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***SUMMER VILLAGE OF SILVER BEACH***

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

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# **SUMMER VILLAGE OF SILVER BEACH**

## **TABLE OF CONTENTS DECEMBER 31, 2009**

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	Page
<b>AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Operations	3
Statement of Change in Net Financial Assets	4
Statement of Cash Flows	5
Tangible Capital Assets – Schedule 1	6
Accumulated Surplus – Schedule 2	7
Property Taxes Levied – Schedule 3	7
Expenditures by Object – Schedule 4	8
Notes	9 - 13

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**AUDITOR'S REPORT**

**To the Mayor and Council of the  
Summer Village of Silver Beach**

I have audited the statement of financial position of the Summer Village of Silver Beach as at December 31, 2009, and the statement of operations, the statement of change in net financial assets and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Summer Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Summer Village of Silver Beach as at December 31, 2009, and the results of its operations, the change in net financial assets and cash flows for the year then ended in accordance with accounting principles for Municipal Governments, as described in Note 1, established by the Canadian Institute of Chartered Accountants.

  
Professional Corporation

Edmonton, Alberta  
June 21, 2010

**CHARTERED ACCOUNTANT**

# SUMMER VILLAGE OF SILVER BEACH

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2009

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	<u>2009</u>	<u>2008</u> Restated
<b>Financial Assets</b>		
Cash	\$ 351,415	\$ 397,115
Taxes receivable	18,296	13,886
Trade and other receivables	41,412	38,878
Other assets – Note 2	5,000	5,000
	<u>416,123</u>	<u>454,879</u>
<b>Liabilities</b>		
Payables and accrued liabilities	10,064	10,837
Prepaid taxes	1,785	-
Deferred revenue – Note 3	5,000	5,000
Other liabilities – Note 2	76,796	76,796
	<u>93,645</u>	<u>92,633</u>
<b>Net Financial Assets</b>	<u>322,478</u>	<u>362,246</u>
<b>Non-Financial Assets</b>		
Tangible capital assets – Schedule 1	1,192,368	1,208,372
Prepaid expenses	880	623
	<u>1,193,248</u>	<u>1,208,995</u>
<b>Accumulated Surplus – Schedule 2</b>	<u>\$ 1,515,726</u>	<u>\$ 1,571,241</u>

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Approved by Council

\_\_\_\_\_ Mayor

\_\_\_\_\_ Chief Administrative Officer

# SUMMER VILLAGE OF SILVER BEACH

## STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2009

	Budget Unaudited	2009	2008 Restated
<b>Revenues</b>			
Net municipal property taxes - Schedule 3	\$ 152,955	\$ 151,913	\$ 150,311
Constable service fees	257,250	225,043	224,657
Other user fees and sale of goods	400	1,136	900
Government transfers for operating	7,157	1,527	14,957
Franchise	6,200	9,134	5,543
Licenses and permits	4,940	1,622	8,215
Fines	1,350	729	1,451
Penalties on taxes	1,000	4,769	1,017
Investment income	7,000	889	10,362
	<u>438,252</u>	<u>396,762</u>	<u>417,413</u>
<b>Expenditures</b>			
Council	-	-	-
Administration	37,192	41,161	30,343
Police	297,416	319,287	276,161
Fire	5,526	5,518	5,522
Ambulance	1,000	991	5,728
Roads, streets, walks, lighting	6,100	12,349	4,170
Water and wastewater	30,738	31,675	30,738
Waste management	23,960	15,324	17,257
Planning and development	7,070	2,780	8,070
Recreation and parks	9,950	7,188	9,314
	<u>418,952</u>	<u>436,273</u>	<u>387,303</u>
<b>(Deficiency) Excess Revenues Over Expenses Before Other</b>	<u>19,300</u>	<u>(39,511)</u>	<u>30,110</u>
<b>Other Revenue (Expenses)</b>			
Government transfers for capital	-	3,950	123,983
Amortization of tangible capital assets	-	(19,954)	(12,264)
	<u>-</u>	<u>(16,004)</u>	<u>111,719</u>
<b>(Deficiency) Excess of Revenues Over Expenses</b>	19,300	(55,515)	141,829
<b>Accumulated Surplus, Beginning of Year</b>	<u>1,571,241</u>	<u>1,571,241</u>	<u>1,429,412</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ 1,590,541</u>	<u>\$ 1,515,726</u>	<u>\$ 1,571,241</u>

# SUMMER VILLAGE OF SILVER BEACH

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2009

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	<u>Budget</u> Unaudited	<u>2009</u>	<u>2008</u> Restated
<b>(Deficiency) Excess of Revenues Over Expenses</b>	\$ 19,300	\$ (55,515)	\$ 141,829
<b>Changes in Non-Financial Assets</b>			
Proceeds on sale of tangible capital assets	-	-	3,000
Acquisition of tangible capital assets	(3,000)	(3,950)	(151,156)
Amortization of tangible capital assets	-	19,954	12,264
Prepaid expenses	-	(257)	833
	<u>(3,000)</u>	<u>15,747</u>	<u>(135,059)</u>
<b>(Decrease) Increase in Net Financial Assets</b>	16,300	(39,768)	6,770
<b>Net Financial Assets, Beginning of Year</b>	<u>362,246</u>	<u>362,246</u>	<u>355,476</u>
<b>Net Financial Assets, End of Year</b>	<u>\$ 378,546</u>	<u>\$ 322,478</u>	<u>\$ 362,246</u>

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# SUMMER VILLAGE OF SILVER BEACH

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2009

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	<u>2009</u>	<u>2008</u> Restated
<b>Cash Provided By (Used For)</b>		
<b>Operating Activities</b>		
(Deficiency) excess of revenues over expenses	\$ (55,515)	\$ 141,829
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	<u>19,954</u>	<u>12,264</u>
	<u>(35,561)</u>	154,093
Net change in non-cash working capital		
Taxes receivable	(4,410)	(9,672)
Trade and other receivables	(2,534)	(2,475)
Prepaid expenses	(257)	833
Payables and accrued liabilities	(773)	(5,374)
Prepaid taxes	1,785	-
Deferred revenue	<u>-</u>	<u>(12,320)</u>
	<u>(41,750)</u>	<u>125,085</u>
<b>Capital Activities</b>		
Proceeds on sale of tangible capital assets	-	3,000
Acquisition of tangible capital assets	<u>(3,950)</u>	<u>(151,156)</u>
	<u>(3,950)</u>	<u>(148,156)</u>
<b>Decrease in Cash</b>	<b>(45,700)</b>	<b>(23,071)</b>
<b>Cash, Beginning of Year</b>	<u><b>397,115</b></u>	<u><b>420,186</b></u>
<b>Cash, End of Year</b>	<u><b>\$ 351,415</b></u>	<u><b>\$ 397,115</b></u>

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**SUMMER VILLAGE OF SILVER BEACH**

**TANGIBLE CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2009**

**Schedule 1**

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>2009 Balance, End of Year</u>	<u>2008 Balance, End of Year Restated</u>
<b>Cost</b>					
Land	\$ 1,025,380	\$ -	\$ -	\$ 1,025,380	\$ 1,025,380
Land improvements	23,200	3,950	-	27,150	23,200
Engineered structures	596,871	-	-	596,871	596,871
Buildings	8,500	-	-	8,500	8,500
Vehicles	66,711	-	-	66,711	66,711
	<u>1,720,662</u>	<u>3,950</u>	<u>-</u>	<u>1,724,612</u>	<u>1,720,662</u>
<b>Accumulated Amortization</b>					
Land	-	-	-	-	-
Land improvements	10,912	1,587	-	12,499	10,912
Engineered structures	488,989	11,356	-	500,345	488,989
Buildings	3,230	340	-	3,570	3,230
Vehicles	9,159	6,671	-	15,830	9,159
	<u>512,290</u>	<u>19,954</u>	<u>-</u>	<u>532,244</u>	<u>512,290</u>
<b>Net Book Value</b>					
Land				\$ 1,025,380	\$ 1,025,380
Land improvements				14,651	12,288
Engineered structures				96,526	107,882
Buildings				4,930	5,270
Vehicles				50,881	57,552
				<u>\$ 1,192,368</u>	<u>\$ 1,208,372</u>



**SUMMER VILLAGE OF SILVER BEACH**

**ACCUMULATED SURPLUS  
YEAR ENDED DECEMBER 31, 2009**

Schedule 2

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	<u>2009</u>	<u>2008</u> Restated
<b>Unrestricted Surplus</b>	<b><u>\$ 7,614</u></b>	<b><u>\$ 60,625</u></b>
<b>Restricted Surplus</b>		
Police	42,649	42,649
Roads	181,561	173,061
Landfill	60,507	55,507
Land and subdivision	<u>31,027</u>	<u>31,027</u>
	<b><u>315,744</u></b>	<b><u>302,244</u></b>
<b>Equity in Tangible Capital Assets</b>	<b><u>1,192,368</u></b>	<b><u>1,208,372</u></b>
	<b><u>\$ 1,515,726</u></b>	<b><u>\$ 1,571,241</u></b>

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**PROPERTY TAXES LEVIED  
YEAR ENDED DECEMBER 31, 2009**

Schedule 3

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	<u>Budget</u> Unaudited	<u>2009</u>	<u>2008</u>
<b>Taxation</b>			
Real property taxes	\$ 397,431	<b>\$ 396,692</b>	\$ 367,485
Linear property taxes	1,367	<b>1,367</b>	1,360
Local improvement taxes	<u>10,298</u>	<b><u>9,995</u></b>	<u>10,298</u>
	409,096	<b>408,054</b>	379,143
<b>Requisitions</b>			
Alberta School Foundation Fund	<u>256,141</u>	<b><u>256,141</u></b>	<u>228,832</u>
<b>Net Municipal Property Taxes</b>	<b><u>\$ 152,955</u></b>	<b><u>\$ 151,913</u></b>	<b><u>\$ 150,311</u></b>

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**SUMMER VILLAGE OF SILVER BEACH**

**EXPENDITURES BY OBJECT  
YEAR ENDED DECEMBER 31, 2009**

**Schedule 4**

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	<u>Budget</u> Unaudited	<u>2009</u>	<u>2008</u> Restated
Salaries, wages and benefits	\$ 249,501	\$ <b>268,851</b>	\$ 227,753
Contracted and general services	93,027	<b>100,494</b>	83,996
Purchases from other governments	44,724	<b>38,935</b>	43,354
Materials, goods and utilities	31,700	<b>27,993</b>	32,200
Amortization of tangible capital assets	-	<b>19,954</b>	12,264
	<u>\$ 418,952</u>	<u>\$ <b>456,227</b></u>	<u>\$ 399,567</u>

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# **SUMMER VILLAGE OF SILVER BEACH**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009**

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### **1. Significant Accounting Policies**

The financial statements are the representations of the management of the Summer Village prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). 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 changes in cash flows of the reporting entity. This 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 Council for the management of their financial affairs and resources.

The schedule of taxes levied includes requisitions for education that are not part of the municipal reporting entity.

#### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Revenue is recorded as it is earned and measurable and is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

#### **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.

#### **Deferred Revenue**

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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# **SUMMER VILLAGE OF SILVER BEACH**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009**

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### **Significant Accounting Policies (continued)**

#### **Requisition Over-levies and Under-levies**

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 the property tax revenue is increased.

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

#### **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.

#### **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 – 20
Engineered Structures	10 – 40
Buildings	25
Vehicles	10

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.

#### **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.

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# SUMMER VILLAGE OF SILVER BEACH

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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### 2. Trust Asset and Liability

The Summer Village of Silver Beach placed \$5,000 in trust as security for its obligations under an agreement with the County of Wetaskiwin dated August 1978. Under this agreement, the Summer Village was to complete local improvements for a planned subdivision. The development has never commenced and the funds are being held in a lawyer's trust account until the work is done.

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### 3. Deferred Revenue

	<u>2009</u>	<u>2008</u>
Government transfers	<u>\$ 76,796</u>	<u>\$ 76,796</u>

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### 4. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 be disclosed. 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. 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. The debt and debt service limits for the Summer Village of Silver Beach are as follows:

	<u>2009</u>	<u>2008</u> Restated
Total debt limit	\$ 595,143	\$ 626,120
Total debt	<u>-</u>	<u>-</u>
Debt limit available	<u>\$ 595,143</u>	<u>\$ 626,120</u>
Total debt service limit	\$ 99,191	\$ 104,353
Total debt service	<u>-</u>	<u>-</u>
Debt service limit available	<u>\$ 99,191</u>	<u>\$ 104,353</u>

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### 5. Commitment

The Summer Village, as a participant in the Northeast Pigeon Lake Regional Services Commission, is committed until 2014 to make annual debenture principal and interest payment of \$9,995 for its proportionate share of the construction costs of the sanitary sewer system. At December 31, 2009 the Summer Village's proportionate share of the outstanding debenture debt is \$30,927.

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# SUMMER VILLAGE OF SILVER BEACH

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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### 6. Contingency

The Summer Village of Silver Beach owns landfill sites that have been closed. A reserve of \$60,507 (2008 - \$55,507) has been set up to fund closure and post-closure care and the Summer Village believes that the reserve will be sufficient to cover these costs. However, it is possible that the costs may exceed the reserve balance, in which case the Summer Village would be responsible for funding the shortfall, if any.

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### 7. 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:

	<u>2009</u>			<u>2008</u>	
	<u>Salary</u>	<u>Benefits &amp; Allowances</u>	<u>Total</u>	<u>Total</u>	
Councillors	\$ -	\$ -	\$ -	\$ -	
Chief Administrative Officer	\$ 23,625	\$ -	\$ 23,625	\$ 23,412	

Salary includes contract paid to the Chief Administrative Officer.

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### 8. Financial Instruments

The Summer Village's financial instruments consist of cash, receivables and payables. It is management's opinion that the Village is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Summer Village is subject to credit risk with respect to taxes, trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers minimizes the credit risk.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

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### 9. Budget Figures

Budget figures for 2009, as approved by Council, are included in the financial statements for information purposes and are unaudited.

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# SUMMER VILLAGE OF SILVER BEACH

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

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### 10. Prior Period Adjustments

The Summer Village has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	<u>2008</u>
<b>Adjustments to opening accumulated surplus</b>	
As previously reported	\$ 661,744
Adjustment to trade and other receivables	(3,717)
Adjustment to net book value of tangible capital assets	<u>913,214</u>
As restated	<u>\$ 1,571,241</u>
<b>Adjustments to excess of revenues over expenses</b>	
As previously reported	\$ 2,937
Tangible capital assets recorded but previously expensed	151,156
Annual amortization expense	<u>(12,264)</u>
As restated	<u>\$ 141,829</u>
<b>Adjustments to tangible capital assets</b>	
As previously reported	\$ 295,158
Adjustment to historical cost of tangible capital assets	1,425,504
Accumulated amortization recorded	<u>(512,290)</u>
As restated	<u>\$ 1,208,372</u>

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### 11. Comparative Figures

Certain of the 2008 figures have been restated to conform to the current years presentation.

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