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**SUMMER VILLAGE OF SOUTH BAPTISTE  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**SUMMER VILLAGE OF SOUTH BAPTISTE**

**DECEMBER 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF COUNCIL OF SUMMER VILLAGE OF SOUTH BAPTISTE

#### *Report on the Consolidated Financial Statements*

I have audited the accompanying consolidated statements of the Summer Village of South Baptiste, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.. My responsibility is to express an opinion on these financial statements based on my audit

#### *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*

My responsibility is to express an opinion on these consolidated 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 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.

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

EDMONTON, ALBERTA  
March 25, 2016

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CHARTERED PROFESSIONAL ACCOUNTANT

**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>FINANCIAL ASSETS</b>		
Cash and equivalents	\$ 313,411	\$ 339,787
Taxes receivable (Note 2)	9,669	4,099
Trade and other receivable	13,387	9,411
Other current assets	2,620	-
	<u>339,087</u>	<u>353,297</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	10,849	3,921
Prepaid taxes	-	1,324
Deferred revenue	65,400	88,300
	<u>76,249</u>	<u>93,545</u>
<b>NET FINANCIAL ASSETS</b>	<u>262,838</u>	<u>259,752</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 3)	861,810	861,810
<b>ACCUMULATED SURPLUS</b>	<u>\$ 1,124,648</u>	<u>\$ 1,121,562</u>

APPROVED BY COUNCIL

 \_\_\_\_\_ MAYOR  
 \_\_\_\_\_ COUNCILLOR



**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2015**

	<u>BUDGET</u>	<u>2015</u>	<u>2014</u>
<b>REVENUE</b>			
Net taxes available for municipal purposes (Schedule 3)	\$ 73,712	\$ 71,522	\$ 71,554
Provincial government transfers for operating (Schedule 4)	80,000	21,118	141,278
Other revenues	450	10,065	5,733
Penalties and costs on taxes	-	1,520	-
Return on investments	-	1,475	594
	154,162	105,700	219,159
<b>EXPENSES</b>			
Administration	37,600	36,607	29,995
Fire and bylaws enforcement	19,239	32,313	18,228
Roads streets walks lighting	81,561	21,211	156,502
Waste management	12,162	11,583	13,297
Council and legislative	3,600	900	1,122
	154,162	102,614	219,144
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER</b>	-	3,086	15
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	1,121,562	1,121,562	1,121,547
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 1,121,562	\$ 1,124,648	\$ 1,121,562

**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
YEAR ENDED DECEMBER 31, 2015**

	<b>BUDGET UNAUDITED</b>	<b>2015</b>	<b>2014</b>
<b>EXCESS REVENUES OVER EXPENSES</b>	\$ -	\$ 3,086	\$ 15
<b>INCREASE IN NET ASSETS</b>	-	3,086	15
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	259,752	259,752	259,737
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 259,752	\$ 262,838	\$ 259,752

**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>OPERATING</b>		
Cash received from tax payers	\$ 120,188	\$ 140,186
Cash received from Provincial government transfers	5,445	79,578
Cash received from investments	1,500	594
Requisitions paid	(48,395)	(45,838)
Expenses paid	(105,114)	(219,123)
	<u>(26,376)</u>	<u>(44,603)</u>
<b>CHANGE IN CASH DURING YEAR</b>	(26,376)	(44,603)
<b>CASH, BEGINNING OF YEAR</b>	339,787	384,390
<b>CASH, END OF YEAR</b>	<u>\$ 313,411</u>	<u>\$ 339,787</u>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
 SCHEDULE OF CHANGES ACCUMULATED SURPLUS  
 YEAR ENDED DECEMBER 31, 2015**

SCHEDULE 1

	<u>UNRESTRICTED SURPLUS</u>	<u>RESTRICTED SURPLUS</u>	<u>EQUITY IN TANGIBLE CAPITAL ASSETS</u>	<u>2015</u>	<u>2014</u>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 145,327	\$ 114,425	\$ 861,810	\$ 1,121,562	\$ 1,121,547
Excess of revenues over expenses	3,086	-	-	3,086	15
Restricted funds used for operations	27,925	(27,925)	-	-	-
<b>BALANCE, END OF YEAR</b>	\$ 176,338	\$ 86,500	\$ 861,810	\$ 1,124,648	\$ 1,121,562



**SUMMER VILLAGE OF SOUTH BAPTISTE  
 SCHEDULE OF TANGIBLE CAPITAL ASSETS  
 YEAR ENDED DECEMBER 31, 2015**

Schedule 2

	<u>LAND</u>	<u>ENGINEERED STRUCTURES</u>	<u>2015</u>	<u>2014</u>
COST:				
Balance, beginning of year	\$ <u>861,810</u>	\$ <u>1,136,500</u>	\$ <u>1,998,310</u>	\$ <u>1,998,310</u>
Balance, end of year	<u>861,810</u>	<u>1,136,500</u>	<u>1,998,310</u>	<u>1,998,310</u>
ACCUMULATED AMORTIZATION				
Balance, beginning of year	<u>-</u>	<u>1,136,500</u>	<u>1,136,500</u>	<u>1,136,500</u>
Balance, end of year	<u>-</u>	<u>1,136,500</u>	<u>1,136,500</u>	<u>1,136,500</u>
Net book value of Tangible capital assets	\$ <u>861,810</u>	\$ <u>-</u>	\$ <u>861,810</u>	\$ <u>861,810</u>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
 SCHEDULE OF PROPERTY TAX LEVIED  
 YEAR ENDED DECEMBER 31, 2015**

Schedule 3

	BUDGET	<u>2015</u>	<u>2014</u>
<b>TAXATION</b>			
Real property taxes	\$ 117,008	\$ 117,438	\$ 114,995
Linear property taxes	2,479	2,479	2,397
	119,487	119,917	117,392
<b>REQUISITION</b>			
Alberta School Foundation Fund	41,513	44,014	41,513
Greater North Foundation	4,262	4,381	4,325
	45,775	48,395	45,838
<b>NET MUNICIPAL TAXES</b>	\$ 73,712	\$ 71,522	\$ 71,554

**SUMMER VILLAGE OF SOUTH BAPTISTE  
SCHEDULE OF GOVERNMENT TRANSFERS  
YEAR ENDED DECEMBER 31, 2015**

Schedule 4

	BUDGET	<u>2015</u>	<u>2014</u>
<b>Provincial Transfers</b>			
Shared - cost agreements and grants	\$ 80,000	\$ 21,118	\$ 141,278
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 80,000	\$ 21,118	\$ 141,278

**SUMMER VILLAGE OF SOUTH BAPTISTE  
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT  
YEAR ENDED DECEMBER 31, 2015**

Schedule 5

	BUDGET	<u>2015</u>	<u>2014</u>
<b>EXPENDITURES</b>			
Contracted and general services	\$ 151,162	\$ 100,425	\$ 216,977
Materials goods supplies and utilities	2,000	1,289	1,045
Salaries wages and benefits	1,000	900	1,122
<b>TOTAL EXPENDITURES</b>	\$ 154,162	\$ 102,614	\$ 219,144

# **SUMMER VILLAGE OF SOUTH BAPTISTE NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015**

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## **1. SIGNIFICANT ACCOUNTING POLICIES**

The Financial Statements have prepared in accordance with accounting principles generally accepted for Alberta municipalities. Significant aspects of these accounting policies are as follows.

### **(a) Financial Statement Presentation**

The combined financial statements consist of tax supported and self-supporting activities or entries whose operations and assets are under the control of the municipal council.

The schedule of taxes levied also includes operating requisitions for many educational, health care, social and other external organizations that are not controlled by the municipal council.

The statements exclude trust assets that are administered for the benefit of external parties.

### **(b) Fund Accounting**

For reporting purposes, established funds consist of the operating capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

The operating and capital funds are further segregated by functions which relate to specific areas of activity.

Gross recoveries represent internal operating charges between functions for the provision of goods or services are excluded from the financial statement.

### **(c) Accrual Basis of Accounting**

The accrual basis of accounting is followed in the financial statements presentation.

### **(d) Government Transfers**

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, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

**SUMMER VILLAGE OF SOUTH BAPTISTE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

(e) 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.

(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 the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Engineered structures	20 years
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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.

(g) Adjustments to Accumulated Surplus

Council may authorize appropriations from accumulated surplus to fund current year operating expenditures. Such appropriations are recorded as an adjustment in the Statement of Changes in Fund Balances.

Adjustments related to operations of prior periods are recorded as an "adjustment to prior years" on the Statement of Accumulated Surplus.

(h) Excess Collections and Under-Levies

Excess collections and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the excess collection is accrued as a liability and shown as an "other" operating expenditure. In situations where the actual levy is less than the requisition amount, the under-levy accrued as an "other asset" and reflected as "other operating revenue".

Requisition tax rates in the subsequent year are adjusted for any excess collections or under levies of the prior year. amounts previously accrued for excess collections are included in "other" operating revenue while prior year accruals for under-levies are included in "other" operating expenditures.

(i) Financial instruments

It is management's opinion that the Summer Village is not exposed to significant interest, currency or credit.

**SUMMER VILLAGE OF SOUTH BAPTISTE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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**2. TAXES RECEIVABLE**

	<u>2015</u>	<u>2014</u>
<b>Current:</b>		
Current taxes	\$ 9,669	\$ 4,099
<b>Non- current:</b>		
Tax arrears	<u>-</u>	<u>-</u>
	<u>\$ 9,669</u>	<u>\$ 4,099</u>

**3. TANGIBLE CAPITAL ASSETS**

	<u>Net 2015</u>	<u>Net 2014</u>
Land	\$ 861,810	\$ 861,810
Engineering structures	<u>-</u>	<u>-</u>
	<u>\$ 861,810</u>	<u>\$ 861,810</u>

**4. SALARY & BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	<u>2015 Total</u>	<u>2014 Total</u>
Mayor:		
Mike Isaac	\$ 300	\$ 451
Steve Hamilton	300	371
Councillors:		
Brad Padlewski	300	300
Village Administrator	\$ 22,680	\$ 21,600

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

**SUMMER VILLAGE OF SOUTH BAPTISTE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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**5. 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 will be disclosed as follows:

Total debt limit	\$ 158,550
Total debt	<u>-</u>
Amount total debt limit unused	<u>\$ 158,550</u>
Service on debt limit	\$ 26,425
Service on debt	<u>-</u>
Amount service on debt limit unused	<u>\$ 26,425</u>

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 on 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.

**6. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2015</u>	<u>2014</u>
Tangible capital assets (Schedule 1)	\$ 1,998,310	\$ 1,998,310
Accumulated amortization (Schedule 1)	<u>1,136,500</u>	<u>1,136,500</u>
	<u>\$ 861,810</u>	<u>\$ 861,810</u>

**7. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.