
SUMMER VILLAGE OF SILVER BEACH

FINANCIAL STATEMENTS

DECEMBER 31, 2010

SUMMER VILLAGE OF SILVER BEACH

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CHARTERED ACCOUNTANT

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AUDITOR'S REPORT

To the Members of Council

Report on the Financial Statements

I have audited the accompanying financial statements of the Summer Village of Silver Beach which comprise the statement of financial position as at December 31, 2010, and the statements of operation, change 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 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the 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 auditor's 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 control 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

The wages and related benefit expense reported in the financial statements exceeded by \$10,534 the amount reported on the T4's filed with Canada Revenue Agency. Management was unable to reconcile the difference. The excess of revenue over expenses for the year has been understated by \$10,534 and, correspondingly, the accumulated surplus at the end of the year has been understated by \$10,534.

Qualified Opinion

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Summer Village of Silver Beach as at December 31, 2010 and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Edmonton, Alberta
January 9, 2012


Professional Corporation
CHARTERED ACCOUNTANT

SUMMER VILLAGE OF SILVER BEACH

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Financial Assets		
Cash	\$ 377,090	\$ 351,415
Taxes receivable	29,390	18,296
Constable services receivable	170,795	25,680
Trade and other receivables	7,450	15,732
Government transfers receivable	131,022	-
Other assets – Note 2	5,000	5,000
	<u>720,747</u>	<u>416,123</u>
Liabilities		
Payables and accrued liabilities	60,335	10,064
Prepaid taxes	2,408	1,785
Deferred revenue – Note 3	215,768	76,796
Other liabilities – Note 2	5,000	5,000
	<u>283,511</u>	<u>93,645</u>
Net Financial Assets	<u>437,236</u>	<u>322,478</u>
Non-Financial Assets		
Tangible capital assets	1,172,414	1,192,368
Prepaid expenses	1,237	880
	<u>1,173,651</u>	<u>1,193,248</u>
Accumulated Surplus	<u>\$ 1,610,887</u>	<u>\$ 1,515,726</u>

Approved by Council

Brend Clough Mayor

[Signature] Chief Administrative Officer

SUMMER VILLAGE OF SILVER BEACH

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2010

	Budget Unaudited	2010	2009
Revenues			
Net municipal property taxes	\$ 161,289	\$ 161,169	\$ 151,913
Constable service fees	300,300	308,385	225,043
Other user fees and sale of goods	-	230	1,136
Government transfers for operating	17,487	36,416	1,527
Franchise	9,000	8,120	9,134
Licenses and permits	1,000	-	1,622
Fines	-	525	729
Penalties on taxes	2,000	8,070	4,769
Investment income	-	-	889
	<u>491,076</u>	<u>522,915</u>	<u>396,762</u>
Expenditures			
Council	-	-	-
Administration	35,852	49,545	41,161
Police	339,336	293,117	319,287
Fire	5,518	5,518	5,518
Ambulance	-	-	991
Roads, streets, walks, lighting	12,100	4,759	12,349
Water supply and distribution	5,000	5,000	-
Wastewater disposal	34,825	35,343	31,675
Waste management	18,710	19,393	15,324
Planning and development	1,400	-	2,780
Recreation and parks	13,650	10,361	7,188
Other	-	10,534	-
	<u>466,391</u>	<u>433,570</u>	<u>436,273</u>
Excess (Deficiency) Revenues Over Expenses Before Other	<u>24,685</u>	<u>89,345</u>	<u>(39,511)</u>
Other Revenue (Expenses)			
Government transfers for capital	-	25,770	3,950
Amortization of tangible capital assets	-	(19,954)	(19,954)
	<u>-</u>	<u>5,816</u>	<u>(16,004)</u>
Excess (Deficiency) of Revenues Over Expenses	24,685	95,161	(55,515)
Accumulated Surplus, Beginning of Year	<u>1,515,726</u>	<u>1,515,726</u>	<u>1,571,241</u>
Accumulated Surplus, End of Year	<u>\$ 1,540,411</u>	<u>\$ 1,610,887</u>	<u>\$ 1,515,726</u>

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**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2010**

	<u>Budget</u> <u>Unaudited</u>	<u>2010</u>	<u>2009</u>
Excess (Deficiency) of Revenues Over Expenses	\$ 24,685	\$ 95,161	\$ (55,515)
Changes in Non-Financial Assets			
Acquisition of tangible capital assets	-	-	(3,950)
Amortization of tangible capital assets	-	19,954	19,954
Prepaid expenses	-	(357)	(257)
	-	<u>19,597</u>	<u>15,747</u>
Increase (Decrease) in Net Financial Assets	24,685	114,758	(39,768)
Net Financial Assets, Beginning of Year	<u>322,478</u>	<u>322,478</u>	<u>362,246</u>
Net Financial Assets, End of Year	<u>\$ 347,163</u>	<u>\$ 437,236</u>	<u>\$ 322,478</u>

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STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Cash Provided By (Used For)		
Operating Activities		
Excess (deficiency) of revenues over expenses	\$ 95,161	\$ (55,515)
Non-cash items included in excess (deficiency) of revenues over expenses		
Amortization of tangible capital assets	19,954	19,954
	<u>115,115</u>	<u>(35,561)</u>
Net change in non-cash working capital		
Taxes receivable	(11,094)	(4,410)
Constable services receivable	(145,115)	-
Trade and other receivables	8,282	(2,534)
Government transfers receivable	(131,022)	-
Prepaid expenses	(357)	(257)
Payables and accrued liabilities	50,271	(773)
Prepaid taxes	623	1,785
Deferred revenue	138,972	-
	<u>25,675</u>	<u>(41,750)</u>
Capital Activities		
Acquisition of tangible capital assets	-	(3,950)
Increase (Decrease) in Cash	25,675	(45,700)
Cash, Beginning of Year	351,415	397,115
Cash, End of Year	\$ 377,090	\$ 351,415

SUMMER VILLAGE OF SILVER BEACH

**CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2010**

Schedule 1

				2010	2009
	<u>Unrestricted Surplus</u>	<u>Restricted Surplus Note 4</u>	<u>Equity in Tangible Capital Assets</u>	<u>Total</u>	<u>Total</u>
Balance, Beginning of Year	\$ 7,614	\$ 315,744	\$ 1,192,368	\$ 1,515,726	\$ 1,571,241
Excess (deficiency) of revenues over expenses	95,161	-	-	95,161	(55,515)
Unrestricted funds designated for future use	(24,685)	24,685	-	-	-
Annual amortization expense	19,954	-	(19,954)	-	-
	<u>90,430</u>	<u>24,685</u>	<u>(19,954)</u>	<u>95,161</u>	<u>(55,515)</u>
Balance, End of Year	\$ <u>98,044</u>	\$ <u>340,429</u>	\$ <u>1,172,414</u>	\$ <u>1,610,887</u>	\$ <u>1,515,726</u>

SUMMER VILLAGE OF SILVER BEACH

TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2010

Schedule 2

				2010	2009
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, End of Year
Cost					
Land	\$ 1,025,380	\$ -	\$ -	\$ 1,025,380	\$ 1,025,380
Land improvements	27,150	-	-	27,150	27,150
Engineered structures	596,871	-	-	596,871	596,871
Buildings	8,500	-	-	8,500	8,500
Vehicles	66,711	-	-	66,711	66,711
	<u>1,724,612</u>	<u>-</u>	<u>-</u>	<u>1,724,612</u>	<u>1,724,612</u>
Accumulated Amortization					
Land	-	-	-	-	-
Land improvements	12,499	1,587	-	14,086	12,499
Engineered structures	500,345	11,356	-	511,701	500,345
Buildings	3,570	340	-	3,910	3,570
Vehicles	15,830	6,671	-	22,501	15,830
	<u>532,244</u>	<u>19,954</u>	<u>-</u>	<u>552,198</u>	<u>532,244</u>
Net Book Value					
Land				\$ 1,025,380	\$ 1,025,380
Land improvements				13,064	14,651
Engineered structures				85,170	96,526
Buildings				4,590	4,930
Vehicles				44,210	50,881
				<u>\$ 1,172,414</u>	<u>\$ 1,192,368</u>

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**PROPERTY TAXES LEVIED
YEAR ENDED DECEMBER 31, 2010**

Schedule 3

	<u>Budget</u> <u>Unaudited</u>	<u>2010</u>	<u>2009</u>
Taxation			
Real property taxes	\$ 420,722	\$ 420,634	\$ 396,692
Linear property taxes	1,366	1,335	1,367
Local improvement taxes	<u>9,996</u>	<u>9,995</u>	<u>9,995</u>
	432,084	431,964	408,054
Requisitions			
Alberta School Foundation Fund	<u>270,795</u>	<u>270,795</u>	<u>256,141</u>
Net Municipal Property Taxes	<u>\$ 161,289</u>	<u>\$ 161,169</u>	<u>\$ 151,913</u>

**EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2010**

Schedule 4

	<u>Budget</u> <u>Unaudited</u>	<u>2010</u>	<u>2009</u>
Salaries, wages and benefits	\$ 287,800	\$ 242,735	\$ 268,851
Contracted and general services	102,758	121,386	100,494
Purchases from other governments	41,053	41,288	38,935
Materials, goods and utilities	34,780	28,161	27,993
Amortization of tangible capital assets	-	<u>19,954</u>	<u>19,954</u>
	<u>\$ 466,391</u>	<u>\$ 453,524</u>	<u>\$ 456,227</u>

SUMMER VILLAGE OF SILVER BEACH

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

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 Summer Village.

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.

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.

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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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

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.

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.

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.

3. Deferred Revenue

	<u>2010</u>	<u>2009</u>
Government transfers	<u>\$ 215,768</u>	<u>\$ 76,796</u>

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

4. Restricted Surplus

	<u>2010</u>	<u>2009</u>
Police	\$ 64,334	\$ 42,649
Roads	184,561	181,561
Landfill	60,507	60,507
Land and subdivision	<u>31,027</u>	<u>31,027</u>
	<u>\$ 340,429</u>	<u>\$ 315,744</u>

5. 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>2010</u>	<u>2009</u>
Total debt limit	\$ 784,373	\$ 595,143
Total debt	<u>-</u>	<u>-</u>
Debt limit available	<u>\$ 784,373</u>	<u>\$ 595,143</u>
Total debt service limit	\$ 130,729	\$ 99,191
Total debt service	<u>-</u>	<u>-</u>
Debt service limit available	<u>\$ 130,729</u>	<u>\$ 99,191</u>

6. 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, 2010 the Summer Village's proportionate share of the outstanding debenture debt is \$24,372.

7. Contingency

The Summer Village of Silver Beach owns landfill sites that have been closed. A reserve of \$60,507 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.

The Summer Village may be liable for the Local Authorities Pension Plan costs of a former constable. The amount of the costs, if any, are not determined at this time. If any cost is eventually incurred, it will be treated as a current expenditure.

SUMMER VILLAGE OF SILVER BEACH

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

8. 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>2010</u>			<u>2009</u>
	<u>Salary</u>	<u>Benefits & Allowances</u>	<u>Total</u>	<u>Total</u>
Councillors	\$ -	\$ -	\$ -	\$ -
Chief Administrative Officer	\$ 28,340	\$ -	\$ 28,340	\$ 23,625

Salary includes contract paid to the Chief Administrative Officer.

9. 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.

10. Budget Figures

Budget figures for 2010, as approved by Council, are included in the financial statements for information purposes and are unaudited.

11. Comparative Figures

Certain of the 2009 figures have been restated to conform to the current year's presentation.
