

SUMMER VILLAGE OF SUNRISE BEACH
Financial Statements
For The Year Ended December 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Summer Village of Sunrise Beach

Opinion

We have audited the financial statements of Summer Village of Sunrise Beach (the Village), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation 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.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditors' Report to the Mayor and Council of Summer Village of Sunrise Beach *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
March 5, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Mayor and Council of the 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. They necessarily include some amounts that are based on the best estimates and judgements 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.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the 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, 2018**

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 214,485	\$ 15,563
Receivables <i>(Note 3)</i>	<u>23,634</u>	<u>161,748</u>
	<u>238,119</u>	<u>177,311</u>
 LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 8,292</u>	<u>\$ 25,883</u>
 NET FINANCIAL ASSETS	<u>229,827</u>	<u>151,428</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	1,173,198	1,241,104
Prepaid expenses	<u>67</u>	<u>1,614</u>
	<u>1,173,265</u>	<u>1,242,718</u>
 ACCUMULATED SURPLUS <i>(Note 5)</i>	<u>\$ 1,403,092</u>	<u>\$ 1,394,146</u>
 Contingencies		

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF SUNRISE BEACH
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2018

	2018 (Budget) <i>(Note 11)</i>	2018 (Actual)	2017 (Actual)
REVENUE			
Net municipal taxes <i>(Schedule 2)</i>	\$ 233,210	\$ 233,005	\$ 226,023
Provincial government transfers for operating	15,403	15,403	13,695
Other	-	10,602	6,862
Penalties and costs on taxes	4,200	6,249	7,857
Sales and user charges	900	2,543	2,950
Return on investments	50	2,365	217
Licenses and permits	800	1,367	810
	<u>254,563</u>	<u>271,534</u>	<u>258,414</u>
EXPENSES			
General administration	82,905	80,970	79,420
Roads, streets, walks and lighting	92,700	66,339	182,746
Waste management	28,600	32,306	23,258
Fire	7,000	12,787	2,000
Land use planning, zoning and development	11,300	8,963	6,495
Bylaw enforcement	6,250	8,924	5,731
Council and other legislative	13,300	7,458	9,876
Family and community support services	6,580	6,580	6,683
Water	5,283	4,943	4,050
Culture: libraries, museums, halls	645	581	641
Amortization	-	67,906	62,301
	<u>254,563</u>	<u>297,757</u>	<u>383,201</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>-</u>	<u>(26,223)</u>	<u>(124,787)</u>
OTHER REVENUE			
Government transfers for capital	-	35,169	171,437
Gain on disposal of tangible capital assets	-	-	1,961
	<u>-</u>	<u>35,169</u>	<u>173,398</u>
ANNUAL SURPLUS	<u>-</u>	<u>8,946</u>	<u>48,611</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,394,146</u>	<u>1,394,146</u>	<u>1,345,535</u>
ACCUMULATED SURPLUS, END OF YEAR <i>(Note 5)</i>	<u>\$ 1,394,146</u>	<u>\$ 1,403,092</u>	<u>\$ 1,394,146</u>

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF SUNRISE BEACH
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2018

	2018 (Budget) <i>(Note 11)</i>	2018 (Actual)	2017 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ 8,946	\$ 48,611
Acquisition of tangible capital assets	-	-	(253,979)
Amortization of tangible capital assets	-	67,906	62,301
Proceeds on disposal of tangible capital assets	-	-	3,201
Gain on disposal of tangible capital assets	-	-	(1,961)
	-	76,852	(141,827)
Use of prepaid expenses	-	1,547	91
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	-	78,399	(141,736)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	151,428	151,428	293,164
NET FINANCIAL ASSETS - END OF YEAR	\$ 151,428	\$ 229,827	\$ 151,428

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF SUNRISE BEACH
Statement of Cash Flows
For The Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 8,946	\$ 48,611
Non-cash items not included in excess of revenue over expenses:		
Amortization	67,906	62,301
Gain on disposal of tangible capital assets	-	(1,961)
	<u>76,852</u>	<u>108,951</u>
Changes in non-cash working capital balances related to operations:		
Prepaid expenses	1,547	91
Receivables	138,113	(88,417)
Accounts payable and accrued liabilities	(17,590)	19,802
	<u>122,070</u>	<u>(68,524)</u>
Cash flow from operating activities	<u>198,922</u>	<u>40,427</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	-	(253,979)
Proceeds on disposal of tangible capital assets	-	3,201
Cash flow used by capital activities	<u>-</u>	<u>(250,778)</u>
INCREASE (DECREASE) IN CASH FLOW	198,922	(210,351)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>15,563</u>	<u>225,914</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 214,485</u>	<u>\$ 15,563</u>

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF SUNRISE BEACH
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2018

(Schedule 1)

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 1,241,104	\$ 1,050,666
Acquisition of tangible capital assets	-	253,979
Amortization	(67,906)	(62,301)
Net book value of tangible capital assets disposed of	-	(1,240)
BALANCE, END OF YEAR	\$ 1,173,198	\$ 1,241,104
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 1,173,198	\$ 1,241,104

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF SUNRISE BEACH
Schedule of Property Taxes
For the Year Ended December 31, 2018

(Schedule 2)

	2018 (Budget) <i>(Note 11)</i>	2018 (Actual)	2017 (Actual)
TAXATION			
Real property taxes	\$ 292,348	\$ 291,929	\$ 285,369
Linear property taxes	3,533	3,533	3,213
	<u>295,881</u>	<u>295,462</u>	<u>288,582</u>
REQUISITIONS			
Alberta School Foundation Fund	57,609	57,609	57,682
Lac Ste. Anne Foundation	5,062	4,848	4,877
	<u>62,671</u>	<u>62,457</u>	<u>62,559</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 233,210</u>	<u>\$ 233,005</u>	<u>\$ 226,023</u>

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF SUNRISE BEACH
Schedule of Expenses by Object
For the Year Ended December 31, 2018

(Schedule 3)

	2018 (Budget)	2018 (Actual)	2017 (Actual)
Contracted and general services	\$ 132,133	\$ 133,958	\$ 237,040
Amortization	-	67,906	62,301
Materials, goods and utilities	62,795	49,176	33,639
Salaries, wages and benefits	50,450	38,343	40,891
Transfer payments	7,080	7,095	6,803
Bank charges	2,105	1,279	2,527
	\$ 254,563	\$ 297,757	\$ 383,201

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF SUNRISE BEACH

Notes to Financial Statements

December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Sunrise Beach (the "Village") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) *Reporting Entity*

The financial statements reflect the assets, liabilities, revenues and expenses, and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Village and are, therefore, accountable to Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the 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 revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

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

(c) *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.

(d) *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 propriety owners for work performed by the Village and are recognized as revenue in the year the tax is levied.

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SUMMER VILLAGE OF SUNRISE BEACH

Notes to Financial Statements

December 31, 2018

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

(e) *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 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.

(f) *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:

Engineered structures	
Roadways	10 years
Water System	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.

(g) *Contaminated Sites*

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Summer Village is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(h) *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.

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 over-levies or under-levies of the prior year.

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SUMMER VILLAGE OF SUNRISE BEACH

Notes to Financial Statements

December 31, 2018

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

(i) *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.

2. CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
Operating account - ATB	\$ 214,385	\$ 42,253
Gauranteed Investment Certificates	-	1,242
Petty cash	100	100
Operating account - CIBC	-	(28,032)
	<u>\$ 214,485</u>	<u>\$ 15,563</u>

3. RECEIVABLES

	<u>2018</u>	<u>2017</u>
Taxes and grants in place of taxes	\$ 14,129	\$ 30,009
Government transfers	5,474	107,168
Goods and Services Tax	4,031	24,571
	<u>\$ 23,634</u>	<u>\$ 161,748</u>

4. CREDIT FACILITY

The Village has a demand revolving line of credit with its financial institution with a maximum amount of \$350,000, bearing interest at prime plus 1% per annum. No amounts were drawn as at December 31, 2018 or 2017.

5. ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ 229,416	\$ 152,564
Restricted surplus	479	478
Equity in tangible capital assets (Schedule 1)	1,173,197	1,241,104
	<u>\$ 1,403,092</u>	<u>\$ 1,394,146</u>

SUMMER VILLAGE OF SUNRISE BEACH

Notes to Financial Statements

December 31, 2018

6. TANGIBLE CAPITAL ASSETS

	2018 Net Book Value	2017 Net Book Value
Engineered Structures		
Roadway systems	\$ 618,566	\$ 675,573
Water systems	92,658	94,106
	<u>711,224</u>	<u>769,679</u>
Land	396,025	396,025
Machinery & equipment	39,383	45,665
Buildings	22,845	24,151
Vehicles	3,721	5,584
	<u>\$ 1,173,198</u>	<u>\$ 1,241,104</u>

	Cost Beginning of Year	Purchased Additions	Disposals	Transfers	Cost End of Year
Engineered Structures					
Roadways	\$ 1,629,060	\$ -	\$ -	\$ -	\$ 1,629,060
Water systems	108,584	-	-	-	108,584
	<u>1,737,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,737,644</u>
Buildings	53,760	-	-	-	53,760
Machinery and equipment	76,745	-	-	-	76,745
Land	396,025	-	-	-	396,025
Vehicles	18,625	-	-	-	18,625
	<u>\$ 2,282,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,282,799</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered Structures					
Roadways	\$ 953,487	\$ 57,007	\$ -	\$ -	\$ 1,010,494
Water systems	14,478	1,448	-	-	15,926
	<u>967,965</u>	<u>58,455</u>	<u>-</u>	<u>-</u>	<u>1,026,420</u>
Buildings	29,609	1,306	-	-	30,915
Vehicles	13,041	1,863	-	-	14,904
Machinery and equipment	31,080	6,282	-	-	37,362
	<u>\$ 1,041,695</u>	<u>\$ 67,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,109,601</u>

SUMMER VILLAGE OF SUNRISE BEACH

Notes to Financial Statements

December 31, 2018

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>2018</u>	<u>2017</u>
Total debt limit	\$ 407,301	\$ 387,621
Total debt	-	-
Amount of total debt limit unused	\$ 407,301	\$ 387,621
Service on debt limit	\$ 67,884	\$ 64,604
Service on debt	-	-
Amount of debt servicing limit unused	\$ 67,884	\$ 64,604

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, 2017 - December 31, 2021. The agreement requires annual fees in the amount of approximately \$48,000.

(b) *Assessment Services*

The Village has entered into an agreement for municipal assessment services for the period April 1, 2016 - March 31, 2019. The agreement requires annual fees in the amount of approximately \$5,000 over the term.

(c) *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.

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 values of these financial instruments approximates their carrying values.

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 fulfil their obligations. The large number and diversity of customers minimizes the Village's credit risk.

SUMMER VILLAGE OF SUNRISE BEACH

Notes to Financial Statements

December 31, 2018

10. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Village officials, the Village Chief Administrator Officer and designated officers are required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits (2)	2018	2017
Town Council				
Mayor Usselman	\$ 2,650	\$ 240	\$ 2,890	\$ 3,458
Tremblay	1,900	141	2,041	1,908
Beck	900	69	969	1,442
Norton	-	-	-	1,464
	<u>\$ 5,450</u>	<u>\$ 450</u>	<u>\$ 5,900</u>	<u>\$ 8,272</u>
Chief Administrative Officer	\$ 49,489	\$ -	\$ 49,489	\$ 48,184

Salary includes regular base pay, lump sum payments, gross honoraria and any other direct cash remuneration. Chief Administrative Officers salaries 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.

11. BUDGET FIGURES

The 2018 budget data presented in these financial statements is based upon the operating budget approved by the Summer Village of Sunrise Beach Council and reflects all municipal activities including capital projects and reserves for future use.

12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
