
**SUMMER VILLAGE OF SUNSET POINT
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Al Scherbarth
Professional Corporation
Chartered Professional Accountant

SUMMER VILLAGE OF SUNSET POINT

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL OF SUMMER VILLAGE OF SUNSET POINT

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated statements of the Summer Village of Sunset Point, 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
APRIL 22, 2016

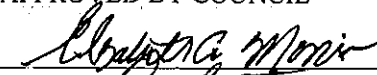



CHARTERED PROFESSIONAL ACCOUNTANT

**SUMMER VILLAGE OF SUNSET POINT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 659,489	\$ 633,265
Taxes receivables (Note 3)	15,291	22,092
Trade and other receivables	36,417	51,036
	<u>711,197</u>	<u>706,393</u>
LIABILITIES		
Accounts payable and accrued liabilities	38,640	2,238
Deferred revenue (Note 6)	353,878	328,820
Long term debt (Note 5)	7,387	14,340
	<u>399,905</u>	<u>345,398</u>
NET FINANCIAL ASSETS	311,292	360,995
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 2)	569,531	521,717
ACCUMULATED SURPLUS (Note 10, Schedule 1)	<u>\$ 880,823</u>	<u>\$ 882,712</u>

APPROVED BY COUNCIL

 MAYOR
 COUNCILLOR

**SUMMER VILLAGE OF SUNSET POINT
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015**

	BUDGET	2015	2014
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	\$ 353,561	\$ 333,080	\$ 325,542
Waste water treatment and disposal	37,170	37,071	37,171
Provincial government transfers (Schedule 4)	5,848	17,094	125,786
Rentals	9,000	8,000	5,600
Penalties and costs on taxes	15,000	7,443	8,859
Other revenues	1,300	2,067	5,086
Return on investments	-	635	2,040
Municipal Government Contribution	-	-	20,000
TOTAL REVENUE	421,879	405,390	530,084
EXPENSES			
Waste water treatment and disposal	125,473	139,050	127,281
Roads streets walks lighting	92,642	74,906	329,069
Administration	63,300	65,984	64,674
Recreation and parks	57,449	51,635	50,373
Waste management	40,500	33,854	37,620
Council and legislative	34,800	33,689	28,516
Water	3,912	7,211	3,882
Culture: libraries museums	950	950	950
Protective services	1,700	-	-
TOTAL EXPENSE	420,726	407,279	642,365
EXCESS OF REVENUE OVER EXPENSE BEFORE OTHER	1,153	(1,889)	(112,281)
GOVERNMENT TRANSFERS FOR CAPITAL (Schedule 4)	-	-	112,555
EXCESS OF REVENUE OVER EXPENSE	1,153	(1,889)	274
ACCUMULATED SURPLUS, BEGINNING OF YEAR	882,712	882,712	882,438
ACCUMULATED SURPLUS, END OF YEAR	\$ 883,865	\$ 880,823	\$ 882,712

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

	<u>BUDGET</u>	<u>2015</u>	<u>2014</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>1,153</u>	\$ <u>(1,889)</u>	\$ <u>274</u>
AQUISITION OF TANGIBLE CAPITAL ASSETS	-	(49,730)	-
AMORTIZATION OF CAPITAL ASSETS	<u>-</u>	<u>1,916</u>	<u>674</u>
INCREASE IN NET FINANCIAL ASSETS	1,153	(49,703)	948
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>360,995</u>	<u>360,995</u>	<u>360,047</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>362,148</u>	\$ <u>311,292</u>	\$ <u>360,995</u>

**SUMMER VILLAGE OF SUNSET POINT
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
OPERATING		
Cash received from tax payers	\$ 574,326	\$ 550,516
Cash received from investments	635	2,040
Cash received from government transfers	43,552	153,910
Cash paid for expenses	(368,961)	(640,081)
Cash paid requisitions	(166,645)	(171,800)
	<u>82,907</u>	<u>(105,415)</u>
FINANCING		
Long term debt repayment	(6,953)	(6,544)
INVESTING		
Purchase of capital assets	(49,730)	-
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	26,224	(111,959)
NET CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF YEAR	633,265	745,224
NET CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	\$ 659,489	\$ 633,265

**SUMMER VILLAGE OF SUNSET POINT
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 YEAR ENDED DECEMBER 31, 2015**

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2015	2014
BALANCE, BEGINNING OF YEAR	\$ 170,462	\$ 204,873	\$ 507,377	\$ 882,712	\$ 882,438
Excess (deficiency) of revenues over expenses	(1,889)	-	-	(1,889)	274
Restricted funds used for operations	19,100	(19,100)	-	-	-
Current year funds used for tangible capital assets	(49,730)	-	49,730	-	-
Annual amortization expense	1,916	-	(1,916)	-	-
Long term debt repaid	(6,953)	-	6,953	-	-
Change in accumulated surplus	(37,556)	(19,100)	54,767	(1,889)	274
BALANCE, END OF YEAR	132,906	185,773	562,144	880,823	882,712

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**SUMMER VILLAGE OF SUNSET POINT
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2015**

Schedule 2

	<u>LAND</u>	<u>BUILDINGS</u>	<u>ENGINEERED MACHINERY & STRUCTURES</u>	<u>EQUIPMENT</u>	<u>2015</u>	<u>2014</u>
COST:						
Balance, beginning of year	\$ 517,004	\$ 33,663	\$ 1,030,750	\$ 8,127	\$ 1,589,544	\$ 1,589,544
Acquisition of tangible capital assets	-	-	49,730	-	49,730	-
Balance, end of year	517,004	33,663	1,080,480	8,127	1,639,274	1,589,544
ACCUMULATED AMORTIZATION:						
Balance, beginning of year	-	28,950	1,030,750	8,127	1,067,827	1,067,153
Annual amortization	-	673	1,243	-	1,916	674
Balance, end of year	-	29,623	1,031,993	8,127	1,069,743	1,067,827
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	517,004	4,040	48,487	-	569,531	521,717

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**SUMMER VILLAGE OF SUNSET POINT
 SCHEDULE OF PROPERTY TAX LEVIED
 YEAR ENDED DECEMBER 31, 2015**

Schedule 3

	BUDGET	2015	2014
TAXATION			
Real property taxes	\$ 502,773	\$ 482,454	\$ 479,923
Special assessments	13,448	13,286	13,448
Linear property taxes	3,985	3,985	3,971
	520,206	499,725	497,342
REQUISITION			
Alberta School Foundation Fund	152,883	152,883	157,209
Lac St. Anne Requisition	13,762	13,762	14,591
	166,645	166,645	171,800
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	\$ 353,561	\$ 333,080	\$ 325,542

**SUMMER VILLAGE OF SUNSET POINT
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2015**

Schedule 4

	BUDGET	2015	2014
TRANSFERS FOR OPERATING FEDERAL TRANSFERS			
Shared - cost agreements and grants	\$ -	\$ -	\$ -
PROVINCIAL TRANSFERS			
Shared - cost agreements and grants	\$ 5,848	\$ 17,094	\$ 125,786
TRANSFERS FOR CAPITAL PROVINCIAL TRANSFERS			
Shared - cost agreements and grants	-	-	112,555
TOTAL GOVERNMENT TRANSFERS	\$ 5,848	\$ 17,094	\$ 238,341

**SUMMER VILLAGE OF SUNSET POINT
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
YEAR ENDED DECEMBER 31, 2015**

Schedule 5

	BUDGET	2015	2014
Transfers to other governments	\$ 215,399	\$ 201,154	\$ 134,591
Contracted and general services	132,500	132,351	467,307
Salaries wages and benefits	62,500	62,455	29,525
Materials goods supplies and utilities	9,000	8,776	8,903
Amortization	700	1,916	674
Interest	627	627	1,365
TOTAL EXPENSES	\$ 420,726	\$ 407,279	\$ 642,365

SUMMER VILLAGE OF SUNSET POINT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Summer Village of Sunset Point 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 Canadian Institute of Chartered Accountants. 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.

(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 SUNSET POINT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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.

(g) 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.

(h) 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:

Buildings	50 years
Engineered structures - roads	10-20 years
Machinery and equipment	5-10 years

2. CASH AND TEMPORARY INVESTMENTS

	<u>2015</u>	<u>2014</u>
Unrestricted Cash	\$ 473,716	\$ 428,392
Restricted Cash	<u>185,773</u>	<u>204,873</u>
	<u>\$ 659,489</u>	<u>\$ 633,265</u>

3. TAXES RECEIVABLES

	<u>2015</u>	<u>2014</u>
Current:		
Current taxes	\$ 8,329	\$ 8,584
Non-current:		
Tax arrears	<u>6,962</u>	<u>13,508</u>
	<u>\$ 15,291</u>	<u>\$ 22,092</u>

**SUMMER VILLAGE OF SUNSET POINT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

4. TANGIBLE CAPITAL ASSETS

	Net <u>2015</u>	Net <u>2014</u>
Land	\$ 517,004	\$ 517,004
Engineering structures - roadway system	48,487	-
Buildings	<u>4,040</u>	<u>4,713</u>
	<u>\$ 569,531</u>	<u>\$ 521,717</u>

5. LONG TERM DEBT

	<u>2015</u>	<u>2014</u>
Self supported debentures	\$ 7,387	\$ 14,340
Less: current portion	<u>7,387</u>	<u>6,544</u>
	<u>\$ -</u>	<u>\$ 7,796</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ <u>7,387</u>	\$ <u>462</u>	\$ <u>7,849</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at 6.25% per annum before provincial subsidy, and mature in 2016. For qualifying debentures, the province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Summer Village of Sunset Point.

6. DEFERRED REVENUE

	<u>2015</u>	<u>2014</u>
MSI Capital grant	\$ 268,192	\$ 243,191
Safe Streets grant	58,807	58,750
Transportation grant	17,010	17,010
MSI operating grant	9,448	9,448
Sponsorship grant	<u>421</u>	<u>421</u>
	<u>\$ 353,878</u>	<u>\$ 328,820</u>

**SUMMER VILLAGE OF SUNSET POINT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

7. 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</u> <u>Total</u>	<u>2014</u> <u>Total</u>
Mayor		
Ann Morrison	7,700	4,100
Councillors		
Betty Forfylyow	4,250	3,500
Richard Martin	2,140	-
Guy Poirier	1,088	3,500
Village Administrator	37,200	37,200

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

8. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Summer Village is not exposed to significant interest or currency 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.

9. 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 will be disclosed as follows:

Total debt limit	\$ 608,085
Total debt	<u>7,387</u>
Amount total debt limit unused	<u>\$ 600,698</u>
Service on debt limit	\$ 101,348
Service on debt	<u>7,849</u>
Amount service on debt limit unused	<u>\$ 93,499</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.

**SUMMER VILLAGE OF SUNSET POINT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>Net 2015</u>	<u>Net 2014</u>
Tangible capital assets (Schedule 2)	\$ 1,639,274	\$ 1,589,544
Accumulated amortization (Schedule 2)	(1,069,743)	(1,067,827)
Long term debt (Note 5)	<u>(7,387)</u>	<u>(14,340)</u>
	<u>\$ 562,144</u>	<u>\$ 507,377</u>

11. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ <u>132,906</u>	\$ <u>170,462</u>
Restricted surplus		
Infrastructure	109,184	109,184
Utility	56,991	76,091
Capital	12,598	12,598
Snow removal	7,000	7,000
Enhancement	-	-
Total restricted	<u>185,773</u>	<u>204,873</u>
Equity in tangible assets	<u>562,144</u>	<u>507,377</u>
	<u>\$ 880,823</u>	<u>\$ 882,712</u>

12. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

13. CONTINGENCIES

The Summer Village of Sunset Point is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Summer Village of Sunset Point could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined. Council and Management have approved these financial statements.