



HAWKINGS EPP DUMONT LLP

CHARTERED ACCOUNTANTS

February 23, 2016

Summer Village of Sunrise Beach
RR 1, Site 1, Comp 63
Onoway, AB
T0E 1V0

Attention: Village Council Members

Dear Council Members:

RE: 2015 AUDIT

The purpose of this communication is to summarize certain matters arising from the audit that we believe would be of interest to Village Council. Additionally, during the course of our audit we identified matters that may be of interest to management.

This communication should be read in conjunction with the financial statements and our report thereon, and it is intended solely for the use of the Council and should not be distributed to external parties without our prior consent. Hawkings Epp Dumont LLP accepts no responsibility to a third party who uses this communication.

AUDITOR RESPONSIBILITIES

It is important for the Council to understand the responsibilities that rest with the Summer Village of Sunrise Beach (the "Village") and its management and those that belong to the auditor in relation to the financial statement audit.

Our audit of the Village's financial statements was performed in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Village in accordance with Canadian public sector accounting standards.

Accordingly, we planned and performed our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

The audit included consideration of internal control relevant to the preparation 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 internal control.

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Canadian generally accepted auditing standards does not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate to Council. Accordingly, our audit would not necessarily identify all such matters that may be of interest to the Council and management and it is inappropriate to conclude that no such matters exist.

MANAGEMENT RESPONSIBILITIES

Management is responsible for the preparation of the 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.

AUDIT APPROACH

In gathering our audit evidence, we utilized a *substantive approach* to the audit of the Village. This approach allowed us to issue an audit opinion on the financial statements in the most cost-effective manner, while still obtaining the assurance necessary to support our audit opinion. In performing our audit, our work focused on, but was not limited to, areas that we believed had a higher risk of being materially misstated. A substantive approach is more appropriate when an entity processes a relatively low volume of transactions and may not have strong internal controls due to limited segregation of duties. In obtaining the required audit evidence to support our report, we did not place reliance on any internal controls that may exist at the Village.

MATERIALITY

Materiality in an audit is used as a guide for planning the nature and extent of audit procedures and for assessing the sufficiency of audit evidence gathered. It is also used in evaluating the misstatements found and determining the appropriate audit opinion to express.

A misstatement, or the aggregate of all misstatements in financial statements, is considered to be material if, in the light of surrounding circumstances, it is probable that the decision of a person who is relying on the financial statements, and who has a reasonable knowledge of business and economic activities (the user), would be changed or influenced by such misstatement or the aggregate of all misstatements. The materiality decision ultimately is based on the auditors' professional judgment.

The auditors' determination of materiality is a matter of professional judgment, and is affected by the auditor's perception of the financial information needs of users of the financial statements. In planning our audit, we have concluded that a materiality level of 2% of revenue is appropriate. However, we anticipate that management will record any adjustments that we propose that are of a non-trivial nature.

SIGNIFICANT FINDINGS FROM THE AUDIT

Our objective is to communicate appropriately to Council and management deficiencies in internal control that we have identified during the audit and that, in our professional judgment, are of sufficient importance to merit being reported to Council. The audit findings contained in this letter did not have a material effect on the Village's financial statements, and as such, our audit report is without reservation with respect to these matters.

Significant Deficiencies in Internal Control

We are normally required to make several adjustments (13 this year) to ensure the Village's accounting records are not materially misstated. This type of accounting assistance is common with our smaller local government clients and we do not mind providing this assistance. However, if the Village was to make these adjustments prior to the start of the audit this would reduce our time in completing the audit as well as providing more accurate financial reporting throughout the course of the year.

Significant Qualitative Aspects of Accounting Practices

Management is responsible for determining the significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of the Village. The application of those policies often involves significant estimates and judgments by management.

We are of the opinion that the significant accounting policies, estimates and judgments made by management, and financial disclosures do not materially misstate the financial statements taken as a whole.

Uncorrected Misstatements

There were no uncorrected misstatements aggregated by our Firm for the year ended December 31, 2015.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of Council.

Management Representations

Management's representations are integral to the audit evidence we will gather. Prior to the release of our report, we will require management's representations in writing to support the content of our report.

OTHER MATTERS

Payroll

Timesheets

Previously we have noted that there was no evidence that employee timesheets have been reviewed / approved.

We noted this continued to be the case during 2015. In order to provide evidence that this control / procedure has been performed, we continue to recommend that the Assistant CAO review / approval of timesheets be evidenced with a signature and / or initial and date of review.

AUDITOR INDEPENDENCE

We have been engaged to audit the financial statements of the Village for the year ending December 31, 2015.

We believe it is important that we communicate, at least annually, with you regarding all relationships between the Village and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of Alberta and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the Village and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from January 1 2015 – February 23, 2016.

The total fees charged to the Village for audit services were \$5,600 during the period from January 1, 2015 to December 31, 2015. There were no fees for non-audit services during this period.

We wish to express our appreciation for the co-operation we received during the audit from the Village staff.

Yours very truly,

HAWKINGS EPP DUMONT LLP



Philip J. Dirks, CPA, CA
Partner

**SUMMER VILLAGE OF SUNRISE BEACH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**



HAWKINGS EPP DUMONT LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Summer Village of Sunrise Beach

We have audited the accompanying financial statements of the Summer Village of Sunrise Beach, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' 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 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 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 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.

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 financial statements present fairly, in all material respects, the financial position of the Summer Village of Sunrise Beach as at December 31, 2015 and the results of its operations and accumulated surplus, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
February 23, 2016

Hawkings Epp Dumont LLP

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Chartered Accountants

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**MANAGEMENTS' RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Mayor and Council Summer Village of Sunrise Beach

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management, in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the best estimates and judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by Village Council to express an opinion on the Village's financial statements.

Wendy Wildman, Chief Administrative Officer


SUMMER VILLAGE OF SUNRISE BEACH

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 132,648	\$ -
Receivables <i>(Note 3)</i>	<u>140,136</u>	<u>288,956</u>
	<u>272,784</u>	<u>288,956</u>
LIABILITIES		
Bank indebtedness <i>(Note 2)</i>	-	48,797
Accounts payable and accrued liabilities	9,806	13,339
Deferred revenue	<u>329</u>	<u>-</u>
	<u>10,135</u>	<u>62,136</u>
NET FINANCIAL ASSETS	<u>262,649</u>	<u>226,820</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 4)</i>	1,147,663	1,246,550
Prepaid expenses	<u>1,464</u>	<u>1,428</u>
	<u>1,149,127</u>	<u>1,247,978</u>
ACCUMULATED SURPLUS <i>(Note 5)</i>	<u>\$ 1,411,776</u>	<u>\$ 1,474,798</u>

ON BEHALF OF THE VILLAGE COUNCIL:

 _____ Mayor

_____ Councillor

SUMMER VILLAGE OF SUNRISE BEACH
STATEMENT OF ANNUAL SURPLUS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 10)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
REVENUE			
Net taxation (Schedule 2)	\$ 215,138	\$ 214,381	\$ 207,536
Provincial government transfers for operating	14,256	14,256	12,793
Penalties and costs on taxes	5,000	5,187	6,883
Other	500	982	430
Return on investments	-	421	480
Sales and user charges	<u>-</u>	<u>-</u>	<u>3,140</u>
	<u>234,894</u>	<u>235,227</u>	<u>231,262</u>
EXPENSES			
General administration	78,527	82,408	77,353
Roads, streets, walks and lighting	74,424	65,138	60,805
Waste management	23,600	18,830	20,319
Council and other legislative	15,000	7,453	14,375
Land use planning, zoning and development	7,221	6,992	6,930
Water	6,154	6,154	3,354
Family and community support services	5,483	5,483	5,483
Fire	7,000	3,207	15,750
Bylaws enforcement	-	1,812	1,317
Ambulance and first aid	1,175	1,244	1,174
Parks and recreation	640	641	4,014
Amortization	<u>-</u>	<u>98,887</u>	<u>87,083</u>
	<u>219,224</u>	<u>298,249</u>	<u>297,957</u>
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER INCOME	<u>15,670</u>	<u>(63,022)</u>	<u>(66,695)</u>
OTHER INCOME			
Government transfers for capital	-	-	245,816
Gain on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>7,805</u>
	<u>-</u>	<u>-</u>	<u>253,621</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 15,670</u>	<u>(63,022)</u>	186,926
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>1,474,798</u>	<u>1,287,872</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 5)		<u>\$ 1,411,776</u>	<u>\$ 1,474,798</u>

SUMMER VILLAGE OF SUNRISE BEACH
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 10)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ <u>15,670</u>	\$ <u>(63,022)</u>	\$ <u>186,926</u>
Acquisition of tangible capital assets	(15,670)	-	(282,217)
Amortization of tangible capital assets	-	98,887	87,083
Proceeds on disposal of tangible capital assets	-	-	18,715
Gain on disposal of tangible capital assets	-	-	(7,805)
Acquisition of prepaid expenses	<u>-</u>	<u>(36)</u>	<u>(36)</u>
INCREASE IN NET FINANCIAL ASSETS	-	35,829	2,666
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>226,820</u>	<u>226,820</u>	<u>224,154</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>226,820</u>	\$ <u>262,649</u>	\$ <u>226,820</u>

SUMMER VILLAGE OF SUNRISE BEACH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus (deficit)	\$ (63,022)	\$ 186,926
Non-cash items not affecting annual surplus (deficit)		
Amortization	98,887	87,083
Gain on disposal of tangible capital assets	-	(7,805)
Change in non-cash working capital balances related to operations:		
Prepaid expenses	(36)	(36)
Receivables	148,820	(154,435)
Accounts payable and accrued liabilities	(3,533)	302
Deferred revenue	<u>329</u>	<u>-</u>
	<u>181,445</u>	<u>112,035</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	-	18,715
Purchase of tangible capital assets	<u>-</u>	<u>(282,217)</u>
	<u>-</u>	<u>(263,502)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	181,445	(151,467)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>(48,797)</u>	<u>102,670</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 132,648</u>	<u>\$ (48,797)</u>

SUMMER VILLAGE OF SUNRISE BEACH
SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 1

	<u>2015</u>	<u>2014</u>
BALANCE, BEGINNING OF YEAR	\$ 1,246,550	\$ 1,062,326
Purchase of Tangible Capital Assets	-	282,217
Amortization of Tangible Capital Assets	(98,887)	(87,083)
Net Book Value of Tangible Capital Assets Disposed of	<u>-</u>	<u>(10,910)</u>
BALANCE, END OF YEAR	<u>\$ 1,147,663</u>	<u>\$ 1,246,550</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets net book value	\$ <u>1,147,663</u>	\$ <u>1,246,550</u>
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SUMMER VILLAGE OF SUNRISE BEACH

Schedule 2

SCHEDULE OF PROPERTY TAXES

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 10)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
TAXATION			
Real property taxes	\$ 281,342	\$ 277,466	\$ 269,665
Linear property taxes	<u>-</u>	<u>3,119</u>	<u>3,077</u>
	<u>281,342</u>	<u>280,585</u>	<u>272,742</u>
REQUISITIONS			
Alberta School Foundation Fund	60,742	60,742	59,673
Lac Ste. Anne Foundation	<u>5,462</u>	<u>5,462</u>	<u>5,533</u>
	<u>66,204</u>	<u>66,204</u>	<u>65,206</u>
NET MUNICIPAL TAXES	<u>\$ 215,138</u>	<u>\$ 214,381</u>	<u>\$ 207,536</u>

SUMMER VILLAGE OF SUNRISE BEACH

Schedule 3

SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 10)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
Contracted and general services	\$ 127,871	\$ 112,736	\$ 124,402
Amortization	-	98,887	87,083
Salaries, wages and benefits	49,900	45,051	43,891
Materials, goods and utilities	35,120	32,652	34,218
Transfer payments	5,983	5,673	6,053
Bank charges	<u>350</u>	<u>3,250</u>	<u>2,310</u>
	<u>\$ 219,224</u>	<u>\$ 298,249</u>	<u>\$ 297,957</u>

SUMMER VILLAGE OF SUNRISE BEACH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Summer Village of Sunrise Beach (the "Village") are as follows:

(a) Reporting Entity

The financial statements reflect assets, liabilities, revenue and expenditures, changes in fund balances and changes in financial position of the Village. This is comprised of the municipal operations plus all of the organizations that are owned or accountable to the 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.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Use of Estimates

The preparation of financial statements in accordance 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 expenditures 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.

(CONT'D)

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) **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 their estimated useful lives as follows:

Engineered structures:	
Roadways	10 years
Water systems	75 years
Buildings	30 years
Machinery and equipment	10 years
Vehicles	10 years

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

Works of art for display are not recorded as tangible capital assets but are disclosed.

(e) **Under-Levies and Over-Levies**

Under-levies and over-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

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

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

(f) **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 annual surplus (deficit), provides the consolidated Change in Net Financial Assets for the year.

(g) **Cash and cash equivalents**

Cash and cash equivalents include items that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments have a maturity of one year or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

(h) **Tax revenue**

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality and are recognized as revenue in the year the tax is levied.

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

2. CASH AND CASH EQUIVALENTS / BANK INDEBTEDNESS

	<u>2015</u>	<u>2014</u>
Operating account (line of credit)	\$ 71,750	\$ (109,212)
Guaranteed Investment Certificate	60,798	60,315
Petty cash	<u>100</u>	<u>100</u>
	<u>\$ 132,648</u>	<u>\$ (48,797)</u>

The Guaranteed Investment Certificate has a term of one year maturing August 26, 2015 and bears interest at an annual rate of 0.80%.

The Village has established a revolving line of credit with a limit of \$350,000, bearing interest at prime plus 1% per annum.

3. RECEIVABLES

	<u>2015</u>	<u>2014</u>
Trade and other	\$ 118,947	\$ 229,365
Taxes and grants in place of taxes	15,580	43,509
Goods and Services Tax	<u>5,609</u>	<u>16,082</u>
	<u>\$ 140,136</u>	<u>\$ 288,956</u>

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

4. TANGIBLE CAPITAL ASSETS

	<u>2015</u> Net Book Value	<u>2014</u> Net Book Value
Land	\$ 396,025	\$ 396,025
Engineered structures:		
Roadways	576,515	666,522
Water systems	97,002	98,449
Machinery and equipment	42,046	46,311
Buildings	26,765	28,070
Vehicles	<u>9,310</u>	<u>11,173</u>
	<u>\$ 1,147,663</u>	<u>\$ 1,246,550</u>

	Cost Beginning of Year	Additions	Disposals	Cost End of Year
Land	\$ 396,025	\$ -	\$ -	\$ 396,025
Engineered structures:				
Roadways	2,540,479	-	-	2,540,479
Water systems	108,584	-	-	108,584
Buildings	53,760	-	-	53,760
Machinery and equipment	67,635	-	-	67,635
Vehicles	<u>18,625</u>	<u>-</u>	<u>-</u>	<u>18,625</u>
	<u>\$ 3,185,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,185,108</u>

	Accumulated Amortization Beginning of Year	Amortization	Disposals	Accumulated Amortization End of Year
Engineered structures:				
Roadways	\$ 1,873,957	\$ 90,007	\$ -	\$ 1,963,964
Water systems	10,135	1,447	-	11,582
Buildings	25,690	1,305	-	26,995
Machinery and equipment	21,324	4,265	-	25,589
Vehicles	<u>7,452</u>	<u>1,863</u>	<u>-</u>	<u>9,315</u>
	<u>\$ 1,938,558</u>	<u>\$ 98,887</u>	<u>\$ -</u>	<u>\$ 2,037,445</u>

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2015

5. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 263,635	\$ 227,770
Restricted surplus	478	478
Equity in tangible capital assets <i>(Schedule 1)</i>	<u>1,147,663</u>	<u>1,246,550</u>
	<u>\$ 1,411,776</u>	<u>\$ 1,474,798</u>

6. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officers and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>2015 Total</u>	<u>2014 Total</u>
Town Council				
Mayor Usselman	\$ 2,850	\$ 176	\$ 3,026	\$ 4,850
Tremblay	1,650	19	1,669	3,550
Norton	1,350	-	1,350	2,550
Steenbergen	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,850</u>	<u>\$ 195</u>	<u>\$ 6,045</u>	<u>\$ 10,950</u>
 Chief Administrative Officer				
Wild Willow Enterprises	<u>45,895</u>	<u>-</u>	<u>45,895</u>	<u>44,558</u>

Salary includes regular base pay, lump sum payments, gross honoraria and any other direct cash remuneration. Chief Administrative Officer salary also includes amounts paid in subcontracting administrative support staff services.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees and the employer's share of the costs of any additional taxable benefits.

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

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 Village be disclosed as follows:

	<u>2015</u>	<u>2014</u>
Total debt limit	\$ 352,841	\$ 346,893
Total debt	<u>-</u>	<u>48,797</u>
Amount of debt limit unused	<u>\$ 352,841</u>	<u>\$ 298,096</u>
Service on debt limit	\$ 58,807	\$ 57,816
Service on debt	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 58,807</u>	<u>\$ 57,816</u>

The debt limit is calculated at 1.5 times revenue of the 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 limits 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 stability of the Village. Rather, the financial statements must be interpreted as a whole.

8. CONTRACTUAL OBLIGATIONS

(a) Chief Administrative Officer

The Village has entered into an agreement for Chief Administrative Officer services for the period January 1, 2014 - December 31, 2016. The agreement requires annual fees in the amount of approximately \$45,000.

(b) Office Rent

The Village has entered into an agreement for administrative space for the period January 1, 2012 - December 31, 2017. The agreement requires annual rent in the amount of \$6,000.

(c) Assessment Services

The Village has entered into an agreement for municipal assessment services for the period April 1, 2013 - March 31, 2016. The agreement requires annual fees in the amount of approximately \$5,000 over the term.

(d) Waste Hauling

The Village has entered into an agreement for solid waste and organics removal services for the period September 1, 2015 - August 31, 2020. The agreement requires annual fees for of approximately \$16,000 over the term.

SUMMER VILLAGE OF SUNRISE BEACH
NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

9. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities. It is management's opinion that the Village is not exposed to significant interest or currency risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

The Village is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Village's credit risk.

10. BUDGET FIGURES

Budget figures are provided for informational purposes only and are unaudited. The 2015 budget, prepared by the Summer Village of Sunrise Beach, reflects all municipal activities including capital projects and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	<u>2015</u> (Budget)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
Annual Surplus (Deficit)	15,670	(63,022)	186,926
Add back:			
Amortization expense	-	98,887	87,083
Deduct:			
Purchase of tangible capital assets	<u>(15,670)</u>	<u>-</u>	<u>(282,217)</u>
Result of Operations	<u>\$ -</u>	<u>\$ 35,865</u>	<u>\$ (8,208)</u>

11. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Village Council and Management.