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**SUMMER VILLAGE OF MEWATHA BEACH  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**SUMMER VILLAGE OF MEWATHA BEACH**

**DECEMBER 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

### **TO THE MEMBERS OF COUNCIL: SUMMER VILLAGE OF MEWATHA BEACH**

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

I have audited the accompanying consolidated statements of the Summer Village of Mewatha Beach, 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 Mewatha Beach 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 19, 2018

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CHARTERED PROFESSIONAL ACCOUNTANT

**SUMMER VILLAGE OF MEWATHA BEACH  
CONSOLIDATED FINANCIAL POSITION  
DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 317,215	\$ 344,315
Receivables		
Taxes receivable (Note 3)	19,811	2,478
Trade and other receivables	-	462
Good and services tax receivable	4,911	6,749
Accrued interest	1,807	1,834
Investments (Note 4)	226,284	225,893
	<b>570,028</b>	<b>581,731</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	8,502	6,905
Prepaid taxes	3,099	1,482
Deferred revenue (Note 5)	60,225	93,519
	<b>71,826</b>	<b>101,906</b>
<b>NET FINANCIAL ASSETS</b>	<b>498,202</b>	<b>479,825</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets	1,472,406	1,514,633
Prepaid expense	3,442	1,441
	<b>1,475,848</b>	<b>1,516,074</b>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<b>\$ 1,974,050</b>	<b>\$ 1,995,899</b>

**RESTATED  
NOTE 11**

APPROVED BY COUNCIL

\_\_\_\_\_ MAYOR

\_\_\_\_\_ COUNCILLOR

**SUMMER VILLAGE OF MEWATHA BEACH  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2017**

	<b>BUDGET</b>	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 120,549	\$ 121,070	\$ 118,307
Franchise and concession contracts	5,216	9,267	6,457
ALARIE insurance allocation	-	8,841	-
Government transfers for operating (Schedule 4)	7,518	7,519	7,518
Investment income	819	4,291	2,799
Penalties and costs of taxes	1,800	2,710	886
Licenses and permits	1,080	1,504	2,210
Transfer from Greater North Foundation	3,732	-	-
<b>TOTAL REVENUE</b>	<b>140,714</b>	<b>155,202</b>	<b>138,177</b>
<b>EXPENSES</b>			
Administration	51,535	54,736	49,790
Amortization	-	42,227	41,934
Water supply and distribution	-	33,294	-
Waste management	23,500	23,894	23,894
Parks and recreation	25,200	22,772	14,781
Fire and bylaws enforcement	9,100	9,801	9,023
Culture	9,079	8,083	17,338
Roads, streets, walks and lighting	15,000	6,869	5,295
Legislative	3,300	4,782	5,755
Land use zoning, planning and development	-	3,887	1,670
Family and community support	2,000	-	1,917
<b>TOTAL EXPENSES</b>	<b>138,714</b>	<b>210,345</b>	<b>171,397</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>2,000</b>	<b>(55,143)</b>	<b>(33,220)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	-	33,294	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>2,000</b>	<b>(21,849)</b>	<b>(33,220)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>1,995,899</b>	<b>1,995,899</b>	<b>2,029,119</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 1,997,899</b>	<b>\$ 1,974,050</b>	<b>\$ 1,995,899</b>

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

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	BUDGET	2017	2016
EXCESS OF REVENUE OVER EXPENSES	\$ 2,000	\$ (21,849)	\$ (33,220)
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	-	(8,770)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>-</u>	<u>42,227</u>	<u>41,934</u>
	<u>-</u>	<u>42,227</u>	<u>33,164</u>
USE OF PREPAID ASSETS	<u>-</u>	<u>(2,001)</u>	<u>3,209</u>
INCREASE IN NET FINANCIAL ASSETS	2,000	18,377	3,153
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>479,825</u>	<u>479,825</u>	<u>476,672</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 481,825</u>	<u>\$ 498,202</u>	<u>\$ 479,825</u>

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**SUMMER VILLAGE OF MEWATHA BEACH  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>OPERATING</b>		
Excess of revenues over expenditures	\$ (21,849)	\$ (33,220)
Amortization	42,227	41,934
Non-cash changes to operations (net change):		
Decrease (increase) in taxes receivable	(17,333)	(717)
Decrease (increase) in trade and other receivables	462	-
Decrease (increase) in Goods and services tax receivable	1,838	(2,919)
Decrease (increase) in accrued interest	27	(1,602)
Increase (decrease) in accounts payable and accrued liabilities	1,597	2,875
Increase (decrease) in prepaid taxes	1,617	(2,440)
Increase (decrease) in deferred revenue	(33,294)	93,519
Decrease (increase) in prepaid expenses	(2,001)	3,208
<b>Cash provided by operating transactions</b>	<b>(26,709)</b>	<b>100,638</b>
<b>CAPITAL</b>		
Purchases of tangible capital assets	-	(8,770)
<b>INVESTING</b>		
Decrease (increase) in investments	(391)	(200,455)
<b>CHANGE IN CASH DURING YEAR</b>	<b>(27,100)</b>	<b>(108,587)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>344,315</b>	<b>452,902</b>
<b>CASH, END OF YEAR (Note 2)</b>	<b>\$ 317,215</b>	<b>\$ 344,315</b>

**RESTATED  
NOTE 11**

**SUMMER VILLAGE OF MEWATHA BEACH  
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
 YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE 1**

	<b>UNRESTRICTED SURPLUS</b>	<b>RESTRICTED SURPLUS</b>	<b>EQUITY IN TANGIBLE CAPITAL ASSETS</b>	<b>2017</b>	<b>2016</b>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 146,934	\$ 334,332	\$ 1,514,633	\$ 1,995,899	\$ 2,029,119
Excess (deficiency) of revenues over expenses	(21,849)	-	-	(21,849)	(33,220)
Annual amortization expense	42,227	-	(42,227)	-	-
<b>BALANCE, END OF YEAR</b>	167,312	334,332	1,472,406	1,974,050	1,995,899



**SUMMER VILLAGE OF MEWATHA BEACH  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 2

	<u>LAND</u>	<u>BUILDING</u>	<u>ENGINEERED STRUCTURES</u>	<u>MACHINERY &amp; EQUIPMENT</u>	<b>2017</b>	<b>2016</b>
<b>COST:</b>						
Balance, beginning of year	\$ 1,118,100	\$ 9,581	\$ 617,657	\$ 39,134	\$ 1,784,472	\$ 1,775,702
Acquisition of tangible capital assets	-	\$ -	-	\$ -	-	8,770
Balance, end of year	1,118,100	\$ 9,581	617,657	\$ 39,134	1,784,472	1,784,472
<b>ACCUMULATED AMORTIZATION:</b>						
Balance, beginning of year		5,594	243,127	21,118	269,839	227,905
Annual amortization	-	\$ 192	40,078	\$ 1,957	42,227	41,934
Balance, end of year	-	5,786	283,205	23,075	312,066	269,839
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 1,118,100</b>	<b>\$ 3,795</b>	<b>\$ 334,452</b>	<b>\$ 16,059</b>	<b>\$ 1,472,406</b>	<b>\$ 1,514,633</b>

**SUMMER VILLAGE OF MEWATHA BEACH  
 SCHEDULE OF PROPERTY AND OTHER TAXES  
 YEAR ENDED DECEMBER 31, 2017**

	<b>SCHEDULE 3</b>		
	<b>BUDGET</b>	<b>2017</b>	<b>2016</b>
<b>TAXATION</b>			
Real property taxes	\$ 253,762	\$ 254,349	\$ 245,474
Linear property taxes	1,346	1,280	1,346
	255,108	255,629	246,820
<b>REQUISITION</b>			
Alberta School Foundation Fund	130,067	130,067	124,710
Greater North Foundation	4,492	4,492	3,803
	134,559	134,559	128,513
<b>NET MUNICIPAL TAXES</b>	<b>\$ 120,549</b>	<b>\$ 121,070</b>	<b>\$ 118,307</b>

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**SUMMER VILLAGE OF MEWATHA BEACH  
SCHEDULE OF GOVERNMENT TRANSFERS  
YEAR ENDED DECEMBER 31, 2017**

	<b>SCHEDULE 4</b>		
	<b>BUDGET</b>	<b>2017</b>	<b>2016</b>
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 7,518	\$ 7,519	\$ 7,518
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	-	33,294	-
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 7,518</b>	<b>\$ 40,813</b>	<b>\$ 7,518</b>

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

	<b>SCHEDULE 5</b>		
	<b>BUDGET</b>	<b>2017</b>	<b>2016</b>
<b>EXPENSES</b>			
Contracted and general services	\$ 107,834	\$ 136,996	\$ 98,522
Amortization of tangible capital assets	-	42,227	41,934
Salaries wages and benefits	26,820	25,820	25,178
Materials goods and utilities	4,060	5,302	5,764
<b>TOTAL EXPENDITURE</b>	<b>\$ 138,714</b>	<b>\$ 210,345</b>	<b>\$ 171,398</b>

# SUMMER VILLAGE OF MEWATHA BEACH

## 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 Mewatha Beach 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 MEWATHA BEACH  
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:

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

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

**2. CASH AND TEMPORARY INVESTMENTS**

	<b>2017</b>	<b>2016</b>
Cash	\$ 313,998	\$ 344,315
Temporary investments	<u>3,217</u>	<u>-</u>
	<u>\$ 317,215</u>	<u>\$ 344,315</u>

Temporary investments are short-term deposits with original maturities of three months or less with interest rates of .65%. The cost of the temporary investment approximates the market value.

**SUMMER VILLAGE OF MEWATHA BEACH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**3. TAXES RECEIVABLE**

	<b>2017</b>	<b>2016</b>
Current taxes	\$ 16,701	\$ 2,200
Arrears	<u>3,110</u>	<u>278</u>
	<u>\$ 19,811</u>	<u>\$ 2,478</u>

**4. INVESTMENTS**

	<b>2017</b>		<b>2016</b>	
	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>
Short-term deposits	<u>\$ 226,284</u>	<u>\$ 226,284</u>	<u>\$ 225,893</u>	<u>\$ 225,893</u>

Short-term deposits have effective interest rates of .55 to 1.80% (2016 .65% to 1.80%) and mature in less than one year.

Included in investments are restricted amounts of \$60,225 (2016 - \$184,016) received from the Municipal Sustainability Initiative and are held exclusively for approved projects (Note 5).

**5. DEFERRED REVENUE**

	<b>2017</b>	<b>2016</b>
Municipal Sustainability Grant - Capital	\$ 60,225	\$ 184,016
Federal Gas Tax Fund	<u>-</u>	<u>17,356</u>
	<u>\$ 60,225</u>	<u>\$ 201,372</u>

Funding in the amount of \$60,225 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.

**SUMMER VILLAGE OF MEWATHA BEACH  
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 Mewatha Beach be disclosed as follows:

	<b>2017</b>	<b>2016</b>
Total debt limit	\$ 232,803	\$ 207,266
Total debt	<u>-</u>	<u>-</u>
Amount total debt limit unused	<u>\$ 232,803</u>	<u>207,266</u>
Debt servicing limit	\$ 38,801	34,544
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 38,801</u>	<u>34,544</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**

	Net <b>2017</b>	Net <b>2016</b>
Tangible capital assets (Schedule 2)	\$ 1,784,472	\$ 1,784,472
Accumulated amortization (Schedule 2)	<u>(312,066)</u>	<u>(269,839)</u>
	<u>\$ 1,472,406</u>	<u>\$ 1,514,633</u>

**8. ACCUMULATED SURPLUS**

	<b>2017</b>	<b>2016</b>
Unrestricted surplus	\$ 167,312	\$ 146,934
Restricted surplus - Municipal Sustainability Initiative - Capital	334,332	334,332
Equity in tangible capital assets	<u>1,472,406</u>	<u>1,514,633</u>
	<u>\$ 1,974,050</u>	<u>\$ 1,995,899</u>

**SUMMER VILLAGE OF MEWATHA BEACH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**9. 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:

	Salary	Benefits Allowances	2017 Total	2016 Total
Councillors:				
Barry Walker	715	866	1,581	1,740
Dave Boychuk	1,050	491	1,541	2,366
Gerry Demers	1,135	525	1,660	1,650
Village Administrator	22,920	2,340	25,260	24,097

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

(2) Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including travel allowance

**10. FINANCIAL INSTRUMENTS**

The Summer Village's financial instruments consist of cash and temporary investments, 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.

**11. COMPARATIVE FIGURES**

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

**12. APPROVAL OF FINANCIAL STATEMENTS**

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