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**SUMMER VILLAGE OF SOUTH BAPTISTE  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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*Al Seherbarth*  
Professional Corporation  
Chartered Professional Accountant

SUMMER VILLAGE OF SOUTH BAPTISTE

DECEMBER 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF COUNCIL:  
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, 2017, 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.

### *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.

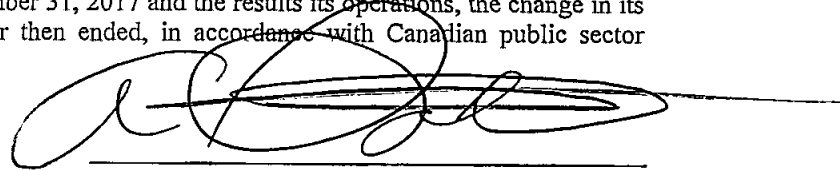
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, 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 of South Baptiste as at December 31, 2017 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  
APRIL 16, 2018




CHARTERED PROFESSIONAL ACCOUNTANT

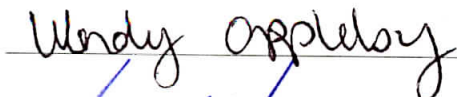
**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED FINANCIAL POSITION  
DECEMBER 31, 2017**

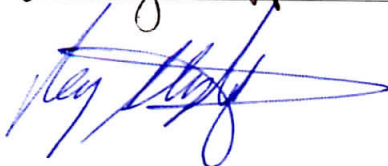
	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 90,299	\$ 139,576
Receivables		
Taxes receivable (Note 3)	5,933	21,710
Trade and other receivables	-	6,292
Good and services tax receivable	2,290	15,084
Accrued interest	808	275
Investments (Note 4)	304,582	203,539
	<u>403,912</u>	<u>386,476</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	9,884	6,070
Prepaid taxes	1,575	1,000
Deferred revenue (Note 5)	65,400	101,213
	<u>76,859</u>	<u>108,283</u>
<b>NET FINANCIAL ASSETS</b>	327,053	278,193
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets	861,810	861,810
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<u>\$ 1,188,863</u>	<u>\$ 1,140,003</u>

**RESTATED  
NOTE 10**

APPROVED BY COUNCIL

 \_\_\_\_\_ MAYOR

 \_\_\_\_\_ COUNCILLOR

 \_\_\_\_\_ COUNCILLOR

**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2017**

	BUDGET	2017	2016
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 75,270	\$ 67,590	\$ 75,459
Government transfers for operating (Schedule 4)	36,000	49,157	-
Other revenues	8,750	7,918	10,882
Investment income	-	1,576	1,818
Penalties and costs of taxes	-	1,046	3,312
<b>TOTAL REVENUE</b>	<b>120,020</b>	<b>127,287</b>	<b>91,471</b>
<b>EXPENSES</b>			
Administration	51,139	45,780	43,939
Roads, streets, walks and lighting	112,352	14,947	13,097
Water waste treatment and disposal	11,733	11,733	11,733
Legislative	3,500	3,749	3,368
Fire and bylaws enforcement	2,583	2,218	3,983
<b>TOTAL EXPENSES</b>	<b>181,307</b>	<b>78,427</b>	<b>76,120</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>(61,287)</b>	<b>48,860</b>	<b>15,351</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	61,287	-	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>-</b>	<b>48,860</b>	<b>15,351</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>1,140,003</b>	<b>1,140,003</b>	<b>1,124,652</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 1,140,003</b>	<b>\$ 1,188,863</b>	<b>\$ 1,140,003</b>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF CHANGE IN NET  
FINANCIAL ASSETS  
YEAR ENDED DECEMBER 31, 2017**

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	<u>BUDGET</u>	<u>2017</u>	<u>2016</u>
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 48,860	\$ 15,351
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>278,193</u>	<u>278,193</u>	<u>262,842</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 278,193</u>	<u>\$ 327,053</u>	<u>\$ 278,193</u>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>OPERATING</b>		
Excess of revenues over expenditures	\$ 48,860	\$ 15,351
Non-cash changes to operations (net change):		
Decrease (increase) in taxes receivable	15,777	(12,041)
Decrease (increase) in trade and other receivables	6,292	(3,672)
Decrease (increase) in Goods and services tax receivable	12,794	(2,190)
Decrease (increase) in accrued interest	(533)	221
Increase (decrease) in accounts payable and accrued liabilities	3,814	(4,779)
Increase (decrease) in prepaid taxes	575	1,000
Increase (decrease) in deferred revenue	(35,813)	35,813
Cash provided by operating transactions	51,766	29,703
<b>INVESTING</b>		
Decrease (increase) in investments	(101,043)	(2,038)
<b>CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR</b>	<b>(49,277)</b>	<b>27,665</b>
<b>CASH AND TEMPORARY INVESTMENTS BEGINNING OF YEAR</b>	<b>139,576</b>	<b>111,911</b>
<b>CASH AND TEMPORARY INVESTMENTS AT END OF YEAR (Note 2)</b>	<b>\$ 90,299</b>	<b>\$ 139,576</b>

RESTATED  
NOTE 10

SUMMER VILLAGE OF SOUTH BAPTISTE  
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
 YEAR ENDED DECEMBER 31, 2017

SCHEDULE 1

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 191,693	\$ 86,500	\$ 861,810	\$ 1,140,003	\$ 1,124,652
Excess (deficiency) of revenues over expenses	48,860	-	-	48,860	15,351
<b>BALANCE, END OF YEAR</b>	<b>240,553</b>	<b>86,500</b>	<b>861,810</b>	<b>1,188,863</b>	<b>1,140,003</b>

*Al Scherbarth*  
 Professional Corporation  
 Chartered Professional Accountant



**SUMMER VILLAGE OF SOUTH BAPTISTE  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 2

	<u>LAND</u>	<u>ENGINEERED STRUCTURES</u>	<u>2017</u>	<u>2016</u>
<b>COST:</b>				
Balance, beginning of year	\$ 861,810	\$ 1,136,500	\$ 1,998,310	\$ 1,998,310
Balance, end of year	861,810	1,136,500	1,998,310	1,998,310
<b>ACCUMULATED AMORTIZATION:</b>				
Balance, beginning of year		1,136,500	1,136,500	1,136,500
Balance, end of year	-	1,136,500	1,136,500	1,136,500
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 861,810</b>	<b>\$ -</b>	<b>\$ 861,810</b>	<b>\$ 861,810</b>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
 SCHEDULE OF PROPERTY AND OTHER TAXES  
 YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 3

	BUDGET	2017	2016
<b>TAXATION</b>			
Real property taxes	\$ 123,427	\$ 117,136	\$ 127,441
Linear property taxes	2,176	2,176	2,448
	125,603	119,312	129,889
<b>REQUISITION</b>			
Alberta School Foundation Fund	47,231	47,231	48,063
Greater North Foundation	3,102	4,491	6,367
	50,333	51,722	54,430
<b>NET MUNICIPAL TAXES</b>	<b>\$ 75,270</b>	<b>\$ 67,590</b>	<b>\$ 75,459</b>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
SCHEDULE OF GOVERNMENT TRANSFERS  
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 4

	BUDGET	<u>2017</u>	<u>2016</u>
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 36,000	\$ 49,157	\$ -
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	-	-	-
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 36,000</b>	<b>\$ 49,157</b>	<b>\$ -</b>

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT  
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 5

	BUDGET	<u>2017</u>	<u>2016</u>
<b>EXPENSES</b>			
Contracted and general services	\$ 175,407	\$ 73,246	\$ 70,763
Salaries wages and benefits	3,500	3,749	3,368
Materials goods and utilities	2,400	1,432	1,989
<b>TOTAL EXPENDITURE</b>	<b>\$ 181,307</b>	<b>\$ 78,427</b>	<b>\$ 76,120</b>

# SUMMER VILLAGE OF SOUTH BAPTISTE

## NOTES TO THE FINANCIAL STATEMENTS

### DECEMBER 31, 2017

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) **Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations of all of the organizations that are owned or controlled by 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 municipality reporting entity.

(b) **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 the receipt of goods and 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.

(c) **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.

(d) **Investments**

Investments are recorded at amortized cost.

(e) **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.

**SUMMER VILLAGE OF SOUTH BAPTISTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2017**

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as flow through and are excluded from municipal revenue.

(g) 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.

(h) 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.

(i) 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 - roads	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.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2017</u>	<u>2016</u>
Cash in bank	\$ <u>90,299</u>	\$ <u>139,576</u>

Temporary investments are short-term deposits with original maturities of three months or less.

**SUMMER VILLAGE OF SOUTH BAPTISTE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**3. TAXES RECEIVABLE**

	<u>2017</u>	<u>2016</u>
Current taxes	\$ 2,657	\$ 11,569
Arrears	<u>3,276</u>	<u>10,141</u>
	<u>\$ 5,933</u>	<u>\$ 21,710</u>

**4. INVESTMENTS**

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>
Short-term deposits	<u>\$ 304,582</u>	<u>\$ 304,582</u>	<u>\$ 203,539</u>	<u>\$ 203,539</u>

Short-term deposits have effective interest rates of .55 to 1.50% (2016 .50% to .55%) and mature in less than one year.

Included in investments are restricted amounts of \$65,400 (2016 - \$77,858) received from the Municipal Sustainability Initiative and are held exclusively for approved projects (Note 5).

**5. DEFERRED REVENUE**

	<u>2017</u>	<u>2016</u>
Municipal Sustainability Grant - Capital	\$ 65,400	\$ 65,400
Federal Gas Tax Fund	-	23,355
Municipal Sustainability Grant - Operating	<u>-</u>	<u>12,458</u>
	<u>\$ 65,400</u>	<u>\$ 101,213</u>

Funding in the amount of \$65,400 was received in prior years from the Municipal Sustainability Initiative. This funding is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2018.

Unexpended funds related to the advances are supported by investments of \$65,400 held exclusively for these projects (refer to Note 4).

**SUMMER VILLAGE OF SOUTH BAPTISTE  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2017**

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**6. 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 South Baptiste be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 190,931	\$ 137,207
Total debt	<u>-</u>	<u>-</u>
Amount total debt limit unused	<u>\$ 190,931</u>	<u>137,207</u>
Debt servicing limit	\$ 31,822	22,868
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 31,822</u>	<u>22,868</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 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.

**7. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>Net 2017</u>	<u>Net 2016</u>
Tangible capital assets (Schedule 2)	\$ 1,998,310	\$ 1,998,310
Accumulated amortization (Schedule 2)	<u>(1,136,500)</u>	<u>(1,136,500)</u>
	<u>\$ 861,810</u>	<u>\$ 861,810</u>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**8. 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>2017</u> Total	<u>2016</u> Total
Councillors:		
Reg Stapley	\$ 1,114	\$ -
Blaine Page	931	-
Wendy Appleby	754	-
Steve Hamilton	600	-
Mike Isaac	-	1,993
Brad Padlewski	-	1,375
Village Administrator	27,000	22,680

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

**9. FINANCIAL INSTRUMENTS**

The Summer Village's financial instruments consist of cash, investments, taxes and grants in place of taxes, accounts receivable, accounts payable and accrued liabilities, prepaid taxes and deferred revenue. It is management's opinion that the Summer Village is not exposed to significant interest or current risks arising from these financial instruments.

The Summer Village is subject to credit risk with respect to taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Summer Village provides services may experience financial difficulty and be unable to fulfill their obligations. The number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**10. COMPARATIVE FIGURES**

Certain comparative amounts have been restated to reflect the current year financial statement presentation.

**11. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements. The budgeted figures have been presented for information purposes and are unaudited.