90,171	-	-	36,743	-	148,320
User fees and sales of goods	280	-	-	597	-	20,394	-	21,271
Investment income	4,475	-	-	-	-	-	-	4,475
Other revenues	5,057	87	-	905	-	-	300	6,349
	<u>316,664</u>	<u>87</u>	<u>90,171</u>	<u>1,502</u>	<u>-</u>	<u>57,137</u>	<u>300</u>	<u>465,861</u>
EXPENSES								
Contract & general services	101,323	21,322	26,391	4,015	15,219	54,455	731	223,456
Salaries & wages	15,450	-	-	-	-	-	-	15,450
Materials, goods & utilities	-	-	7,170	-	521	-	-	7,691
Transfers to local boards	-	-	-	-	1,087	-	-	1,087
Other Expenses	-	-	-	-	-	116,664	-	116,664
	<u>116,773</u>	<u>21,322</u>	<u>33,561</u>	<u>4,015</u>	<u>16,827</u>	<u>171,119</u>	<u>731</u>	<u>364,348</u>
Excess (deficiency) of revenue over expenses before other	199,891	(21,235)	56,610	(2,513)	(16,827)	(113,982)	(431)	101,513
OTHER EXPENSE								
Amortization	1,205	-	27,523	-	4,116	-	-	32,844
EXCESS OF REVENUE OVER EXPENSES	\$ 198,686	\$ (21,235)	\$ 29,087	\$ (2,513)	\$ (20,943)	\$ (113,982)	\$ (431)	\$ 68,669

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF CRYSTAL SPRINGS

**Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2015**

(Schedule 5)

	Unrestricted Surplus	Operating Reserve	Capital Reserve	Equity in Tangible Capital Assets	Total 2015	Total 2014
BALANCE, BEGINNING OF YEAR	\$ 23,808	\$ 63,055	\$ 388,233	\$ 3,935,672	\$ 4,410,768	\$ 4,379,101
Excess (deficiency) of revenues over expenses	68,668	-	-	-	68,668	31,667
Current year funds used for tangible capital assets	(10,945)	-	-	10,945	-	-
Annual amortization expense	32,844	-	-	(32,844)	-	-
Transfer to capital reserves	(90,000)	-	90,000	-	-	-
	567	-	90,000	(21,899)	68,668	31,667
BALANCE, END OF YEAR	\$ 24,375	\$ 63,055	\$ 478,233	\$ 3,913,773	\$ 4,479,436	\$ 4,410,768

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, 2015

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, 2015

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, 2015

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.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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, 2015

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

	2015	2014
Cash - unrestricted	\$ 752,290	\$ 500,359
Term deposits - unrestricted	-	14,906
Restricted cash	651,552	785,094
	\$ 1,403,842	\$ 1,300,359

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

Included in cash are restricted amounts received from the government grants held exclusively for future approved projects. (Note 6)

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2015	2014
Current taxes and grants in place of taxes	\$ 6,902	\$ 9,600

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2015	2014
Alberta Community Partnership - Protocol Development	\$ 11,251	\$ -
Goods and Services Tax refundable	10,492	11,509
	\$ 21,743	\$ 11,509

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 3,774,715	\$ -	\$ 3,774,715	\$ 3,774,715
Land improvements	62,688	37,385	25,303	29,418
Engineered structures	422,124	310,603	111,521	128,099
Machinery and equipment	13,249	11,015	2,234	3,439
	\$ 4,272,776	\$ 359,003	\$ 3,913,773	\$ 3,935,671

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:

	2015	2014
Federal Gas Tax Fund	\$ 19,658	\$ -
Municipal Sustainability Initiative - Capital	685,070	568,937
Alberta Municipal Infrastructure Program	25,596	115,415
Regional Collaboration Program Grant	63,999	100,742
Subtotal	794,323	785,094
Prepaid Property Taxes	1,982	1,153
Other	1,000	1,000
	\$ 797,305	\$ 787,247

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SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

6. DEFERRED REVENUE *(continued)*

2015

2014

Federal Gas Tax Fund

The Federal Gas Tax Fund is restricted to eligible capital projects, as approved under the funding agreement. Funds from this grant are being deferred for a future road paving project. Unexpended funds related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2).

Municipal Sustainability Initiative - Capital

The Municipal Sustainability Initiative - Capital 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 held exclusively for these projects (refer to Note 2).

Alberta Municipal Infrastructure Program

The Alberta Municipal Infrastructure Program is 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 held exclusively for these projects (refer to Note 2).

Regional Collaboration Program Grant

The Regional Collaboration Program 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 held exclusively for these projects (refer to Note 2).

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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:

	2015	2014
Total debt limit	\$ 508,421	\$ 460,832
Total debt	-	-
Amount of debt limit unused (exceeded)	508,421	460,832
Debt servicing limit	84,737	76,805
Debt servicing costs	-	-
Amount of debt servicing limit unused	\$ 84,737	\$ 76,805

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:

	2015	2014
Tangible capital assets (Note 5)	\$ 4,272,776	\$ 4,261,830
Accumulated amortization (Note 5)	(359,003)	(326,159)
	\$ 3,913,773	\$ 3,935,671

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).

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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:

			2015	2014
	Salary (1)	Benefits & allowances (2)	Total	Total
D. Bell - Councilor	\$ 8,850	\$ -	\$ 8,850	\$ 11,125
K. Pratt - Councilor	3,150	-	3,150	4,550
G. Churchill - Councilor	3,450	-	3,450	4,650
Chief Administrative Officer	13,189	2,729	15,918	15,281
Assistant Administrative Officers	14,546	924	15,470	25,951
	\$ 43,185	\$ 3,653	\$ 46,838	\$ 61,557

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.

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.

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

12. CONTAMINATED SITES LIABILITY

On January 1, 2015, the Summer Village adopted PS3260 Liability for Contaminated Sites standard applied on a retroactive basis. The Summer Village identified one potential site not owned directly, but that could have indirect environmental contamination on municipal property. It is indeterminable at this time if any future costs will have need to be incurred to clean the contaminated site, thus this did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the Summer Village.

13. COMMITMENTS

The summer village has the following commitments:

a) 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 \$59,935 (2014 - \$43,034).

b) Local Wastewater System Project

The summer village is part of the Local Wastewater System Project that will provide wastewater transmission lines to the summer village. All participating municipalities are committed to contribute their proportionate share of construction costs as per the agreement terms. Government grants have been secured to cover 2/3 of the costs. No costs in relation to this project have yet been incurred by the summer village. The project is expected to commence in 2016 with the summer village's net proportionate share of the costs estimated at \$585,000 over the construction period

14. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

15. BUDGET AMOUNTS

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