

**Summer Village of
Sundance Beach
Financial Statements**

December 31, 2017



SUMMER VILLAGE OF SUNDANCE BEACH

RR #1 South, Site 1, Box 28
Thorsby, Alberta, Canada T0C 2P0
Phone 780-389-4409 Fax 780 401 3251

Management's Responsibility

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

The accompanying financial statements of the Summer Village of Sundance Beach are the responsibility of management and have been approved by the Council.

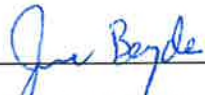
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting 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 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.

April 25, 2018



Chief Administrative Officer

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 as at December 31, 2017, 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, 2017, 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.

April 25, 2018
Leduc, Alberta

MNP LLP
Chartered Professional Accountants

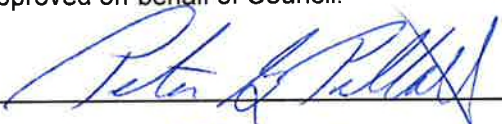
Summer Village of Sundance Beach
Statement of Financial Position

As at December 31, 2017

	2017	2016 <i>(Restated)</i>
Financial assets		
Cash	272,893	293,070
Investments <i>(Note 2)</i>	97,828	97,289
Trade and other accounts receivable	15,586	12,157
	386,307	402,516
Liabilities		
Accounts payable and accrued liabilities	53,333	34,079
Deferred revenue <i>(Note 3)</i>	308,577	312,738
	361,910	346,817
Net financial assets	24,397	55,699
Non-financial assets		
Tangible capital assets <i>(Schedule II)</i>	1,747,875	1,773,481
Prepaid expenses	3,901	4,043
	1,751,776	1,777,524
Accumulated surplus <i>(Schedule I)</i>	1,776,173	1,833,223

Contingency *(Note 7)*
Commitments *(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, 2017

	2017 Budget (Note 11)	2017	2016 <i>(Restated)</i>
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	185,397	185,356	181,042
Sales, user charges and costs recovered	7,015	85,760	6,411
Rental	12,500	12,600	12,550
Government transfers <i>(Schedule IV)</i>	34,193	7,818	7,904
Interest income	2,000	1,086	1,714
Fines	900	1,079	210
Penalties and costs on taxes	500	242	1,928
	242,505	293,941	211,759
Expenses			
Administrative	142,000	117,809	120,814
Sewer	-	83,356	1,261
Amortization	-	68,175	53,035
Protective services	30,530	40,279	23,455
Recreation and culture	18,575	27,486	16,451
Waste management	21,500	26,098	25,839
Legislative	17,400	15,429	16,484
Transportation services	11,800	14,779	14,955
Planning and development	700	653	672
	242,505	394,064	272,966
Deficiency of revenue over expenses before other	-	(100,123)	(61,207)
Other			
Government transfers for capital <i>(Schedule IV)</i>	105,889	43,073	33,498
Excess (deficiency) of revenue over expenses	105,889	(57,050)	(27,709)
Accumulated surplus, beginning of year, as previously stated	1,929,025	1,929,025	1,956,734
Prior period adjustment <i>(Note 10)</i>	-	(95,802)	(95,802)
Accumulated surplus, beginning of year, as restated	1,929,025	1,833,223	1,860,932
Accumulated surplus, end of year	2,034,914	1,776,173	1,833,223

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, 2017

	2017 Budget (Note 11)	2017	2016 <i>(Restated)</i>
Excess (deficiency) of revenue over expenses	105,889	(57,050)	(27,709)
Acquisition of tangible capital assets	(105,889)	(42,569)	(33,498)
Proceeds on disposal of tangible capital assets	-	-	5,951
Amortization of tangible capital assets	-	68,175	53,035
Loss on sale of tangible capital assets	-	-	6,675
Use of prepaid assets	-	142	6,708
Increase (decrease) in net financial assets	-	(31,302)	11,162
Net financial assets, beginning of year, as previously stated	151,501	151,501	140,339
Prior period adjustment <i>(Note 10)</i>	-	(95,802)	(95,802)
Net financial assets, beginning of year, as restated	151,501	55,699	44,537
Net financial assets, end of year	151,501	24,397	55,699

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, 2017

	2017	2016
Cash provided by (used for) the following activities:		
Operating		
Deficiency of revenue over expenses	(57,050)	(27,709)
Non-cash items:		
Amortization of tangible capital assets	68,175	53,035
Loss on disposal of tangible capital assets	-	6,675
Interest earned on investments	(1,086)	(1,487)
Net change in non-cash operating working capital balances:		
Increase in deferred revenue	(4,161)	66,596
Decrease in prepaid expenses	141	6,708
Increase in accounts payable and accrued liabilities	30,562	10,286
Decrease (increase) in trade and other accounts receivable	(3,428)	6,988
Decrease in property taxes receivable	-	4,155
	33,153	125,247
Capital		
Proceeds on sale of tangible capital assets	-	5,951
Acquisition of tangible capital assets <i>(Schedule II)</i>	(53,877)	(22,190)
	(53,877)	(16,239)
Investing		
Increase in investments	547	-
	(20,177)	109,008
Increase (decrease) in cash and equivalents	(20,177)	109,008
Cash, beginning of year	293,070	184,062
Cash, end of year	272,893	293,070

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, 2017

	<i>Unrestricted Surplus (Deficit)</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets (Note 5)</i>	<i>2017</i>	<i>2016 (Restated)</i>
Balance, beginning of year, as previously stated	(162,436)	317,980	1,773,481	1,929,025	1,956,734
Prior period adjustment <i>(Note 10)</i>	-	(95,802)	-	(95,802)	(95,802)
Balance, beginning of year, as restated	(162,436)	222,178	1,773,481	1,833,223	1,860,932
Deficiency of revenue over expenses	(57,050)	-	-	(57,050)	(27,709)
Restricted funds for operations	193,880	(193,880)	-	-	-
Current year funds used for tangible capital assets	(42,569)	-	42,569	-	-
Annual amortization expense	68,175	-	(68,175)	-	-
Change in accumulated surplus	162,436	(193,880)	(25,606)	(57,050)	(27,709)
Balance, end of year	-	28,298	1,747,875	1,776,173	1,833,223

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, 2017

	Land	Land Improvements	Buildings	Engineered structures	Machinery & equipment	Construction in progress	2017	2016
Cost:								
Balance, beginning of year	904,200	165,078	640,170	330,620	74,919	13,901	2,128,888	2,122,493
Acquisition of tangible capital assets	-	-	-	34,648	7,921	-	42,569	33,498
Construction in progress	-	-	-	8,920	-	(8,920)	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	(27,109)
Balance, end of year	904,200	165,078	640,170	374,188	82,840	4,981	2,171,457	2,128,888
Accumulated amortization:								
Balance, beginning of year	-	-	147,059	181,522	26,826	-	355,407	316,849
Annual amortization	-	11,005	37,932	6,042	13,196	-	68,175	53,035
Accumulated amortization on disposals	-	-	-	-	-	-	-	(14,477)
Balance, end of year	-	11,005	184,991	187,564	40,022	-	423,582	355,407
Net book value	904,200	154,073	455,179	186,624	42,818	4,981	1,747,875	1,773,481
2016 net book value	904,200	165,078	493,111	149,098	48,093	13,901	1,773,481	

During the year, tangible capital assets were acquired at an aggregate cost of \$42,569 (2016 - \$33,498), of which \$nil (2016 - \$11,308) was in accounts payable and accrued liabilities at year end and \$53,877 (2016 - \$22,190) were acquired by cash.

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, 2017

	<i>2017</i> <i>Budget</i> <i>(Note 11)</i>	<i>2017</i>	<i>2016</i>
<hr/>			
Taxation			
Real property taxes	185,086	185,045	180,754
Requisitions	133,484	133,484	146,637
Linear property taxes	311	311	288
	<hr/>	<hr/>	<hr/>
	318,881	318,840	327,679
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Requisitions			
Education requisition	133,484	133,484	146,637
	<hr/>	<hr/>	<hr/>
Net municipal property taxes	185,397	185,356	181,042
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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, 2017

	2017 Budget (Note 11)	2017	2016
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Operating			
Provincial	34,193	7,818	7,904
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Capital			
Provincial	105,889	43,073	33,498
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Total government transfers	140,082	50,891	41,402

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, 2017

	2017 Budget (Note 11)	2017	2016
Expenses by object			
Contracted and general services	196,470	274,854	167,511
Amortization of tangible capital assets	-	68,175	53,035
Materials, goods and utilities	35,600	41,280	33,679
Salaries, wages and benefits	9,985	9,376	10,037
Bank charges and short-term interest	450	379	366
Loss on disposal of tangible capital assets	-	-	6,675
Provision for allowances	-	-	1,663
	242,505	394,064	272,966

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, 2017

	Legislative	Administration	General	Protective	Transportation	Environmental	Planning and	Recreation	Total
			Administration	services	services	treatment	development	and culture	
Revenue									
Net municipal property taxes	-	185,356	-	-	-	-	-	-	185,356
Sales, user charges and costs recovered	-	9,122	-	-	-	73,229	1,280	2,129	85,760
Government transfers	-	12,744	3,500	-	34,647	-	-	-	50,891
Rental	-	12,000	-	-	-	-	-	600	12,600
Fines	-	300	779	-	-	-	-	-	1,079
Interest income	-	1,086	-	-	-	-	-	-	1,086
Penalties and costs on taxes	-	242	-	-	-	-	-	-	242
	-	220,850	4,279	-	34,647	73,229	1,280	2,729	337,014
Expenses									
Contracted and general services	4,565	110,706	38,049	-	10,427	109,454	653	1,000	274,854
Materials, goods, and utilities	1,488	6,724	2,230	-	4,352	-	-	26,486	41,280
Salaries, wages, and benefits	9,376	-	-	-	-	-	-	-	9,376
Bank charges and short-term interest	-	379	-	-	-	-	-	-	379
	15,429	117,809	40,279	-	14,779	109,454	653	27,486	325,889
Net revenue, before amortization	(15,429)	103,041	(36,000)	-	19,868	(36,225)	627	(24,757)	11,125
Amortization of tangible capital assets	-	62,133	236	-	3,621	2,185	-	-	68,175
Net revenue	(15,429)	40,908	(36,236)	-	16,247	(38,410)	627	(24,757)	(57,050)

The accompanying notes are an integral part of these financial statements

Summer Village of Sundance Beach Notes to the Financial Statements

For the year ended December 31, 2017

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 CPA Canada. 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 property taxes levied also includes requisitions for education 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.

Measurement uncertainty (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.

Investments

Investments are recorded at cost. Investment premiums and discounts are amortized 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.

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2017

1. Significant accounting policies *(continued)*

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Summer Village is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2017.

At each financial reporting date, the Summer Village reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Summer Village continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Revenue recognition

i. 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.

ii. Tax revenue

The Summer Village recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Summer Village evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

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.

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2017

1. Significant accounting policies *(continued)*

Non-financial assets *(continued)*

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:

Land improvements	15-20 years
Buildings	10 years
Engineered structures	20-40 years
Machinery and equipment	3-20 years

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

ii. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

iii. 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.

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2017

2. Investments

Investments have an effective interest rate of 0.20% (2016 - 0.91%) and mature in less than one year. The investment is comprised of funds that have been set aside for future sewer costs. Sewer levies were collected by the Summer Village from its ratepayers from 2007-2013 in order to create a fund to be used solely to pay costs associated with the wastewater needs of the Summer Village and its ratepayers and for no other purpose. As at December 31, 2017, the investment was \$97,828 (2016 - \$97,289). Adjustments have been made to the reserve fund in order to reflect wastewater costs incurred by the Summer Village.

Investment balance as at December 31, 2017:

Restricted for future sewer costs	22,573
Unrestricted	75,255
	<hr/>
	97,828

Upon maturity the investment will be included in operating cash to offset sewer expenses paid from operating cash.

3. Deferred revenue

	2017	2016 <i>(Restated)</i>
Municipal Sustainability Initiative capital grant	221,279	216,057
Federal Gas Tax Fund	37,611	-
Alberta Community Partnership Grant	26,375	-
Sewer levies	22,573	95,802
Prepaid taxes	439	579
Miscellaneous	300	300
	<hr/>	
	308,577	312,738

Included in the Summer Village's deferred revenue are government transfers and other funds received, including interest, that are restricted to eligible capital projects as approved under the funding agreements. Prepaid taxes includes municipal property taxes paid in advance. Sewer levies include amounts collected in prior years for the purpose of providing specific sewer related costs within the Summer Village.

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2017

4. 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:

	2017	2016
Total debt limit	440,912	317,639
Total debt	-	-
<hr/>		
Amount of debt limit unused	440,912	317,639
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Service on debt limit	73,485	52,940
Service on debt	-	-
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Amount of debt servicing limit unused	73,485	52,940
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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.

5. Equity in tangible capital assets

	2017	2016
Tangible capital assets (<i>Schedule II</i>)	2,171,457	2,128,888
Accumulated amortization (<i>Schedule II</i>)	(423,582)	(355,407)
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	1,747,875	1,773,481
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Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2017

6. Salary and benefits disclosure

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

	2017	2016
Mayor Pellatt	3,400	3,000
Councillor Waterhouse	4,000	4,000
Councillor Miller	2,400	2,600
Summer Village CAO Previous	33,750	45,000
Summer Village CAO Current	13,725	-

Salary and remuneration includes gross honoraria and any other direct cash remuneration.

The Summer Village CAO is paid as a contractor and therefore the above amount is included in contracted and general services.

7. Contingency

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.

8. Commitments

The Summer Village has entered into various service agreements with annual payments as follows:

2018	26,509
2019	17,899
2020	17,899
2021	17,899
2022	2,596

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.

Summer Village of Sundance Beach
Notes to the Financial Statements

For the year ended December 31, 2017

10. Prior period adjustment

During the year, the Summer Village determined that sewer levies collected in prior years should have been set up as deferred revenue rather than general revenue which was put in reserves. The impact of this change was an increase to 2016 and 2017 deferred revenue and a decrease of 2016 and 2017 opening restricted surplus in the amount of \$95,802. The comparative figures have been restated.

11. Budget information

The disclosed budget information has been approved by Council.

12. Comparative figures

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