

SUMMER VILLAGE OF SOUTH VIEW
Consolidated Financial Statements
Year Ended December 31, 2014

SUMMER VILLAGE OF SOUTH VIEW
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Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of South View

We have audited the accompanying consolidated financial statements of Summer Village of South View, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations, changes 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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Summer Village of South View as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 28, 2015

Seniuk & Company

Seniuk and Company
Chartered Accountants

SUMMER VILLAGE OF SOUTH VIEW
Consolidated Statement of Financial Position
December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 296,294	\$ 310,199
Taxes and grants in place of taxes <i>(Note 3)</i>	7,410	17,069
Trade and other receivables	11,732	6,694
	\$ 315,436	\$ 333,962
LIABILITIES		
Accounts payable	\$ 5,938	\$ 16,687
Deferred income <i>(Note 6)</i>	144,110	163,568
	150,048	180,255
NET FINANCIAL ASSET (DEBT)	165,388	153,707
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 5)</i>	685,390	614,660
Prepaid expenses	-	-
	685,390	614,660
ACCUMULATED SURPLUS	\$ 850,778	\$ 768,367

On behalf of Council

_____ *Mayor*

_____ *CAO*

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SOUTH VIEW
Consolidated Statement of Operations
Year Ended December 31, 2014

	Budget	Actual	Actual
	2014	2014	2013
REVENUE			
Net municipal taxes (Schedule 1)	\$ 151,578	\$ 151,154	\$ 141,586
User fees and sale of goods	3,200	5,748	3,367
Government transfers for operating	9,765	9,765	12,192
Investment income	500	517	342
Penalties and costs of taxes	6,000	5,601	6,069
Licenses and permits	500	683	523
Other	-	95	-
Total revenue	171,543	173,563	164,079
EXPENSES			
Administration and legislative	70,936	72,219	65,997
Fire service	11,611	9,579	12,319
Bylaw enforcement	3,381	2,925	4,724
Ambulance	800	799	793
Roads, streets, walks and lighting	271,139	15,498	23,079
Waste management	17,050	9,385	10,831
Family and community support	3,655	3,655	3,655
Land use planning, zoning and development	6,000	8,151	5,548
Parks and recreation	31,775	38,402	34,005
Libraries, museums and halls	1,635	1,269	1,900
Total operating expenses	417,982	161,882	162,851
Excess (deficiency) of revenue over expenses before other	(246,439)	11,681	1,228
OTHER			
Government transfers for capital	246,439	104,367	5,559
Amortization	-	(33,637)	(31,086)
Gain on disposal of assets	-	-	311
	246,439	70,730	(25,216)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	82,411	(23,988)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	768,367	792,355
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 850,778	\$ 768,367

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SOUTH VIEW
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2014

	2014	2013
Excess (Shortfall) of Revenues Over Expenses	\$ 82,411	\$ (23,988)
Acquisition of tangible capital assets	(108,683)	(4,315)
Proceeds on disposal of tangible capital assets	4,316	1,500
Amortization of tangible capital assets	33,637	31,086
(Gain) loss on disposal of assets	-	(311)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	11,681	3,972
Net financial assets (debt), beginning of year	153,707	149,735
NET ASSETS - END OF YEAR	\$ 165,388	\$ 153,707

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SOUTH VIEW
Consolidated Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 82,411	\$ (23,988)
Items not affecting cash:		
Gain on disposal of assets	-	(311)
Amortization	33,637	31,086
	116,048	6,787
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	9,659	5,150
Trade and other receivables	(5,038)	8,838
Accounts payable	(10,749)	(1,103)
Deferred income	(19,458)	88,884
	(25,586)	101,769
Cash flow from operating activities	90,462	108,556
INVESTING ACTIVITIES		
Purchase of capital assets	(108,682)	(4,315)
Proceeds on disposal of capital assets	4,315	1,500
Cash flow used by investing activities	(104,367)	(2,815)
INCREASE (DECREASE) IN CASH FLOW	(13,905)	105,741
Cash - beginning of year	310,199	204,458
CASH - END OF YEAR (Note 2)	\$ 296,294	\$ 310,199

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SOUTH VIEW
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2014

(Schedule 1)

	Budget 2014	Actual 2014	Actual 2013
TAXATION			
Real property tax	\$ 200,445	\$ 200,021	\$ 195,079
Linear property taxes	2,601	2,601	2,615
Special assessments	5,850	5,850	5,850
	208,896	208,472	203,544
REQUISITIONS			
Alberta School Foundation	52,511	52,511	56,629
Seniors' housing requisition	4,807	4,807	5,329
	57,318	57,318	61,958
NET MUNICIPAL TAXES	\$ 151,578	\$ 151,154	\$ 141,586

Consolidated Schedule of Government Transfers
Year Ended December 31, 2014

(Schedule 2)

	Budget 2014	Actual 2014	Actual 2013
TRANSFERS FOR OPERATING			
Provincial Government	\$ 9,765	\$ 9,765	\$ 12,192
	9,765	9,765	12,192
TRANSFERS FOR CAPITAL			
Provincial Government	246,439	104,367	5,559
TOTAL GOVERNMENT TRANSFERS	\$ 256,204	\$ 114,132	\$ 17,751

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SOUTH VIEW**Consolidated Schedule of Consolidated Expenditures by Object****(Schedule 3)****Year Ended December 31, 2014**

	Budget 2014	Actual 2014	Actual 2013
EXPENSES			
Salaries, wages & benefits	\$ 6,000	\$ 6,900	\$ 4,425
Contracted and general services	147,553	139,019	142,187
Materials, goods and utilities	259,139	11,038	10,684
Transfer to local boards and agencies	5,290	4,924	5,555
Total Consolidated Expenditures by Object	\$ 417,982	\$ 161,881	\$ 162,851

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SOUTH VIEW

**Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2014**

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 151,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,154
Government transfers	-	6,841	104,367	-	-	-	2,924	114,132
User fees and sales of goods	2,483	-	-	-	3,265	-	-	5,748
Investment income	517	-	-	-	-	-	-	517
Other revenues	5,696	-	-	683	-	-	-	6,379
	159,850	6,841	104,367	683	3,265	-	2,924	277,930
EXPENSES								
Contract & general services	65,318	13,303	4,460	8,151	38,402	9,385	-	139,019
Salaries & wages	6,900	-	-	-	-	-	-	6,900
Materials, goods & utilities	-	-	11,038	-	-	-	-	11,038
Transfers to local boards	-	-	-	-	1,269	-	3,655	4,924
	72,218	13,303	15,498	8,151	39,671	9,385	3,655	161,881
Excess (deficiency) of revenue over expenses before other	87,632	(6,462)	88,869	(7,468)	(36,406)	(9,385)	(731)	116,049
OTHER EXPENSE								
Amortization	173	-	29,439	-	3,577	449	-	33,638
INCOME FROM OPERATIONS	\$ 87,459	\$ (6,462)	\$ 59,430	\$ (7,468)	\$ (39,983)	\$ (9,834)	\$ (731)	\$ 82,411

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SOUTH VIEW

Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2014

(Schedule 5)

	Unrestricted Surplus	Operating Reserve	Capital Reserves	Equity in Tangible Capital Assets	Total 2014	Total 2013
BALANCE, BEGINNING OF YEAR	\$ 27,872	\$ 67,705	\$ 58,131	\$ 614,660	\$ 768,368	\$ 792,355
Excess (deficiency) of revenues over expenses	82,411	-	-	-	82,411	(23,988)
Current year funds used for tangible capital assets	(104,367)	-	-	104,367	-	-
Annual amortization expense	33,637	-	-	(33,637)	-	-
Net transfers to/from reserves	(7,059)	-	7,059	-	-	-
	4,622	-	7,059	70,730	82,411	(23,988)
BALANCE, END OF YEAR	\$ 32,494	\$ 67,705	\$ 65,190	\$ 685,390	\$ 850,779	\$ 768,367

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SOUTH VIEW
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of South View are the representations of management prepared in accordance with Canadian 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:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Summer Village of South View (the "Summer Village"). The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Summer Village and are, therefore accountable to 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 municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

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 receipt of goods or 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.

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SUMMER VILLAGE OF SOUTH VIEW
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tax Revenue

Annually, the Summer Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Summer Village Council in accordance with legislation and Summer Village Council approved policies to raise the tax revenue required to meet the Summer Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Summer Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

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.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

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SUMMER VILLAGE OF SOUTH VIEW
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

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.

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.

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SUMMER VILLAGE OF SOUTH VIEW
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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:

Land improvements	15 - 25 years
Buildings	25 - 50 years
Machinery and equipment	10 - 15 years
Engineered structures	10 - 75 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

2. CASH AND TEMPORARY INVESTMENTS

	2014	2013
Cash	\$ 5,988	\$ 13,825
Short term deposits	147,001	134,067
Restricted cash	143,305	162,307
	\$ 296,294	\$ 310,199

Short term deposits are temporary investments with maturities of one year or less.

Included in cash are restricted amounts received from municipal grants and are held exclusively for future approved projects. See Note 6.

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2014	2013
Current taxes and grants in place of taxes	\$ 7,410	\$ 11,117
Arrears taxes and grants in place of taxes	-	5,952
	\$ 7,410	\$ 17,069

SUMMER VILLAGE OF SOUTH VIEW
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2014	2013
Goods and Services Tax refundable	\$ 10,666	\$ 5,517

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 173,252	\$ -	\$ 173,252	\$ 173,252
Land improvements	71,051	43,789	27,262	30,646
Engineered structures	622,943	153,208	469,735	395,504
Buildings	10,701	3,711	6,990	7,162
Machinery and equipment	9,876	6,783	3,093	3,781
Assets under construction	5,058	-	5,058	4,315
	\$ 892,881	\$ 207,491	\$ 685,390	\$ 614,660

The net book value of the tangible capital assets at year end also represents the amount of equity in tangible capital assets.

Equity in tangible capital assets equals the tangible capital assets balance.

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2014	2013
Municipal Sustainability Initiative - Capital	\$ 143,305	\$ 144,602
Basic Municipal Transportation Grant	-	10,564
Federal Gas Tax Fund Grant	-	7,141
Prepaid taxes	805	1,261
	\$ 144,110	\$ 163,568

Municipal Sustainability Initiative - Capital

The Municipal Sustainability Initiative - Capital is restricted to eligible capital projects, as approved under the funding agreement. Funds from this grant are being deferred for a future capital project. Unexpended funds related to the advance are supported by restricted cash of \$143,305 held exclusively for this project (refer to Note 2).

SUMMER VILLAGE OF SOUTH VIEW
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

7. 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 View be disclosed as follows:

	2014	2013
Total debt limit	\$ 260,345	\$ 247,985
Total debt	-	-
Amount of debt limit unused	260,345	247,985
Debt servicing limit	43,391	41,331
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 43,391	\$ 41,331

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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2014	2013
Tangible capital assets (Note 5)	\$ 892,881	\$ 788,514
Accumulated amortization (Note 5)	(207,491)	(173,854)
	\$ 685,390	\$ 614,660

9. SEGMENTED DISCLOSURE

The Summer Village of South View provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 4).

SUMMER VILLAGE OF SOUTH VIEW
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary / Honorarium (1)		Benefits & allowances (2)		2014 Total	2013 Total
S. Benford - Councilor	\$	3,975	\$	-	\$ 3,975	\$ 2,400
G. Ward. - Councilor		975		-	975	1,350
B. Johnson - Councilor		1,950		-	1,950	675
Administration		33,693		-	33,693	32,089
	\$	40,593	\$	-	\$ 40,593	\$ 36,514

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. Administrative services are paid via contract are for the Chief Administrative Officer and her staff.
2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

11. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt.

It is management's opinion that the Summer Village is not exposed to significant interest or currency risks arising from these financial instruments.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

Fair value

The Summer Village's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Summer Village for debt with similar terms.

SUMMER VILLAGE OF SOUTH VIEW
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

12. CONTINGENT LIABILITY

The municipality is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the municipality 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.

13. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

14. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited.