

SUMMER VILLAGE OF ITASKA BEACH
Consolidated Financial Statements
Year Ended December 31, 2017

SUMMER VILLAGE OF ITASKA BEACH
Index to Consolidated Financial Statements
Year Ended December 31, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Changes in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Consolidated Schedule of Property and Other Taxes (<i>Schedule 1</i>)	6
Consolidated Schedule of Government Transfers (<i>Schedule 2</i>)	6
Consolidated Schedule of Consolidated Expenditures by Object (<i>Schedule 3</i>)	6
Consolidated Schedule of Segmented Disclosure (<i>Schedule 4</i>)	7
Consolidated Schedule of Changes in Accumulated Surplus (<i>Schedule 5</i>)	8
Notes to Consolidated Financial Statements	9 - 16

INDEPENDENT AUDITOR'S REPORT

To the Members of Councils of Summer Village of Itaska Beach

We have audited the accompanying consolidated financial statements of Summer Village of Itaska Beach, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Summer Village of Itaska Beach as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Edmonton, Alberta
April 18, 2018

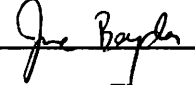
Seniuk & Company
Seniuk and Company
Chartered Accountants

SUMMER VILLAGE OF ITASKA BEACH
Consolidated Statement of Financial Position
December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash (Note 2)	\$ 34,913	\$ 48,635
Term deposits (Note 2)	350,753	260,000
Taxes and grants in place of taxes (Note 3)	5,552	-
Grants and receivables from other governments (Note 4)	368,276	326,134
Interest receivable	319	126
	\$ 759,813	\$ 634,895
LIABILITIES		
Accounts payable	\$ 31,069	\$ 21,133
Deferred income (Note 6)	369,256	306,905
Developer deposits	7,500	7,500
	407,825	335,538
NET FINANCIAL ASSET (DEBT)	351,988	299,357
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5.)	668,747	701,333
Prepaid expenses	2,123	1,918
	670,870	703,251
ACCUMULATED SURPLUS	\$ 1,022,858	\$ 1,002,608

On behalf of Council


 _____ Mayor


 _____ CAO

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ITASKA BEACH
Consolidated Statement of Operations
Year Ended December 31, 2017

	Budget (Unaudited) 2017	2017	2016
REVENUE			
Net municipal taxes (Schedule 1)	\$ 193,398	\$ 193,398	\$ 186,092
User fees and sale of goods	320	300	170
Government transfers for operating	4,136	4,136	4,179
Investment income	500	1,674	1,204
Penalties and costs of taxes	-	2,778	2,279
Licenses and permits	-	7,037	2,487
Franchise fees & concession contracts	3,100	3,231	3,213
Other	1,000	260	1,226
Total revenue	202,454	212,814	200,850
EXPENSES			
Administration and legislative	72,973	68,648	82,363
Police services	21,000	18,445	16,185
Fire service	6,300	5,262	5,045
Disaster and emergency measures	1,500	1,017	1,188
Roads, streets, walks and lighting	14,575	14,205	14,950
Wastewater treatment and disposal	20,300	20,229	20,643
Waste management	21,384	19,825	17,066
Land use planning, zoning and development	2,000	5,058	1,485
Parks and recreation	46,180	34,563	16,513
Total operating expenses	206,212	187,252	175,438
Excess (deficiency) of revenue over expenses before other	(3,758)	25,562	25,412
OTHER			
Government transfers for capital (Schedule 2)	3,757	27,274	227,879
Amortization	-	(32,586)	(33,028)
	3,757	(5,312)	194,851
EXCESS OF REVENUE OVER EXPENSES	-	20,250	220,263
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	1,002,608	782,345
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 1,022,858	\$ 1,002,608

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ITASKA BEACH
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2017

	2017	2016
Excess (Shortfall) of Revenues Over Expenses	\$ 20,250	\$ 220,263
Acquisition of tangible capital assets	-	(236,453)
Amortization of tangible capital assets	32,586	33,028
Use of prepaids	(205)	\$ 1,918
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	52,631	18,756
Net financial assets (debt), beginning of year	299,357	280,601
NET ASSETS - END OF YEAR	\$ 351,988	\$ 299,357

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ITASKA BEACH
Consolidated Statement of Cash Flows
Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 20,250	\$ 220,263
Item not affecting cash:		
Amortization	32,586	33,028
	52,836	253,291
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	(5,552)	7,630
Interest receivable	(193)	181
Grants and receivables from other governments	(42,142)	(87,950)
Accounts payable	9,936	(2,900)
Prepaid expenses	(205)	1,917
Deferred income	62,351	(132,223)
Developer deposits	-	5,000
	24,195	(208,345)
Cash flow from operating activities	77,031	44,946
INVESTING ACTIVITY		
Purchase of capital assets	-	(236,453)
INCREASE (DECREASE) IN CASH FLOW	77,031	(191,507)
Cash - beginning of year	308,635	500,142
CASH - END OF YEAR (Note 2)	\$ 385,666	\$ 308,635

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ITASKA BEACH
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2017

(Schedule 1)

	Budget (Unaudited) 2017	Actual 2017	Actual 2016
TAXATION			
Real property tax	\$ 285,119	\$ 285,118	\$ 285,154
Linear property taxes	1,104	1,104	1,069
	286,223	286,222	286,223
REQUISITIONS			
Alberta School Foundation	92,824	92,824	100,131
NET MUNICIPAL TAXES	\$ 193,399	\$ 193,398	\$ 186,092

Consolidated Schedule of Government Transfers

(Schedule 2)

	Budget 2017	2017	2016
TRANSFERS FOR OPERATING			
Provincial Government	\$ 4,136	\$ 4,136	\$ 4,179
	4,136	4,136	4,179
TRANSFERS FOR CAPITAL			
Provincial Government	3,757	27,274	227,879
TOTAL GOVERNMENT TRANSFERS	\$ 7,893	\$ 31,410	\$ 232,058

Consolidated Schedule of Consolidated Expenditures by Object

(Schedule 3)

	Budget (Unaudited) 2017	2017	2016
EXPENSES			
Salaries, wages & benefits	\$ 1,190	\$ 1,276	\$ 1,190
Contracted and general services	194,022	175,119	159,743
Materials, goods and utilities	11,000	10,857	14,505
Total Consolidated Expenditures by Object	\$ 206,212	\$ 187,252	\$ 175,438

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ITASKA BEACH

Consolidated Schedule of Segmented Disclosure

Year Ended December 31, 2017

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 193,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,398
Government transfers	4,136	-	-	-	-	-	-	4,136
User fees and sales of goods	300	-	-	-	-	-	-	300
Investment income	1,674	-	-	-	-	-	-	1,674
Other revenues	6,269	-	-	7,037	-	-	-	13,306
	205,777	-	-	7,037	-	-	-	212,814
EXPENSES								
Contract & general services	66,468	24,725	8,257	5,058	30,557	40,055	-	175,120
Salaries & wages	1,275	-	-	-	-	-	-	1,275
Materials, goods & utilities	903	-	5,948	-	4,007	-	-	10,858
	68,646	24,725	14,205	5,058	34,564	40,055	-	187,253
Excess (deficiency) of revenue over expenses before other	137,131	(24,725)	(14,205)	1,979	(34,564)	(40,055)	-	25,561
OTHER								
Amortization	(1,987)	-	(4,185)	-	(26,413)	-	-	(32,585)
Government transfers for capital	-	-	-	-	27,274	-	-	27,274
	(1,987)	-	(4,185)	-	861	-	-	(5,311)
Excess (deficiency) of revenue over expenses	\$ 135,144	\$ (24,725)	\$ (18,390)	\$ 1,979	\$ (33,703)	\$ (40,055)	\$ -	\$ 20,250

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ITASKA BEACH

Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2017

(Schedule 5)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2017	Total 2016
BALANCE, BEGINNING OF YEAR	\$ 88,994	\$ 212,281	\$ 701,333	\$ 1,002,608	\$ 782,345
Excess (deficiency) of revenues over expenses	20,250	-	-	20,250	220,263
Annual amortization expense	32,586	-	(32,586)	-	-
Transfer to/from reserves	(11,366)	11,366	-	-	-
	41,470	11,366	(32,586)	20,250	220,263
BALANCE, END OF YEAR	\$ 130,464	\$ 223,647	\$ 668,747	\$ 1,022,858	\$ 1,002,608

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ITASKA BEACH
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Itaska Beach are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Summer Village are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Summer Village of Itaska Beach (the "Summer Village"). The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Summer Village and are; therefore, accountable to the Summer Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Tax Revenue

Annually, the Summer Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Summer Village Council in accordance with legislation and Summer Village Council approved policies to raise the tax revenue required to meet the Summer Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Summer Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

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SUMMER VILLAGE OF ITASKA BEACH
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

(*continues*)

SUMMER VILLAGE OF ITASKA BEACH
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Summer Village is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping as well as surface and ground water monitoring, leachate control and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage. The Summer Village of Itaska Beach does not have a landfill site and uses an independent contractor for its landfill services and as such, is not directly responsible for landfill closure and post-closure liabilities. Thus, no landfill or post-closure liabilities have been assessed.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction are not expected to be repaid in the future or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Changes in Net Financial Assets (Debt) for the year.

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SUMMER VILLAGE OF ITASKA BEACH
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	8 - 25 years
Buildings	50 years
Machinery and equipment	5 - 10 years
Engineered structures	10 - 30 Years

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.

Contributions of Tangible Capital Assets

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

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash	\$ 29,304	\$ 48,635
Term deposits	350,753	260,000
Restricted cash	5,609	-
	\$ 385,666	\$ 308,635

Term deposits are short term investments with original maturities of one year or less.

Included in cash are restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 6)

3. TAXES AND GRANTS IN PLACE OF TAXES

Taxes and grants in place of taxes are comprised of:

	2017	2016
Current taxes and grants in place of taxes	\$ 5,552	\$ -

SUMMER VILLAGE OF ITASKA BEACH
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2017	2016
Municipal Sustainability Initiative - Capital Grant	\$ 347,392	\$ 305,379
Federal Gas Tax Fund Grant	18,208	12,126
Municipal Sustainability Initiative - Operating Grant	-	4,179
Subtotal	365,600	321,684
GST Receivable	2,676	4,450
	\$ 368,276	\$ 326,134

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Buildings	\$ 6,000	\$ 2,520	\$ 3,480	\$ 3,600
Engineered structures - roadways	143,756	69,045	74,711	78,775
Land	280,469	-	280,469	280,469
Land improvements	391,180	92,655	298,525	323,531
Machinery and equipment	27,544	15,982	11,562	14,958
	\$ 848,949	\$ 180,202	\$ 668,747	\$ 701,333

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2017	2016
Municipal Sustainability Initiative - Capital	\$ 353,001	\$ 296,732
Federal Gas Tax Fund Grant	16,255	10,173
	\$ 369,256	\$ 306,905

Municipal Sustainability Initiative - Capital

Funding from the Provincial Government was allocated to the Summer Village in the current year from the Municipal Sustainability Initiative Grant. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance less amounts receivable from the Provincial Government are supported by restricted cash held exclusively for these projects (refer to Note 2).

(continues)

SUMMER VILLAGE OF ITASKA BEACH
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

6. DEFERRED REVENUE *(continued)*

2017 2016

Federal Gas Tax Fund

The Federal Gas Tax Fund and is restricted to eligible capital projects as approved under the funding agreement. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance less amounts receivable from the Provincial Government are supported by restricted cash held exclusively for these projects (refer to Note 2).

7. DEBT LIMITS

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

	2017	2016
Total debt limit	\$ 319,221	\$ 301,275
Total debt	-	-
Amount of debt limit unused	319,221	301,275
Debt servicing limit	53,204	50,213
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 53,204	\$ 50,213

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.

8. SEGMENTED DISCLOSURE

The Summer Village of Itaska Beach provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 4).

SUMMER VILLAGE OF ITASKA BEACH
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

9. 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:

			2017		2016	
	Salary (1)	Benefits & allowances (2)	Total	Total	Total	Total
R. Johnston	\$ 1,105	\$ -	\$ 1,105	\$ 680		
R. Nielsen	-	-	-	-		
R. Redl	-	-	-	510		
A. Deering	170	-	170	-		
Chief Administrative Officer	45,493	1,200	46,693	46,268		
	\$ 46,768	\$ 1,200	\$ 47,968	\$ 47,458		

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

10. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy and long term debt.

It is management's opinion that the Summer Village is not exposed to significant interest or currency risks arising from these financial instruments.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

Fair value

The Summer Village's carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Summer Village for debt with similar terms.

11. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

SUMMER VILLAGE OF ITASKA BEACH
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

12. COMPARATIVE FIGURES

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

13. BUDGET AMOUNTS

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