

**Summer Village of
Silver Beach
Financial Statements**

December 31, 2017



SUMMER VILLAGE OF SILVER BEACH

RR #1 South, Site 1, Box 29

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 Silver Beach:

The accompanying financial statements of the Summer Village of Silver 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 9, 2018

Chief Administrative Officer

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Summer Village of Silver Beach, which comprise the statement of financial position 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 Silver 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.

Leduc, Alberta

April 9, 2018

MNP LLP

Chartered Professional Accountants

Summer Village of Silver Beach
Statement of Financial Position

As at December 31, 2017

	2017	2016
Financial assets		
Cash	454,492	651,797
Investments (Note 2)	5,334	5,184
Property taxes receivable (Note 3)	2,968	4,931
Trade and other accounts receivable	55,892	37,664
	518,686	699,576
Liabilities		
Accounts payable and accrued liabilities	38,570	29,828
Deposit liabilities	15,000	10,000
Deferred revenue (Note 4)	183,015	378,337
Landfill closure and post-closure liability (Note 5)	60,507	60,507
	297,092	478,672
Net financial assets	221,594	220,904
Non-financial assets		
Tangible capital assets (Schedule II)	1,830,819	1,590,009
Prepaid expenses	587	587
	1,831,406	1,590,596
Accumulated surplus (Schedule I)	2,053,000	1,811,500

Contingencies (Note 6)
Commitments (Note 7)

Approved on behalf of Council:

 _____ Mayor

 _____ Councillor

The accompanying notes are an integral part of these financial statements

Summer Village of Silver Beach
Statement of Operations

For the year ended December 31, 2017

	2017 Budget (Note 12)	2017	2016
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	206,532	206,531	206,573
Sales, user charges and costs	19,330	30,991	12,307
Franchise fees	11,000	11,416	10,158
Government transfers <i>(Schedule IV)</i>	32,734	6,359	6,540
Other	3,042	4,448	(821)
Interest income	1,500	1,678	1,887
Licenses and permits	1,472	1,542	1,132
Fines	-	1,317	100
Penalties and costs on taxes	1,000	1,038	1,668
	276,610	265,320	239,544
Expenses			
Administrative	141,315	109,830	134,496
Protective services	46,185	66,725	27,302
Wastewater	32,642	31,303	28,271
Amortization	-	30,421	36,906
Waste management	18,500	17,968	16,195
Legislative	11,085	11,496	9,709
Parks and recreation	9,325	10,507	7,805
Roads, streets, walks and lighting	9,400	9,410	5,682
Planning and development	700	2,969	609
	269,152	290,629	266,975
Excess (deficiency) of revenue over expenses before other	7,458	(25,309)	(27,431)
Other			
Government transfers for capital <i>(Schedule IV)</i>	105,815	266,809	249,399
Excess of revenue over expenses	113,273	241,500	221,968
Accumulated surplus, beginning of year	1,811,500	1,811,500	1,589,532
Accumulated surplus, end of year	1,924,773	2,053,000	1,811,500

The accompanying notes are an integral part of these financial statements

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

For the year ended December 31, 2017

	2017 Budget (Note 12)	2017	2016
Excess of revenue over expenses	113,273	241,500	221,968
Acquisition of tangible capital assets	(305,055)	(271,231)	(244,065)
Amortization of tangible capital assets	-	30,421	36,906
Loss on sale of tangible capital assets	-	-	9,525
Increase (decrease) in net financial assets	(191,782)	690	24,334
Net financial assets, beginning of year	220,904	220,904	196,570
Net financial assets, end of year	29,122	221,594	220,904

The accompanying notes are an integral part of these financial statements

Summer Village of Silver Beach
Statement of Cash Flows
For the year ended December 31, 2017

	2017	2016
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	241,500	221,968
Non-cash items:		
Amortization of tangible capital assets	30,421	36,906
Loss on disposal of tangible capital assets	-	9,525
Net change in non-cash operating working capital balances:		
Decrease in deferred revenue	(195,322)	(170,830)
Increase in accounts payable and accrued liabilities	9,339	8,670
Increase in trade and other accounts receivable	(18,228)	(19,617)
Decrease (increase) in property taxes receivable	1,963	(4,931)
Increase in deposit liabilities	5,000	-
	74,673	81,691
Capital		
Acquisition of tangible capital assets <i>(Schedule II)</i>	(271,828)	(242,894)
Investing		
Increase in investments	(150)	-
Decrease in cash	(197,305)	(161,203)
Cash, beginning of year	651,797	813,000
Cash, end of year	454,492	651,797

The accompanying notes are an integral part of these financial statements

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

For the year ended December 31, 2017

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets (Note 8)</i>	<i>2017</i>	<i>2016</i>
Balance, beginning of year	190,464	31,027	1,590,009	1,811,500	1,589,532
Excess of revenue over expenses	241,500	-	-	241,500	221,968
Current year funds used for tangible capital assets	(271,231)	-	271,231	-	-
Annual amortization expense	30,421	-	(30,421)	-	-
Change in accumulated surplus	690	-	240,810	241,500	221,968
Balance, end of year	191,154	31,027	1,830,819	2,053,000	1,811,500

The accompanying notes are an integral part of these financial statements

Summer Village of Silver Beach
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2017

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2017	2016
Cost:									
Balance, beginning of year	1,025,380	104,963	8,500	840,405	29,989	52,992	209,501	2,271,730	2,051,478
Acquisition of tangible capital assets	-	-	-	266,809	4,422	-	-	271,231	244,065
Construction-in-progress	-	-	-	209,501	-	-	(209,501)	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(23,813)
Balance, end of year	1,025,380	104,963	8,500	1,316,715	34,411	52,992	-	2,542,961	2,271,730
Accumulated amortization:									
Balance, beginning of year	-	27,305	5,950	592,504	8,608	47,354	-	681,721	659,103
Annual amortization	-	5,729	340	14,594	5,998	3,760	-	30,421	36,906
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(14,289)
Balance, end of year	-	33,034	6,290	607,098	14,606	51,114	-	712,142	681,721
Net book value	1,025,380	71,929	2,210	709,617	19,805	1,878	-	1,830,819	1,590,009
2016 net book value	1,025,380	77,658	2,550	247,901	21,381	5,638	209,501	1,590,009	

During the year, tangible capital assets were acquired at an aggregate cost of \$271,231 (2016 - \$244,065), of which \$8,605 (2016 - \$9,202) was in accounts payable and accrued liabilities at year end; the remaining \$271,828 (2016 - \$242,894) was acquired by cash.

The accompanying notes are an integral part of these financial statements

Summer Village of Silver Beach
Schedule III - Schedule of Property Taxes Levied
For the year ended December 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Taxation			
Real property taxes	205,787	205,786	205,787
Requisitions	174,767	174,767	174,281
Linear property taxes	745	745	786
	381,299	381,298	380,854
Requisitions			
Alberta School Foundation Fund	174,767	174,767	174,281
Net municipal property taxes	206,532	206,531	206,573

The accompanying notes are an integral part of these financial statements

Summer Village of Silver Beach
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Operating			
Provincial	32,734	6,359	6,540
Capital			
Provincial	98,089	266,809	226,044
Federal	7,726	-	23,355
	105,815	266,809	249,399
Total government transfers	138,549	273,168	255,939

The accompanying notes are an integral part of these financial statements

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

For the year ended December 31, 2017

	<i>2017</i>		
	<i>Budget</i>	<i>2017</i>	<i>2016</i>
Expenses by object			
Contracted and general services	226,445	207,544	195,518
Salaries, wages and benefits	31,165	38,484	18,562
Amortization of tangible capital assets	-	30,421	36,906
Materials and goods	10,842	13,536	5,638
Bank charges and short-term interest	700	644	826
Loss on disposal of tangible capital assets	-	-	9,525
	<hr/>	<hr/>	<hr/>
	269,152	290,629	266,975

The accompanying notes are an integral part of these financial statements

Summer Village of Silver Beach
Schedule VI - Schedule of Segmented Disclosure

For the year ended December 31, 2017

	General Government	Administration	Legislative	Environmental services	Protective services	Roads, streets, walks & lighting	Parks and recreation	Planning & development	Total
Revenue									
Government transfers	-	6,359	-	-	-	266,809	-	-	273,168
Net municipal property taxes	206,531	-	-	-	-	-	-	-	206,531
Sales, user charges, and costs	-	-	-	-	29,720	-	-	1,271	30,991
Franchise fees	11,416	-	-	-	-	-	-	-	11,416
Other	-	4,448	-	-	-	-	-	-	4,448
Interest income	-	1,678	-	-	-	-	-	-	1,678
Licenses and permits	-	-	-	-	-	-	-	1,542	1,542
Fines	-	-	-	-	1,317	-	-	-	1,317
Penalties and costs on taxes	1,038	-	-	-	-	-	-	-	1,038
	218,985	12,485	-	-	31,037	266,809	-	2,813	532,129
Expenses									
Contracted and general services	-	104,610	4,040	49,271	31,173	5,722	9,759	2,969	207,544
Salaries, wages and benefits	-	-	7,456	-	31,028	-	-	-	38,484
Materials and goods	-	4,575	-	-	4,524	3,688	749	-	13,536
Bank charges and short-term interest	-	644	-	-	-	-	-	-	644
	-	109,829	11,496	49,271	66,725	9,410	10,508	2,969	260,208
Net revenue (expense), before amortization	218,985	(97,344)	(11,496)	(49,271)	(35,688)	257,399	(10,508)	(156)	271,921
Amortization of tangible capital assets	-	2,197	-	-	-	18,730	9,494	-	30,421
Net revenue (expense)	218,985	(99,541)	(11,496)	(49,271)	(35,688)	238,669	(20,002)	(156)	241,500

1. Significant accounting policies

The financial statements of the Summer Village of Silver Beach (the "Summer Village") are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") 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 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. Landfill closure and post-closure liability is based on engineer's estimates of costs to close the landfill.

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.

1. Significant accounting policies *(continued)*

Liability for contaminated sites *(continued)*

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.

Landfill closure and post-closure liability

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the Summer Village is required to fund the closure and post-closure of its landfill site. Closure activities include the final soil cover and landscaping and post-closure activities include surface and ground water monitoring, leachate control and visual inspection.

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.

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 using the straight-line basis over the estimated useful life as follows:

Land improvements	15-20 years
Buildings	25 years
Engineered structures	10-40 years
Machinery and equipment	5 years
Vehicles	5-10 years

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

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.

2. Investments

The Summer Village 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, however, the development never commenced and the funds are being held in a guaranteed investment certificate until the work is done or the conditions of the agreement are lifted.

3. Property taxes receivable

	2017	2016
Current taxes	2,968	4,931

Summer Village of Silver Beach
Notes to the Financial Statements
For the year ended December 31, 2017

4. Deferred revenue

	2017	2016
Municipal Sustainability Initiative capital grant	136,741	356,901
Provincial ACP grant	26,375	-
Basic Municipal Transportation capital grant	18,848	13,981
Prepaid taxes	1,051	7,455
	183,015	378,337

Included in the Summer Village's deferred revenue are government transfers that are restricted to eligible capital projects as approved under funding agreements. Prepaid taxes include municipal property taxes paid in advance.

5. Landfill closure and post-closure liability

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping. The estimated total liability is based on the cubic metres in place which is 2,770.

6. Contingencies

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

7. Commitments

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

2018	22,083
2019	15,363
2020	15,363
2021	15,363
2022	2,228

8. Equity in tangible capital assets

	2017	2016
Tangible capital assets (<i>Schedule II</i>)	2,542,961	2,271,730
Accumulated amortization (<i>Schedule II</i>)	(712,142)	(681,721)
	1,830,819	1,590,009

Summer Village of Silver Beach
Notes to the Financial Statements
For the year ended December 31, 2017

9. 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 Silver Beach be disclosed as follows:

	<i>2017</i>	<i>2016</i>
Total debt limit	397,980	359,316
Total debt	-	-
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Amount of debt limit unused	397,980	359,316
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Service on debt limit	66,330	59,886
Service on debt	-	-
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Amount of debt servicing limit unused	66,330	59,886

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.

10. Salary and benefits disclosure

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

	<i>2017</i>	<i>2016</i>
Mayor Watt	4,500	2,643
Councillor Martinson	2,850	3,418
Councillor Clough	-	-
Councillor Rolf	-	-
Chief Administrative Officer Boyda	13,875	-
Chief Administrative Officer Wynne	33,750	45,000

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.

11. 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.

12. Budget information

The disclosed budget information has been approved by Council. The following is a reconciliation between the budget approved and that showing in the financial statements.

	<i>Budget</i>
Approved budgeted operating surplus	-
Operating draw from reserve	7,458
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Excess of revenue over expenses (<i>Statement of Operations</i>)	7,458
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Approved budgeted capital surplus	-
Capital reserve transfer	199,240
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Decrease in net financial assets (<i>Statement of Change in Net Financial Assets</i>)	(191,782)

13. Comparative figures

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