

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Financial Statements
Year Ended December 31, 2016

SUMMER VILLAGE OF CRYSTAL SPRINGS
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Year Ended December 31, 2016

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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, 2016 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, 2016 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 25, 2017

Seniuk & Company

Seniuk and Company
Chartered Accountants

SUMMER VILLAGE OF CRYSTAL SPRINGS
Consolidated Statement of Financial Position
December 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,435,984	\$ 1,403,842
Taxes and grants in place of taxes (Note 3)	8,086	6,902
Grants and receivables from other governments (Note 4)	162,973	23,648
	\$ 1,607,043	\$ 1,434,392
LIABILITIES		
Accounts payable	\$ 85,265	\$ 74,613
Deferred income (Note 6)	817,425	797,305
	902,690	871,918
NET FINANCIAL ASSET (DEBT)	704,353	562,474
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	3,989,049	3,913,773
Prepaid expenses	1,965	3,191
	3,991,014	3,916,964
ACCUMULATED SURPLUS	\$ 4,695,367	\$ 4,479,438

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, 2016

	Budget (Unaudited) 2016	2016	2015
REVENUE			
Net municipal taxes (Schedule 1)	\$ 286,614	\$ 285,811	\$ 285,446
User fees and sale of goods	20,716	20,655	20,674
Government transfers for operating	8,565	8,565	21,406
Investment income	4,000	16,383	4,475
Penalties and costs of taxes	2,000	3,032	5,057
Licenses and permits	2,025	2,083	1,502
Other	300	300	300
Fines	-	1,611	87
Intermunicipal Development Plan recovery	5,191	5,110	-
Total revenue	329,411	343,550	338,947
EXPENSES			
Administration and Legislative	109,783	99,313	115,771
Police services	3,500	3,552	2,540
Fire service	12,000	11,406	11,116
Disaster and emergency measures	4,244	3,689	8,667
Roads, streets, walks and lighting	54,060	28,443	33,563
Wastewater treatment and disposal	77,774	69,597	143,076
Waste management	30,960	28,601	28,043
Family and community support	890	890	731
Land use planning, zoning and development	4,750	1,499	4,015
Parks and recreation	30,350	15,613	15,740
Libraries, museums and halls	1,100	1,087	1,087
Total operating expenses	329,411	263,690	364,349
Excess (deficiency) of revenue over expenses before other	-	79,860	(25,402)
OTHER			
Government transfers for capital	-	165,844	126,914
Amortization	-	(29,775)	(32,844)
		136,069	94,070
EXCESS OF REVENUE OVER EXPENSES	-	215,929	68,668
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	4,479,438	4,410,770
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 4,695,367	\$ 4,479,438

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, 2016

	2016	2015
Excess (Shortfall) of Revenues Over Expenses	\$ 215,929	\$ 68,668
Acquisition of tangible capital assets	(105,051)	(10,945)
Amortization of tangible capital assets	29,775	32,844
Use of prepaids	1,226	\$ (1,301)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	141,879	89,266
Net financial assets (debt), beginning of year	562,474	473,208
NET ASSETS - END OF YEAR	\$ 704,353	\$ 562,474

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, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 215,929	\$ 68,668
Item not affecting cash:		
Amortization	29,775	32,844
	245,704	101,512
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	(1,184)	2,698
Grants and receivables from other governments	(139,325)	(12,139)
Accounts payable	10,653	13,600
Deferred income	20,120	10,058
Prepaid expenses	1,226	(1,301)
	(108,510)	12,916
Cash flow from operating activities	137,194	114,428
INVESTING ACTIVITY		
Additions to capital assets	(105,051)	(10,945)
INCREASE IN CASH FLOW	32,143	103,483
Cash - beginning of year	1,403,842	1,300,359
CASH - END OF YEAR (Note 2)	\$ 1,435,985	\$ 1,403,842

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, 2016

(Schedule 1)

	Budget (Unaudited) 2016	2016	2015
TAXATION			
Real property tax	\$ 469,883	\$ 469,081	\$ 470,531
Linear property taxes	1,957	1,957	1,918
	471,840	471,038	472,449
REQUISITIONS			
Alberta School Foundation	185,227	185,227	187,003
NET MUNICIPAL TAXES	\$ 286,613	\$ 285,811	\$ 285,446

Consolidated Schedule of Government Transfers
Year Ended December 31, 2016

(Schedule 2)

	Budget (Unaudited) 2016	2016	2015
TRANSFERS FOR OPERATING			
Provincial Government	\$ 8,565	\$ 8,565	\$ 21,406
	8,565	8,565	21,406
TRANSFERS FOR CAPITAL			
Provincial Government	-	165,844	126,914
TOTAL GOVERNMENT TRANSFERS	\$ 8,565	\$ 174,409	\$ 148,320

Consolidated Schedule 3 - Schedule of Expenditures by Object
Year Ended December 31, 2016

(Schedule 3)

	Budget (Unaudited) 2016	2016	2015
EXPENSES			
Salaries, wages & benefits	\$ 15,500	\$ 7,049	\$ 15,450
Contracted and general services	299,601	248,861	340,119
Materials, goods and utilities	13,210	6,693	7,692
Transfer to local boards and agencies	1,100	1,087	1,087
Total Consolidated Expenditures by Object	\$ 329,411	\$ 263,690	\$ 364,348

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, 2016

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 285,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,811
Government transfers	8,565	-	-	-	-	-	-	8,565
User fees and sales of goods	261	-	-	2,083	-	20,394	-	22,738
Investment income	16,383	-	-	-	-	-	-	16,383
Other revenues	3,032	1,611	5,110	-	-	-	300	10,053
	314,052	1,611	5,110	2,083	-	20,394	300	343,550
EXPENSES								
Contract & general services	93,264	17,647	22,247	1,499	15,116	98,197	890	248,860
Salaries & wages	7,050	-	-	-	-	-	-	7,050
Materials, goods & utilities	-	-	6,196	-	497	-	-	6,693
Transfers to local boards	-	-	-	-	1,087	-	-	1,087
	100,314	17,647	28,443	1,499	16,700	98,197	890	263,690
Excess (deficiency) of revenue over expenses before other	213,738	(16,036)	(23,333)	584	(16,700)	(77,803)	(590)	79,860
OTHER EXPENSE								
Amortization	(2,205)	-	(24,106)	-	(3,465)	-	-	(29,776)
Government transfers for capital	-	-	-	-	-	165,844	-	165,844
	(2,205)	-	(24,106)	-	(3,465)	165,844	-	136,068
EXCESS OF REVENUE OVER EXPENSES	\$ 211,533	\$ (16,036)	\$ (47,439)	\$ 584	\$ (20,165)	\$ 88,041	\$ (590)	\$ 215,928

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, 2016

(Schedule 5)

	Unrestricted Surplus	Operating Reserve	Capital Reserve	Equity in Tangible Capital Assets	Total 2016	Total 2015
BALANCE, BEGINNING OF YEAR	\$ 34,377	\$ 63,055	\$ 468,233	\$ 3,913,773	\$ 4,479,438	\$ 4,410,770
Excess (deficiency) of revenues over expenses	215,929	-	-	-	215,929	68,668
Current year funds used for tangible capital assets	(105,051)	-	-	105,051	-	-
Annual amortization expense	29,775	-	-	(29,775)	-	-
Transfer to capital reserves	(151,112)	-	151,112	-	-	-
	(10,459)	-	151,112	75,276	215,929	68,668
BALANCE, END OF YEAR	\$ 23,918	\$ 63,055	\$ 619,345	\$ 3,989,049	\$ 4,695,367	\$ 4,479,438

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, 2016

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 Chartered Professional Accountants of Canada. 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, 2016

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, 2016

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 Changes 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, 2016

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	4 - 20 Years
Engineered structures	10 - 40 Years

A full year of annual amortization is charged in the year of acquisition and no amortization will be charged 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

	2016	2015
Cash	\$ 733,571	\$ 608,519
Restricted cash	702,414	795,323
	\$ 1,435,985	\$ 1,403,842

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:

	2016	2015
Current taxes and grants in place of taxes	\$ 6,110	\$ 6,902
Arrears taxes and grants in place of taxes	1,976	-
	\$ 8,086	\$ 6,902

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2016	2015
Municipal Sustainability Initiative - Capital	\$ 105,427	\$ -
Municipal Sustainability Initiative - Operating	8,565	-
Federal Gas Tax Fund	9,582	-
Alberta Community Partnership - Protocol Development	-	11,251
Building Canada Grant	5,384	-
Local government receivables	10,451	1,905
Goods and Services Tax refundable	23,564	10,492
	\$ 162,973	\$ 23,648

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 3,774,715	\$ -	\$ 3,774,715	\$ 3,774,715
Land improvements	62,688	40,850	21,838	25,303
Engineered structures	377,124	334,708	42,416	66,521
Machinery and equipment	19,406	13,220	6,186	2,234
Assets under construction	143,894	-	143,894	45,000
	\$ 4,377,827	\$ 388,778	\$ 3,989,049	\$ 3,913,773

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:

	2016	2015
Federal Gas Tax Fund	\$ 29,437	\$ 19,658
Municipal Sustainability Initiative - Capital	786,986	685,070
Alberta Municipal Infrastructure Program	-	25,596
Regional Collaboration Program Grant	-	63,999
Subtotal	816,423	794,323
Prepaid property taxes	2	1,982
Other	1,000	1,000
	\$ 817,425	\$ 797,305

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SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

6. DEFERRED REVENUE *(continued)*

2016 2015

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. This grant was fully utilized during the year.

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. This grant was fully utilized during the year.

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:

	2016	2015
Total debt limit	\$ 515,325	\$ 508,421
Total debt	-	-
Amount of debt limit unused (exceeded)	515,325	508,421
Debt servicing limit	85,888	84,737
Debt servicing costs	-	-
Amount of debt servicing limit unused	\$ 85,888	\$ 84,737

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.

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

8. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2016	2015
Tangible capital assets (Note 5)	\$ 4,377,827	\$ 4,272,776
Accumulated amortization (Note 5)	(388,778)	(359,003)
	\$ 3,989,049	\$ 3,913,773

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:

			2016	2015
	Salary (1)	Benefits & allowances (2)	Total	Total
D. Bell - Councilor	\$ 3,600	\$ -	\$ 3,600	\$ 8,850
K. Pratt - Councilor	1,800	-	1,800	3,150
G. Churchill - Councilor	3,450	-	3,450	3,450
Chief Administrative Officer	13,610	2,739	16,349	15,918
Assistant Administrative Officers (2)	18,221	1,547	19,768	15,470
	\$ 40,681	\$ 4,286	\$ 44,967	\$ 46,838

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. Note, there is a potential amount owing from an expense claim in dispute that has been excluded from the above table. See Note 12(b) for further details.

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.

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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.

12. CONTINGENT LIABILITIES

The Summer Village has the following contingent liabilities:

- a) The municipality is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the municipality 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.
- b) The Summer Village is in a dispute with respect to a council member's expense claim in the amount of \$5,909. As the possible outcome of the payment of this claim is unknown, no provision has been made in the financial statements.

SUMMER VILLAGE OF CRYSTAL SPRINGS
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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 is \$- (2015 - \$59,935).

b) Local Wastewater System Project

The Summer Village is part of the Local Wastewater System Project that will provide wastewater transmission lines in the Summer Village. The Summer Village intends to begin construction on the project in 2017. Government grants have been secured to cover 2/3 of the costs. The Summer Village's current share of engineering costs is \$98,894 (2015 - \$45,000).

14. SUBSEQUENT EVENTS

Subsequent to the year end the summer village signed an agreement for the formal withdrawal of the summer village from the joint services agreement and will be changing municipal office locations as of May 1st, 2017.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

16. COMPARATIVE FIGURES

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

17. BUDGET AMOUNTS

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