
SUMMER VILLAGE OF ITASKA BEACH

FINANCIAL STATEMENTS

DECEMBER 31, 2011

SUMMER VILLAGE OF ITASKA BEACH

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AUDITOR'S REPORT

To the Members of Council

Report on the Financial Statements

I have audited the accompanying statements of the Summer Village of Itaska Beach that comprise the statement of financial position as at December 31, 2011, 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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Summer Village of Itaska Beach as at December 31, 2011, 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.

SUMMER VILLAGE OF ITASKA BEACH

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
Financial Assets		
Cash	\$ 51,555	\$ 37,531
Short term investments – Note 2	144,000	160,000
Trade and other receivables	6,450	6,260
Government transfers receivable	17,695	11,685
	<u>219,700</u>	<u>215,476</u>
Liabilities		
Payables and accrued liabilities	9,943	17,173
Deposit	2,500	7,500
Deferred revenue – Note 3	51,581	37,328
	<u>64,024</u>	<u>62,001</u>
Net Financial Assets	<u>155,676</u>	<u>153,475</u>
Non-Financial Assets		
Tangible capital assets	446,741	453,833
Prepaid expenses	893	2,812
	<u>447,634</u>	<u>456,645</u>
Accumulated Surplus	<u>\$ 603,310</u>	<u>\$ 610,120</u>

Approved by Council

_____ Mayor

_____ Chief Administrative Officer

SUMMER VILLAGE OF ITASKA BEACH

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2011

	Budget Unaudited	2011	2010
Revenues			
Net municipal property taxes	\$ 149,112	\$ 148,359	\$ 153,300
User fees and sale of goods	450	470	-
Government transfers for operating	8,722	8,722	13,098
Franchise	2,628	2,814	2,876
Licenses and permits	-	504	1,440
Fines	-	367	283
Penalties on taxes	-	2,365	1,088
Investment income	400	394	319
Other	250	250	1,628
	<u>161,562</u>	<u>164,245</u>	<u>174,032</u>
Expenses			
Council	2,785	1,896	2,925
Administration	46,258	46,148	50,807
Police	22,300	25,505	27,445
Fire	4,503	4,503	4,503
Emergency and disaster services	-	353	255
Roads, streets, walks, lighting	16,910	12,639	10,338
Wastewater disposal	30,674	30,674	30,240
Waste management	17,230	16,738	18,735
Planning and development	809	872	963
Recreation and parks	27,793	28,875	22,868
	<u>169,262</u>	<u>168,203</u>	<u>169,079</u>
(Deficiency) Excess Revenues Over Expenses Before Other	<u>(7,700)</u>	<u>(3,958)</u>	<u>4,953</u>
Other Revenue (Expenses)			
Government transfers for capital	8,700	6,010	8,422
Amortization of tangible capital assets	-	(8,862)	(8,803)
	<u>8,700</u>	<u>(2,852)</u>	<u>(381)</u>
(Deficiency) Excess of Revenues Over Expenses	1,000	(6,810)	4,572
Accumulated Surplus, Beginning of Year	<u>610,120</u>	<u>610,120</u>	<u>605,548</u>
Accumulated Surplus, End of Year	<u>\$ 611,120</u>	<u>\$ 603,310</u>	<u>\$ 610,120</u>

SUMMER VILLAGE OF ITASKA BEACH
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2011

	Budget Unaudited	<u>2011</u>	<u>2010</u>
(Deficiency) Excess of Revenues Over Expenses	\$ 1,000	\$ (6,810)	\$ 4,572
Changes in Non-Financial Assets			
Proceeds on disposal of tangible capital assets	-	-	40
Acquisition of tangible capital assets	(1,000)	(1,770)	(5,950)
Amortization of tangible capital assets	-	8,862	8,803
Prepaid expenses	-	1,919	(236)
	<u>(1,000)</u>	<u>9,011</u>	<u>2,657</u>
Increase in Net Financial Assets	-	2,201	7,229
Net Financial Assets, Beginning of Year	<u>153,475</u>	<u>153,475</u>	<u>146,246</u>
Net Financial Assets, End of Year	<u>\$ 153,475</u>	<u>\$ 155,676</u>	<u>\$ 153,475</u>

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STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
Cash Provided By (Used For)		
Operating Activities		
(Deficiency) excess of revenues over expenses	\$ (6,810)	\$ 4,572
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	<u>8,862</u>	<u>8,803</u>
	<u>2,052</u>	13,375
Net change in non-cash working capital		
Trade and other receivables	(190)	1,137
Government transfers receivable	(6,010)	(442)
Prepaid expenses	1,919	(236)
Payables and accrued liabilities	(7,230)	8,012
Prepaid taxes	-	(187)
Deposit	(5,000)	2,500
Deferred revenue	<u>14,253</u>	<u>(7,980)</u>
	<u>(206)</u>	<u>16,179</u>
Capital Activities		
Proceeds on disposal of tangible capital assets	-	40
Acquisition of tangible capital assets	<u>(1,770)</u>	<u>(5,950)</u>
	<u>(1,770)</u>	<u>(5,910)</u>
Investing Activities		
Decrease (increase) in short term investments	<u>16,000</u>	<u>(160,000)</u>
Increase (Decrease) in Cash	14,024	(149,731)
Cash, Beginning of Year	<u>37,531</u>	<u>187,262</u>
Cash, End of Year	<u>\$ 51,555</u>	<u>\$ 37,531</u>

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**CHANGE IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2011**

Schedule 1

	<u>2011</u>			<u>2010</u>	
	<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	\$ 16,196	\$ 140,091	\$ 453,833	\$ 610,120	\$ 605,548
(Deficiency) excess of revenues over expenses	(6,810)	-	-	(6,810)	4,572
Current funds used for tangible capital assets	(1,770)	-	1,770	-	-
Annual amortization expense	8,862	-	(8,862)	-	-
	<u>282</u>	<u>-</u>	<u>(7,092)</u>	<u>(6,810)</u>	<u>4,572</u>
Balance, End of Year	<u>\$ 16,478</u>	<u>\$ 140,091</u>	<u>\$ 446,741</u>	<u>\$ 603,310</u>	<u>\$ 610,120</u>

SUMMER VILLAGE OF ITASKA BEACH

TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2011

Schedule 2

				2011	2010
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, End of Year
Cost					
Land	\$ 339,031	\$ -	\$ -	\$ 339,031	\$ 339,031
Land improvements	92,905	-	-	92,905	92,905
Engineered structures	90,647	1,770	-	92,417	90,647
Buildings	6,000	-	-	6,000	6,000
Machinery and equipment	7,045	-	-	7,045	7,045
	<u>535,628</u>	<u>1,770</u>	<u>-</u>	<u>537,398</u>	<u>535,628</u>
Accumulated Amortization					
Land	-	-	-	-	-
Land improvements	35,795	5,491	-	41,286	35,795
Engineered structures	42,615	2,546	-	45,161	42,615
Buildings	1,680	120	-	1,800	1,680
Machinery and equipment	1,705	705	-	2,410	1,705
	<u>81,795</u>	<u>8,862</u>	<u>-</u>	<u>90,657</u>	<u>81,795</u>
Net Book Value					
Land				\$ 339,031	\$ 339,031
Land improvements				51,619	57,110
Engineered structures				47,256	48,032
Buildings				4,200	4,320
Machinery and equipment				4,635	5,340
				<u>\$ 446,741</u>	<u>\$ 453,833</u>

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PROPERTY TAXES LEVIED YEAR ENDED DECEMBER 31, 2011

Schedule 3

	Budget Unaudited	2011	2010
Taxation			
Real property taxes	\$ 286,470	\$ 285,717	\$ 297,022
Linear property taxes	782	782	848
Local improvement taxes	9,995	9,995	9,995
	297,247	296,494	307,865
Requisitions			
Alberta School Foundation Fund	148,135	148,135	154,565
Net Municipal Property Taxes	\$ 149,112	\$ 148,359	\$ 153,300

EXPENDITURES BY OBJECT YEAR ENDED DECEMBER 31, 2011

Schedule 4

	Budget Unaudited	2011	2010
Salaries, wages and benefits	\$ 1,785	\$ 1,615	\$ 1,700
Contracted and general services	98,690	98,034	97,886
Purchases from other governments	58,477	61,292	63,130
Materials, goods and utilities	10,310	7,262	6,363
Amortization of tangible capital assets	-	8,862	8,803
	\$ 169,262	\$ 177,065	\$ 177,882

SUMMER VILLAGE OF ITASKA BEACH

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

Tangible Capital Assets

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

Land Improvements	8 – 25
Engineered Structures	10 – 40
Buildings	50
Machinery and Equipment	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. Short Term Investments

	2011	2010
Guaranteed Investment Certificate		
Interest at 0.65% to 1.00%, matures June to October, 2012	<u>\$ 144,000</u>	<u>\$ 160,000</u>

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

3.	Deferred Revenue	<u>2011</u>	<u>2109</u>
	Government transfers	<u>\$ 51,581</u>	<u>\$ 37,328</u>

4.	Restricted Surplus	<u>2011</u>	<u>2010</u>
	Tax rate stabilization	<u>\$ 140,091</u>	<u>\$ 140,091</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 Itaska Beach are as follows:

	<u>2011</u>	<u>2010</u>
Total debt limit	<u>\$ 246,368</u>	<u>\$ 261,048</u>
Total debt	<u>-</u>	<u>-</u>
Debt limit available	<u>\$ 246,368</u>	<u>\$ 261,048</u>
Total debt service limit	<u>\$ 41,061</u>	<u>\$ 43,508</u>
Total debt service	<u>-</u>	<u>-</u>
Debt service limit available	<u>\$ 41,061</u>	<u>\$ 43,508</u>

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

6. 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>2011</u>	<u>2010</u>
	<u>Salary</u>	<u>Benefits & Allowances</u>	<u>Total</u>	<u>Total</u>
Councillors				
E. Rudnisky	\$ 510	\$ -	\$ 510	\$ 425
R. Johnston	595	-	595	680
I. Bradley	-	-	-	340
R. Nielsen	510	-	510	255
	<u>\$ 1,615</u>	<u>\$ -</u>	<u>\$ 1,615</u>	<u>\$ 1,700</u>
Chief Administrative Officer	\$ 27,492	\$ 1,398	\$ 28,890	\$ 26,446

Salary includes honoraria paid to the Councillors and contract paid for administrative services provided by the Chief Administrative Officer.

7. Financial Instruments

The Summer Village's financial instruments consist of cash, short term investments, receivables, payables and accrued liabilities. 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.

8. 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 payments of \$9,995 for its proportionate share of the construction costs of the sanitary sewer system. At December 31, 2011, the Summer Village's proportionate share of the outstanding debenture debt is \$17,088.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

9. Contingency

The Summer Village is disputing an invoice in the amount of \$4,015 received from the Summer Village of Silver Beach for additional constable patrol services in 2011. The Summer Village feels they are not liable for these additional hours as per their contract. If it is determined that the Summer Village is liable for all or a portion of this amount, the amount will be recorded as an expense in the year of the settlement.

10. Budget Figures

Budget figures for 2011, as approved by Council, are included in the financial statements for information purposes and are unaudited.
