
**SUMMER VILLAGE OF SUNSET POINT
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Al Scherbarth
Professional Corporation
CERTIFIED MANAGEMENT ACCOUNTANT

SUMMER VILLAGE OF SUNSET POINT

DECEMBER 31, 2011

CONTENTS

	Page
AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Schedule 1 - Schedule of Changes in Accumulated Surplus	6
Schedule 2 - Schedule of Tangible Capital Assets	7
Schedule 3 - Schedule of Property Tax Levied	8
Schedule 4 - Schedule of Government Transfers	8
Schedule 5 - Schedule of Consolidated Expenses by Object	9
Notes to Financial Statements	10-14

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

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, 2011, 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, 2011 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 30, 2012


CERTIFIED MANAGEMENT ACCOUNTANT

**SUMMER VILLAGE OF SUNSET POINT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 633,539	\$ 453,883
Taxes receivables (Note 3)	25,509	36,488
Trade and other receivables	11,698	9,162
	<u>670,746</u>	<u>499,533</u>
LIABILITIES		
Accounts payable and accrued liabilities	6,826	4,937
Deferred revenue (Note 6)	326,699	151,334
Long term debt (Note 5)	32,839	38,294
	<u>366,364</u>	<u>194,565</u>
NET FINANCIAL ASSETS	304,382	304,968
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 2)	594,573	643,616
ACCUMULATED SURPLUS (Note 10, Schedule 1)	\$ 898,955	\$ 948,584

*APPLIANCE 1,522
CURRENT 23,987
SET. 9,998
RENT 1,800
PHOTO COPIES 202,175
ASOC 2520.
accrued 776.
stand alone 2320*

APPROVED BY COUNCIL

_____ MAYOR

_____ COUNCILLOR

**SUMMER VILLAGE OF SUNSET POINT
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2011**

	BUDGET	2011	2010
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	\$ 254,453	\$ 245,598	\$ 247,056
Provincial government transfers (Schedule 4)	19,348	69,887	46,267
Waste water treatment and disposal	29,551	29,551	29,546
Penalties and costs on taxes	9,000	10,726	10,503
Rentals	8,100	6,050	7,950
Federal government transfers (Schedule 4)	-	4,474	-
Other revenues	1,500	1,404	4,829
Planning and development	-	-	1,403
TOTAL REVENUE	321,952	367,690	347,554
EXPENSES			
Roads streets walks lighting	78,500	203,769	107,149
Waste water treatment and disposal	57,482	69,424	71,326
Administration	52,485	53,072	77,479
Recreation and parks	45,778	38,661	34,938
Waste management	33,000	34,660	32,254
Council and legislative	28,453	26,325	20,693
Planning and development	4,400	4,410	5,430
Water	2,000	1,816	1,716
Culture: libraries museums	1,041	1,041	1,041
TOTAL EXPENSE	303,139	433,178	352,026
EXCESS OF REVENUE OVER EXPENSE BEFORE OTHER	18,813	(65,488)	(4,472)
OTHER GOVERNMENT TRANSFERS FOR CAPITAL (Schedule 4)	-	15,859	-
EXCESS OF REVENUE OVER EXPENSE	18,813	(49,629)	(4,472)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	948,584	948,584	953,056
ACCUMULATED SURPLUS, END OF YEAR	\$ 967,397	\$ 898,955	\$ 948,584

**SUMMER VILLAGE OF SUNSET POINT
CONSOLIDATED STATEMENT OF CHANGE IN NET
FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2011**

	<u>BUDGET</u>	<u>2011</u>	<u>2010</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>18,813</u>	\$ <u>(65,488)</u>	\$ <u>(4,472)</u>
AMORTIZATION OF CAPITAL ASSETS	<u>-</u>	<u>49,043</u>	<u>49,043</u>
INCREASE IN NET FINANCIAL ASSETS	18,813	(16,445)	44,571
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>304,968</u>	<u>304,968</u>	<u>260,397</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>323,781</u>	\$ <u>288,523</u>	\$ <u>304,968</u>

**SUMMER VILLAGE OF SUNSET POINT
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>
OPERATING		
Cash received from tax payers	\$ 470,767	\$ 456,265
Cash received from investments	750	-
Cash received from government transfers	264,835	68,174
Cash paid for expenses	(382,246)	(309,399)
Cash paid requisitions	(168,995)	(158,592)
	<u>185,111</u>	<u>56,448</u>
FINANCING		
Long term debt repayment	(5,455)	(5,135)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	179,656	51,313
NET CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF YEAR	<u>453,883</u>	<u>402,570</u>
NET CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	<u>\$ 633,539</u>	<u>\$ 453,883</u>

**SUMMER VILLAGE OF SUNSET POINT
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 YEAR ENDED DECEMBER 31, 2011**

	Schedule 1			
	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2011 2010
BALANCE, BEGINNING OF YEAR	\$ 143,600	\$ 199,662	\$ 605,322	\$ 948,584
Excess (deficiency) of revenues over expenses	(49,629)	-	-	(49,629)
Unrestricted funds designated for future use	(9,925)	9,925	-	-
Annual amortization expense	49,043	-	(49,043)	-
Long term debt repaid	(5,455)	-	5,455	-
Change in accumulated surplus	(15,966)	9,925	(43,588)	(49,629)
BALANCE, END OF YEAR	127,634	209,587	561,734	898,955
				948,584

**SUMMER VILLAGE OF SUNSET POINT
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2011**

Schedule 2

	ENGINEERED MACHINERY & STRUCTURES EQUIPMENT			
	LAND	BUILDINGS	2011	2010
COST:				
Balance, beginning of year	\$ 517,004	\$ 33,663	\$ 1,030,750	\$ 8,127
Balance, end of year	517,004	33,663	1,030,750	8,127
ACCUMULATED AMORTIZATION:				
Balance, beginning of year	-	26,256	912,685	6,987
Annual amortization	-	673	47,927	443
Balance, end of year	-	26,929	960,612	7,430

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	517,004	6,734	70,138	697	594,573	643,616
--	---------	-------	--------	-----	---------	---------

**SUMMER VILLAGE OF SUNSET POINT
 SCHEDULE OF PROPERTY TAX LEVIED
 YEAR ENDED DECEMBER 31, 2011**

Schedule 3

	BUDGET	2011	2010
TAXATION			
Real property taxes	\$ 407,389	\$ 398,534	\$ 389,055
Special assessments	13,448	13,448	13,448
Linear property taxes	2,611	2,611	3,145
	423,448	414,593	405,648
REQUISITION			
Alberta School Foundation Fund	152,928	152,928	143,932
Lac St. Anne Requisition	16,067	16,067	14,660
	168,995	168,995	158,592
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	\$ 254,453	\$ 245,598	\$ 247,056

**SUMMER VILLAGE OF SUNSET POINT
 SCHEDULE OF GOVERNMENT TRANSFERS
 YEAR ENDED DECEMBER 31, 2011**

Schedule 4

	BUDGET	2011	2010
TRANSFERS FOR OPERATING FEDERAL TRANSFERS			
Shared - cost agreements and grants	\$ -	\$ 4,474	\$ -
PROVINCIAL TRANSFERS			
Shared - cost agreements and grants	\$ 19,348	\$ 69,887	\$ 46,267
TRANSFERS FOR CAPITAL PROVINCIAL TRANSFERS			
Shared - cost agreements and grants	-	15,859	-
TOTAL GOVERNMENT TRANSFERS	\$ 19,348	\$ 90,220	\$ 46,267

**SUMMER VILLAGE OF SUNSET POINT
 SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
 YEAR ENDED DECEMBER 31, 2011**

Schedule 5

	BUDGET	2011	2010
Contracted and general services	\$ 181,543	\$ 313,351	\$ 231,200
Amortization	49,043	49,043	49,043
Materials goods supplies and utilities	37,000	36,901	42,720
Salaries wages and benefits	31,160	29,783	24,773
Interest	2,393	2,284	2,573
Other	2,000	1,816	1,717
TOTAL EXPENSES	\$ 303,139	\$ 433,178	\$ 352,026

**SUMMER VILLAGE OF SUNSET POINT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

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, 2011**

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>2011</u>	<u>2010</u>
Unrestricted Cash	\$ 308,666	\$ 305,055
Restricted Cash	<u>324,873</u>	<u>148,829</u>
	<u>\$ 633,539</u>	<u>\$ 453,884</u>

3. TAXES RECEIVABLES

	<u>2011</u>	<u>2010</u>
Current:		
Current taxes	\$ 23,987	\$ 23,544
Non- current:		
Tax arrears	<u>1,522</u>	<u>12,944</u>
	<u>\$ 25,509</u>	<u>\$ 36,488</u>

**SUMMER VILLAGE OF SUNSET POINT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

4. TANGIBLE CAPITAL ASSETS

	Net <u>2011</u>	Net <u>2010</u>
Land	\$ 517,004	\$ 517,004
Buildings	6,734	7,406
Engineering structures - roadway system	70,138	118,066
Machinery & equipment	<u>697</u>	<u>1,140</u>
	<u>\$ 594,573</u>	<u>\$ 643,616</u>

5. LONG TERM DEBT

	<u>2011</u>	<u>2010</u>
Self supported debentures	\$ 32,839	\$ 38,294
Less: current portion	<u>5,796</u>	<u>4,833</u>
	<u>\$ 27,043</u>	<u>\$ 33,461</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 5,796	\$ 2,052	\$ 7,848
2013	6,159	1,690	7,848
2014	6,544	1,305	7,849
2015	6,953	896	7,849
2016	<u>7,387</u>	<u>462</u>	<u>7,849</u>
	<u>\$ 32,839</u>	<u>\$ 6,405</u>	<u>\$ 39,243</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>2011</u>	<u>2010</u>
MSI grant	\$ 293,955	\$ 67,520
Safe Streets grant	16,663	47,656
Federal gas tax grant	14,055	18,491
AMIP grant	-	15,161
Sponsorship grant	<u>2,026</u>	<u>2,506</u>
	<u>\$ 326,699</u>	<u>\$ 151,334</u>

**SUMMER VILLAGE OF SUNSET POINT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011**

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>2011</u> Total	<u>2010</u> Total
Mayor		
Ann Morrison	5,450	3,900
Councilors		
Betty Forfylow	3,600	2,750
Guy Poirier	3,450	3,250
Village Administrator	31,704	29,604

(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	\$ 551,535
Total debt	<u>32,839</u>
Amount total debt limit unused	<u>\$ 518,696</u>
Service on debt limit	\$ 91,923
Service on debt	<u>7,849</u>
Amount service on debt limit unused	<u>\$ 84,074</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, 2011**

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>Net 2011</u>	<u>Net 2010</u>
Tangible capital assets (Schedule 2)	\$ 1,589,544	\$ 1,589,544
Accumulated amortization (Schedule 2)	(994,971)	(945,928)
Long term debt (Note 5)	<u>(32,839)</u>	<u>(38,294)</u>
	<u>\$ 561,734</u>	<u>\$ 605,322</u>

11. ACCUMULATED SURPLUS

	<u>2011</u>	<u>2010</u>
Unrestricted surplus	\$ 127,634	\$ 143,600
Restricted surplus		
Mill rate stabilization	313	313
Infrastructure	98,459	87,734
Capital	12,598	12,598
Snow removal	7,000	7,000
Utility	86,891	87,691
Enhancement	<u>4,326</u>	<u>4,326</u>
Total restricted	209,587	199,662
Equity in tangible assets	<u>561,734</u>	<u>605,322</u>
	<u>\$ 898,955</u>	<u>\$ 948,584</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.