

**Summer Village of
Sundance Beach
Financial Statements**

December 31, 2012



SUMMER VILLAGE OF SUNDANCE BEACH

P.O. Box 658
Thorsby, Alberta, Canada T0C 2P0
780-985-2441

Management's Responsibility

To the Mayor and Councillors of the Summer Village of Sundance Beach:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Summer Village. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for the appointment of the Summer Village's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

August 26, 2014



Summer Village Manager

Independent Auditors' Report

To the Mayor and Councillors of the Summer Village of Sundance Beach:

We have audited the accompanying financial statements of the Summer Village of Sundance Beach, which comprise the statement of financial position at December 31, 2012, the statements of operations, change in net financial assets, cash flows, and schedules I through VI for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's 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 an 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 controls 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 controls. An audit also includes evaluating the appropriateness of the 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 the audit evidence 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 Sundance Beach as at December 31, 2012, and the results of its operations, change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

The financial statements as at and for the year ended December 31, 2011 were audited by other auditors, who expressed an unqualified opinion on these statements in their report dated July 19, 2013.

August 26, 2014
Leduc, Alberta



Chartered Accountants

Summer Village of Sundance Beach
Statement of Financial Position

As at December 31, 2012

	2012	<i>2011</i> <i>(Restated)</i>
Financial assets		
Cash and equivalents <i>(Note 2)</i>	267,377	361,866
Property taxes receivable <i>(Note 3)</i>	31,508	29,828
Trade and other accounts receivable	144,578	101,961
	443,463	493,655
Liabilities		
Accounts payable and accrued liabilities	50,293	16,317
Deferred revenue <i>(Note 4)</i>	227,997	224,059
	278,290	240,376
Net financial assets	165,173	253,279
Non-financial assets		
Tangible capital assets <i>(Schedule II)</i>	1,088,452	1,008,521
Prepaid expenses	3,587	-
	1,092,039	1,008,521
Accumulated surplus <i>(Schedule I)</i>	1,257,212	1,261,800

Contingencies *(Note 8)*

Approved on behalf of Council:


_____ Mayor


_____ Councillor

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach
Statement of Operations

For the year ended December 31, 2012

	2012 Budget	2012	<i>2011 (Restated)</i>
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	155,513	155,316	147,601
Government transfers <i>(Schedule IV)</i>	14,989	27,778	9,033
Penalties and costs on taxes	5,000	7,419	4,212
User charges and costs	5,350	6,815	9,593
Fines	-	1,510	-
Interest income	-	1,032	1,723
Rental	650	200	650
	181,502	200,070	172,812
Expenses			
Administrative	78,250	109,766	70,087
Protective services	27,100	42,521	38,998
Legislative	33,200	39,499	34,484
Parks and recreation	46,840	26,041	20,345
Water, wastewater and waste management	43,800	22,560	21,093
Roads, streets, and equipment	12,000	18,791	19,853
Planning and development	-	416	376
	241,190	259,594	205,236
Deficiency of revenue before other	(59,688)	(59,524)	(32,424)
Other			
Government transfers for capital <i>(Schedule IV)</i>	121,834	54,936	87,006
Excess (deficiency) of revenue over expenses	62,146	(4,588)	54,582
Accumulated surplus, beginning of year, as previously stated	1,176,000	1,176,000	1,181,830
Correction of errors <i>(Note 11)</i>	-	85,800	25,388
Accumulated surplus, beginning of year, as restated	1,176,000	1,261,800	1,207,218
Accumulated surplus, end of year	1,238,146	1,257,212	1,261,800

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach
Statement of Change in Net Financial Assets

For the year ended December 31, 2012

	2012 Budget	2012	2011 (Restated)
Excess (deficiency) of revenue over expenses	62,146	(4,588)	54,582
Acquisition of tangible capital assets	(134,623)	(91,162)	(82,098)
Amortization of tangible capital assets	-	11,231	4,609
Acquisition of prepaid assets	-	(3,587)	-
Decrease in net financial assets	(72,477)	(88,106)	(22,907)
Net financial assets, beginning of year, as previously stated	195,231	195,231	250,798
Correction of errors (<i>Note 11</i>)	-	58,048	25,388
Net financial assets, beginning of year, as restated	195,231	253,279	276,186
Net financial assets, end of year	122,754	165,173	253,279

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach
Statement of Cash Flows
For the year ended December 31, 2012

	2012	<i>2011</i> <i>(Restated)</i>
Cash provided by (used for) the following activities:		
Operating		
Excess (deficiency) of revenue over expenses	(4,588)	54,582
Non-cash items:		
Amortization of tangible capital assets	11,231	4,609
Net change in non-cash operating working capital balances:		
Increase in deferred revenue	3,938	27,601
Increase in prepaid expenses	(3,587)	-
Increase (decrease) in accounts payable and accrued liabilities	33,976	(25,864)
Increase in trade and other accounts receivable	(42,617)	(83,190)
Increase in property taxes receivable	(1,680)	(8,486)
Decrease in deposit liabilities	-	(500)
	(3,327)	(31,248)
Capital		
Acquisition of tangible capital assets <i>(Schedule II)</i>	(91,162)	(82,098)
Financing		
Increase in restricted cash	(26,399)	(29,142)
Decrease in cash and equivalents	(120,888)	(142,488)
Cash and equivalents, beginning of year	206,222	348,710
Cash and equivalents, end of year <i>(Note 2)</i>	85,334	206,222

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach
Schedule I - Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2012

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2012	<i>2011 (Restated)</i>
Balance, beginning of year, as previously stated	(26,947)	222,178	980,769	1,176,000	1,181,830
Correction of errors <i>(Note 11)</i>	58,048	-	27,752	85,800	25,388
Balance, beginning of year, as restated	31,101	222,178	1,008,521	1,261,800	1,207,218
Excess of revenue over expenses	(4,588)	-	-	(4,588)	54,582
Current year funds used for tangible capital assets	(91,162)	-	91,162	-	-
Annual amortization expense	11,231	-	(11,231)	-	-
Change in accumulated surplus	(84,519)	-	79,931	(4,588)	54,582
Balance, end of year	(53,418)	222,178	1,088,452	1,257,212	1,261,800

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2012

	<i>Land</i>	<i>Buildings</i>	<i>Engineered structures</i>	<i>Machinery & equipment</i>	2012	<i>2011 (Restated)</i>
Cost:						
Balance, beginning of year	904,200	71,196	250,503	7,413	1,233,312	1,151,214
Acquisition of tangible capital assets	-	1,199	10,278	33,650	45,127	60,065
Construction-in-progress	-	15,898	30,137	-	46,035	22,033
Balance, end of year	904,200	88,293	290,918	41,063	1,324,474	1,233,312
Accumulated amortization:						
Balance, beginning of year	-	63,233	156,370	5,188	224,791	220,182
Annual amortization	-	7,119	3,371	741	11,231	4,609
Balance, end of year	-	70,352	159,741	5,929	236,022	224,791
Net book value	904,200	17,941	131,177	35,134	1,088,452	1,008,521
2011 net book value	904,200	7,963	94,133	2,225	1,008,521	

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach
Schedule III - Schedule of Property Taxes Levied

For the year ended December 31, 2012

	2012 Budget	2012	2011
Taxation			
Real property taxes	323,801	323,604	327,397
Linear property taxes	218	218	218
	324,019	323,822	327,615
Requisitions			
Education requisition	168,506	168,506	180,014
Net municipal property taxes	155,513	155,316	147,601

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2012

	2012 Budget	2012	2011
Operating			
Provincial	14,989	27,778	9,033
Capital			
Provincial	111,150	54,936	82,099
Federal	10,684	-	4,907
	121,834	54,936	87,006
Total government transfers	136,823	82,714	96,039

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach
Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2012

	2012		
	Budget	2012	2011
Expenses by object			
Contracted and general services	161,350	150,669	123,861
Materials, goods and utilities	41,240	56,306	40,076
Salaries, wages and benefits	38,200	40,905	34,533
Amortization of tangible capital assets	-	11,231	4,609
Bank charges and short-term interest	400	483	2,157
	241,190	259,594	205,236

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2012

	General Government	Legislative	Administration	Protective services	Roads, streets and equipment	Water, wastewater, waste management	Planning and development	Parks and recreation	Total
Revenue									
Net municipal taxes	155,316	-	-	-	-	-	-	-	155,316
Government transfers	-	-	-	-	82,714	-	-	-	82,714
Penalties and costs on taxes	-	-	7,419	-	-	-	-	-	7,419
User charges and costs	-	-	5,745	-	-	-	1,070	-	6,815
Fines	-	-	1,094	416	-	-	-	-	1,510
Interest income	-	-	1,032	-	-	-	-	-	1,032
Rental	-	-	-	-	-	-	-	200	200
	155,316	-	15,290	416	82,714	-	1,070	200	255,006
Expenses									
Contracted and general services	-	10,392	79,405	33,906	-	19,840	416	6,710	150,669
Materials, goods, and utilities	-	357	29,878	8,615	7,560	2,720	-	7,176	56,306
Salaries, wages, and benefits	-	28,750	-	-	-	-	-	12,155	40,905
Bank charges and short-term interest	-	-	483	-	-	-	-	-	483
	-	39,499	109,766	42,521	7,560	22,560	416	26,041	248,363
Net revenue, before amortization	155,316	(39,499)	(94,476)	(42,105)	75,154	(22,560)	654	(25,841)	6,643
Amortization expense	-	-	-	-	11,231	-	-	-	11,231
Net revenue	155,316	(39,499)	(94,476)	(42,105)	63,923	(22,560)	654	(25,841)	(4,588)

Summer Village of Sundance Beach Notes to the Financial Statements

For the year ended December 31, 2012

1. Significant accounting policies

The financial statements of the Summer Village of Sundance Beach (the "Summer Village") are the representations of management prepared in accordance with generally accepted accounting principles 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, revenue, expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations.

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 financial 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 of 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.

Use of estimates

The preparation of financial statements in conformity 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 year. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Trade and other accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Cash and equivalents

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2012

1. Significant accounting policies (continued)

Revenue recognition

i. Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal year are reflected as deferred revenue on the statement of financial position in the year of receipt.

ii. 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.

The Summer Village recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Summer Village recognizes revenue as the liability is settled.

iii. Other revenue

Other sources of revenue are recorded when received or receivable.

Non-financial assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

i. 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:

	Rate
Buildings	10 years
Engineered structures	20-40 years
Machinery and equipment	10 years

Amortization is not charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2012

1. Significant accounting policies *(continued)*

ii. Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

Segments

The Summer Village conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Summer Village's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

Recent accounting pronouncements

i. Tax revenue (PS 3510)

In February 2010, the Public Sector Accounting Board issued PS 3510 Tax Revenue to provide guidance on how to account for and report tax revenue in government financial statements. This section establishes recognition, measurement, presentation and disclosure requirements for tax revenue. PS 3510 is effective for fiscal years beginning on or after April 1, 2012. The Summer Village does not expect the adoption of the new section to have a material impact on its financial statements.

ii. Liability for contaminated sites (PS 3260)

In June 2010, the Public Sector Accounting Board issued PS 3260 Liability for Contaminated Sites to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The Summer Village does not expect the adoption of the new section to have a material impact on its financial statements.

iii. Government transfers (PS 3410)

In March 2011, the Public Sector Accounting Board replaced and revised existing section PS 3410 Government Transfers with a newly amended section PS 3410. Newly issued PS 3410 establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section permits a recipient government to recognize government transfers as revenue when the transfer is authorized by the transferring government, unless the transfer creates a liability for the recipient. A liability is created as a result of the recipient government not yet meeting eligibility criteria or the existence of stipulations in the transfer agreement. When a government transfer results in recognition of a liability, revenue is recognized by a recipient government as the liability is settled. A transferring government recognizes an expense when the transfer is authorized and the recipient has met all eligibility criteria.

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2012

1. Significant accounting policies *(continued)*

Newly revised and issued PS 3410 may be applied prospectively or retroactively and is effective for fiscal years beginning on or after April 1, 2012; however, earlier adoption is encouraged. PS 3410 will be applied prospectively and the Summer Village does not expect the adoption of the newly issued section to have a material impact on its financial statements.

2. Cash and equivalents

	2012	2011
Restricted cash - sewer levies <i>(Note 4)</i>	182,043	155,644
Cash	85,334	206,222
	267,377	361,866

Restricted cash consists of sewer levies collected from the ratepayers to be used for future sewer construction project. These funds are held by the Summer Village in trust on behalf of the rate payers. In the event the construction project does not proceed, the funds will be returned to the rate payers. The amount is offset by deferred revenue of \$182,043 (2012 - \$155,644). The restricted cash is not included in cash and equivalents on the statement of cash flows.

3. Property taxes receivable

	2012	2011
Current taxes	28,064	19,444
Arrears taxes	3,444	10,384
	31,508	29,828
Less allowance for doubtful accounts	-	-
	31,508	29,828

4. Deferred revenue

	2012	2011
Sewer Levy <i>(Note 2)</i>	182,043	155,644
Municipal Sustainability Initiative capital grant	24,178	46,140
Alberta Municipal Infrastructure Program capital grant	17,529	17,529
Miscellaneous	4,247	4,746
	227,997	224,059

Funding in the amount of \$24,178 was received from the Municipal Sustainability Initiative, and \$17,529 was received from the Alberta Municipal Infrastructure Grant. All of the funds received, including interest earned, are restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in 2014.

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2012

5. 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 be disclosed as follows:

	2012	2011
Total debt limit	300,105	259,217
Total debt	-	-
<hr/>		
Amount of debt limit unused	300,105	259,217
<hr/>		
Service on debt limit	50,018	43,203
Service on debt	-	-
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Amount of debt servicing limit unused	50,018	43,203

The debt limit is calculated at 1.5 times revenue of the Summer 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 limitations 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 financial stability of the Summer Village. Rather, the financial statements must be interpreted as a whole.

6. Equity in tangible capital assets

	2012	2011
Tangible capital assets (<i>Schedule II</i>)	1,324,474	1,233,312
Accumulated amortization (<i>Schedule II</i>)	(236,022)	(224,791)
<hr/>		
	1,088,452	1,008,521

7. Salary and benefits disclosure

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

	Salary	Benefits & allowances	2012	2011
Mayor Pellatt	12,150	-	12,150	10,275
Councillor Waterhouse	8,775	-	8,775	8,400
Councillor Harris	7,675	-	7,675	8,400
Summer Village CAO	33,750	-	33,750	-

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2012

7. Salary and benefits disclosure (continued)

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including RRSP's, dental coverage, vision coverage, group life insurance and accidental disability and dismemberment insurance.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits.

8. Contingencies

The Summer Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Summer Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

9. Segments

The Summer Village provides a range of services to its ratepayers. For each reported segment, the revenue 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 Schedule VI - Schedule of Segmented Disclosure.

10. Budget information

The disclosed budget information has been approved by Council.

11. Correction of errors

In the current year, the Summer Village determined that tangible capital assets were incorrectly expensed in the prior year. This resulted in an increase in tangible capital assets and prior year surplus of \$27,752. Also in the current year, the Summer Village determined that Government transfer revenue was understated. As a result, 2011 accounts receivable and surplus increased by \$32,660.

In addition, the Summer Village determined that accounts receivable was understated by \$12,599 and deferred revenue was overstated by \$12,789 in previous years. This resulted in an increase to opening accumulated surplus of \$25,388.

The cumulative effect of these adjustments was an increase of \$85,800 and \$25,388 to 2012 and 2011 opening accumulated surplus, respectively.

12. Non-compliance with laws and regulations

The Summer Village is required to submit it's financial statements to Alberta Municipal Affairs by May 1, 2013. As the audit report is dated after this date, the Summer Village is in violation of this requirement. The possible effect of this violation has not yet been determined.