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**SUMMER VILLAGE OF SUNSET POINT  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**SUMMER VILLAGE OF SUNSET POINT**

**DECEMBER 31, 2009**

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*Al Scherbarth*

Professional Corporation

CERTIFIED MANAGEMENT ACCOUNTANT

#2020, Sun Life Place  
10123 - 99 Street  
Edmonton, Alberta  
T5J 3H1  
Tel: (780) 426-6446  
Fax: (780) 428-1563  
email: aspc@telus.net

**AUDITOR'S REPORT**

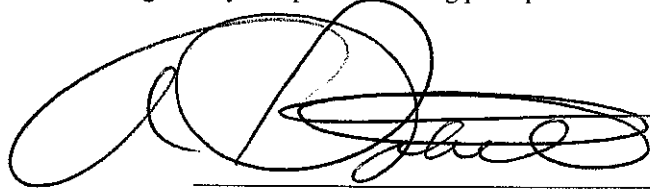
**TO THE MEMBERS OF COUNCIL OF  
SUMMER VILLAGE OF SUNSET POINT**

I have audited the consolidated statement of financial position of the Summer Village of Sunset Point as at December 31, 2009, and the consolidated statement of operations, the Consolidated Statement of Changes in Net Financial Assets and the Consolidated Statement of Cash Flow for the year then ended. These financial statements are the responsibility of the municipal administration. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by municipal administration, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2009 and the results of operations, the change in its net financial assets and its cash flow for the year then ended, in accordance with Canadian generally accepted accounting principles.

EDMONTON, ALBERTA  
JUNE 24, 2010



CERTIFIED MANAGEMENT ACCOUNTANT

**SUMMER VILLAGE OF SUNSET POINT  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 402,570	\$ 372,989
Taxes receivables (Note 2)	24,320	16,347
Trade and other receivables	17,890	19,086
	<hr/> 444,780	<hr/> 408,422
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 11,353	\$ 8,584
Deferred revenue (Note 6)	32,132	-
Long term debt (Note 5)	43,429	48,261
	<hr/> 86,914	<hr/> 56,845
<b>NET FINANCIAL ASSETS</b>	357,866	351,577
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets	692,659	742,289
	<hr/>	<hr/>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<b>\$ 1,050,525</b>	<b>\$ 1,093,866</b>

RESTATED  
NOTE 12

APPROVED BY COUNCIL

\_\_\_\_\_ MAYOR

\_\_\_\_\_ COUNCILOR

**SUMMER VILLAGE OF SUNSET POINT  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2009**

	<b>BUDGET</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>REVENUE</b>			
Net taxes available for municipal purposes (Schedule 2)	\$ 237,535	\$ 226,014	\$ 229,572
Provincial government transfers (Schedule 3)	8,532	196,693	75,146
Waste water treatment and disposal	19,010	19,100	19,010
Other revenues	13,151	12,741	12,494
Penalties and costs on taxes	6,400	9,501	6,376
Rentals	9,950	6,584	5,855
Planning and development	-	702	601
Return on investments	7,000	420	9,073
<b>TOTAL REVENUE</b>	<b>301,578</b>	<b>471,755</b>	<b>358,127</b>
<b>EXPENSES</b>			
Roads streets walks lighting	166,050	280,749	89,976
Administration	46,410	50,846	46,821
Recreation and parks	40,453	39,956	37,518
Waste management	35,300	31,973	34,686
Waste water treatment and disposal	26,000	59,213	68,816
Council and legislative	24,505	22,792	22,702
Fire services	14,000	12,510	12,510
Planning and development	5,400	6,981	23,890
Ambulance	3,050	3,944	15,096
Water	1,500	2,844	-
Culture: libraries museums	2,080	2,081	2,033
Bylaw and enforcement	6,350	1,207	2,315
<b>TOTAL EXPENSE</b>	<b>371,098</b>	<b>515,096</b>	<b>356,363</b>
<b>EXCESS OF REVENUE OVER EXPENSE</b>	<b>(69,520)</b>	<b>(43,341)</b>	<b>1,764</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>1,093,866</b>	<b>1,093,866</b>	<b>1,092,102</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 1,024,346</b>	<b>\$ 1,050,525</b>	<b>\$ 1,093,866</b>

RESTATED  
NOTE 12

**SUMMER VILLAGE OF SUNSET POINT  
CONSOLIDATED STATEMENT OF CHANGE IN NET  
FINANCIAL ASSETS  
YEAR ENDED DECEMBER 31, 2009**

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	<b>BUDGET</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>(69,520)</u>	\$ <u>(43,341)</u>	\$ <u>1,764</u>
AMORTIZATION OF CAPITAL ASSETS	<u>-</u>	<u>49,630</u>	<u>49,630</u>
INCREASE IN NET FINANCIAL ASSETS	(69,520)	6,289	51,394
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>351,577</u>	<u>351,577</u>	<u>300,183</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>282,057</u>	\$ <u>357,866</u>	\$ <u>351,577</u>

**SUMMER VILLAGE OF SUNSET POINT  
CONSOLIDATED STATEMENT OF CASH FLOW  
YEAR ENDED DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u>
<b>OPERATING</b>		
Cash received from tax payers	\$ 409,672	\$ 393,487
Cash received from investments	420	9,073
Cash received from Provincial government transfers	228,825	75,146
Cash paid for expenses	(465,467)	(309,534)
Cash paid requisitions	(139,037)	(136,587)
	<u>34,413</u>	<u>31,585</u>
<b>FINANCING</b>		
Long term debt repayment	(4,832)	(4,548)
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>29,581</b>	<b>27,037</b>
<b>NET CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF YEAR</b>	<b>372,989</b>	<b>345,952</b>
<b>NET CASH AND TEMPORARY INVESTMENTS AT END OF YEAR</b>	<b>\$ 402,570</b>	<b>\$ 372,989</b>

**SUMMER VILLAGE OF SUNSET POINT  
 SCHEDULE OF TANGIBLE CAPITAL ASSETS  
 YEAR ENDED DECEMBER 31, 2009**

	Schedule 1			
	<u>LAND</u>	<u>BUILDINGS</u>	<u>ENGINEERED MACHINERY &amp; STRUCTURES</u>	<u>EQUIPMENT</u>
			2009	2008
<b>COST:</b>				
Balance, beginning of year	\$ 517,004	\$ 33,663	\$ 1,030,750	\$ 8,127
			\$ 1,589,544	\$ 1,589,544
Balance, end of year	517,004	33,663	1,030,750	8,127
			1,589,544	1,589,544
<b>ACCUMULATED AMORTIZATION:</b>				
Balance, beginning of year	-	24,910	816,831	5,514
Annual amortization	-	673	47,927	1,030
			896,885	49,630
Balance, end of year	-	25,583	864,758	6,544
			896,885	847,255
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	517,004	8,080	165,992	1,583
			692,659	742,289
<b>2008 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS (Restated)</b>	\$ 517,004	\$ 8,752	\$ 213,919	\$ 2,614
			\$ 742,289	\$ 742,289



**SUMMER VILLAGE OF SUNSET POINT  
 SCHEDULE OF PROPERTY TAX LEVIED  
 YEAR ENDED DECEMBER 31, 2009**

Schedule 2

	<b>BUDGET</b>	<b>2009</b>	<b>2008</b>
<b>TAXATION</b>			
Real property taxes	\$ 359,878	\$ 348,357	\$ 349,009
Special assessments	13,935	13,935	13,935
Linear property taxes	2,759	2,759	3,215
	376,572	365,051	366,159
<b>REQUISITION</b>			
Alberta School Foundation Fund	133,333	133,333	129,584
Lac St. Anne Requisition	5,704	5,704	7,003
	139,037	139,037	136,587
<b>NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES</b>	<b>\$ 237,535</b>	<b>\$ 226,014</b>	<b>\$ 229,572</b>

**SUMMER VILLAGE OF SUNSET POINT  
 SCHEDULE OF GOVERNMENT TRANSFERS  
 YEAR ENDED DECEMBER 31, 2009**

Schedule 3

	<b>BUDGET</b>	<b>2009</b>	<b>2008</b>
<b>PROVINCIAL TRANSFERS</b>			
Shared - cost agreements and grants	\$ 8,532	\$ 196,693	\$ 75,146
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 8,532</b>	<b>\$ 196,693</b>	<b>\$ 75,146</b>

**SUMMER VILLAGE OF SUNSET POINT  
 SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT  
 YEAR ENDED DECEMBER 31, 2009**

Schedule 4

	<b>BUDGET</b>	<b>2009</b>	<b>2008</b>
Contracted and general services	\$ 299,910	\$ 395,123	\$ 234,648
Amortization	-	49,630	49,630
Materials goods supplies and utilities	38,750	36,624	43,244
Salaries wages and benefits	28,035	27,972	25,648
Interest	2,903	2,903	3,193
Other	1,500	2,844	-
<b>TOTAL EXPENSES</b>	<b>\$ 371,098</b>	<b>\$ 515,096</b>	<b>\$ 356,363</b>

**SUMMER VILLAGE OF SUNSET POINT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009**

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**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, 2009**

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**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 stright-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>2009</u>	<u>2008</u>
Cash	\$ 72,507	\$ 88,517
Restricted Cash	<u>330,063</u>	<u>284,472</u>
	<u>\$ 402,570</u>	<u>\$ 372,989</u>

**3. TAXES RECEIVABLES**

	<u>2009</u>	<u>2008</u>
<b>Current:</b>		
Current taxes	\$ 19,559	\$ 16,347
<b>Non- current:</b>		
Tax arrears	<u>4,761</u>	<u>-</u>
	<u>\$ 24,320</u>	<u>\$ 16,347</u>

**SUMMER VILLAGE OF SUNSET POINT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009**

**4. TANGIBLE CAPITAL ASSETS**

	<u>Net 2009</u>	<u>Net 2008</u>
Land	\$ 517,004	\$ 517,004
Buildings	8,080	8,752
Engineering structures - roadway system	165,992	213,919
Machinery & equipment	<u>1,583</u>	<u>2,614</u>
	<u>\$ 692,659</u>	<u>\$ 742,289</u>

**5. LONG TERM DEBT**

	<u>2009</u>	<u>2008</u>
Self supported debentures	\$ 43,429	\$ 48,261
Less: current portion	<u>4,833</u>	<u>4,833</u>
	<u>\$ 38,596</u>	<u>\$ 43,428</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 5,135	\$ 2,714	\$ 7,849
2011	5,455	2,393	7,848
2012	5,796	2,052	7,848
2013	6,159	1,690	7,848
2014	6,544	1,305	7,849
2015 and subsequent	<u>14,340</u>	<u>1,358</u>	<u>15,698</u>
	<u>\$ 43,429</u>	<u>\$ 11,512</u>	<u>\$ 54,940</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>2009</u>	<u>2008</u>
Safe Streets	<u>\$ 32,132</u>	<u>\$ -</u>

**SUMMER VILLAGE OF SUNSET POINT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009**

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**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>2009</u> <u>Total</u>	<u>2008</u> <u>Total</u>
Mayor		
Ann Morrison	3,050	3,650
Councilors		
Betty Forfylow	2,500	2,800
Guy Poirier	2,850	3,100
Village Administrator	28,704	30,500

(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 currence 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	\$ 707,633
Total debt	<u>43,429</u>
Amount total debt limit unused	<u>\$ 664,204</u>
Service on debt limit	\$ 117,939
Service on debt	<u>7,849</u>
Amount service on debt limit unused	<u>\$ 110,090</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, 2009**

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**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>Net 2009</u>	<u>Net 2008</u>
Tangible capital assets (Schedule 1)	\$ 1,589,544	\$ 1,589,544
Accumulated amortization (Schedule 1)	(896,885)	(847,255)
Long term debt (Note 5)	<u>(43,429)</u>	<u>(48,261)</u>
	<u>\$ 649,230</u>	<u>\$ 694,028</u>

**11. ACCUMULATED SURPLUS**

	<u>2009</u>	<u>2008</u>
Unrestricted surplus	\$ 71,232	\$ 115,366
Restricted surplus		
Mill rate stabilization	5,313	7,913
MIS Grant	66,808	61,758
Infrastructure	82,734	67,734
AMIP Grant	15,162	36,466
Capital	12,598	12,598
Snow removal	7,000	7,000
Safe street	47,631	15,481
Utility	88,491	71,196
Enhancement	<u>4,326</u>	<u>4,326</u>
Total restricted	330,063	284,472
Equity in tangible assets	<u>649,230</u>	<u>694,028</u>
	<u>\$ 1,050,525</u>	<u>\$ 1,093,866</u>

**SUMMER VILLAGE OF SUNSET POINT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2009**

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**12. PRIOR PERIOD ADJUSTMENTS**

The Summer Village has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	<u>2008</u>
<b>Adjustments to opening accumulated surplus:</b>	
As previously reported	\$ 1,077,416
Adjustments to net book value of tangible capital assets	<u>16,450</u>
As restated	<u>\$ 1,093,866</u>
	<u>2008</u>
Adjustments to excess of revenues over expenses:	
As previously reported	\$ 51,394
Annual amortization expense	<u>49,630</u>
As restated	<u>\$ 1,764</u>
	<u>2008</u>
Adjustments to tangible capital assets:	
As previously reported	\$ 725,839
Adjustment to historical cost of tangible capital assets	863,706
Accumulated amortization recorded	<u>(847,256)</u>
As restated	<u>\$ 742,289</u>

Certain comparative figures have been restated to conform to the current year's presentation.

**13. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

**14. 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.