

SUMMER VILLAGE OF SILVER SANDS
Consolidated Financial Statements
Year Ended December 31, 2013

SUMMER VILLAGE OF SILVER SANDS
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Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Members of Councils of Summer Village of Silver Sands

We have audited the accompanying consolidated financial statements of Summer Village of Silver Sands, which comprise the consolidated statement of financial position as at December 31, 2013 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.

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Independent Auditor's Report to the Members of Councils of Summer Village of Silver Sands *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Summer Village of Silver Sands as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The consolidated financial statements for the year ended December 31, 2012 were audited by another accounting firm and are presented for comparative purposes only.

Edmonton, Alberta
April 11, 2014

Seniuk & Company
Seniuk and Company
Chartered Accountants

SUMMER VILLAGE OF SILVER SANDS
Consolidated Statement of Financial Position
December 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash (Note 2)	\$ 51,733	\$ 323,862
Term deposits	150,000	257,133
Taxes and grants in place of taxes (Note 3)	42,629	40,393
Grants and receivables from other governments (Note 4)	34,443	13,969
Trade and other receivables	6,732	1,261
	\$ 285,537	\$ 636,618
LIABILITIES		
Accounts payable	\$ 29,211	\$ 13,178
Deferred income (Note 6)	-	257,242
	29,211	270,420
NET FINANCIAL ASSET (DEBT)	256,326	366,198
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	1,546,950	1,066,833
Prepaid expenses	-	1,621
	1,546,950	1,068,454
ACCUMULATED SURPLUS (Note 9)	\$ 1,803,276	\$ 1,434,652

On behalf of Council

_____ Mayor

_____ CAO

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SILVER SANDS
Consolidated Statement of Operations
Year Ended December 31, 2013

	Budget	Actual	Actual
	2013	2013	2012
REVENUE			
Net municipal taxes (Schedule 1)	\$ 326,204	\$ 325,784	\$ 318,749
User fees and sale of goods	825	380	1,017
Government transfers for operating	18,125	17,625	18,062
Investment income	1,000	1,832	508
Penalties and costs of taxes	13,000	13,668	13,073
Licenses and permits	1,000	277	1,573
Franchise fees & concession contracts	2,500	3,323	2,809
Fines	-	192	-
Other	-	1,414	401
Total revenue	362,654	364,495	356,192
EXPENSES			
Administration and Legislative	112,308	108,494	106,025
Fire service	34,051	32,280	34,051
Bylaw enforcement	13,771	6,852	13,771
Disaster and emergency measures	2,294	1,192	2,121
Roads, streets, walks and lighting	85,000	103,409	106,672
Waste management	37,500	37,003	36,570
Family and community support	5,483	5,483	5,483
Land use planning, zoning and development	13,000	7,723	9,953
Parks and recreation	11,894	26,334	12,467
Total operating expenses	315,301	328,770	327,113
Excess (deficiency) of revenue over expenses before other	47,353	35,725	29,079
OTHER			
Government transfers for capital	174,392	402,554	16,558
Amortization	-	(69,655)	(56,126)
Loss on disposal of assets	-	-	(18,168)
	174,392	332,899	(57,736)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	368,624	(28,657)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	1,434,652	1,463,309
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 1,803,276	\$ 1,434,652

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SILVER SANDS
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2013

	2013	2012
Excess (Shortfall) of Revenues Over Expenses	\$ 368,624	\$ (28,657)
Acquisition of tangible capital assets	(549,772)	(3,890)
Proceeds on disposal of tangible capital assets	-	97,678
Amortization of tangible capital assets	69,655	56,126
(Gain) loss on disposal of assets	-	18,168
Use of prepaids	1,621	\$ (16)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(109,872)	139,409
Net financial assets (debt), beginning of year	366,198	226,789
NET ASSETS - END OF YEAR	\$ 256,326	\$ 366,198

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SILVER SANDS
Consolidated Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 368,624	\$ (28,657)
Items not affecting cash:		
Loss on disposal of assets	-	18,168
Amortization	69,655	56,126
	438,279	45,637
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	(2,236)	(848)
Trade and other receivables	(5,471)	12,551
Grants and receivables from other governments	(20,474)	51,161
Accounts payable	16,032	(29,967)
Prepaid expenses	1,621	(16)
Deferred income	(257,242)	143,060
	(267,770)	175,941
Cash flow from operating activities	170,509	221,578
INVESTING ACTIVITIES		
Purchase of capital assets	(549,771)	(3,890)
Proceeds on disposal of capital assets	-	97,678
Cash flow from (used by) investing activities	(549,771)	93,788
FINANCING ACTIVITY		
Repayment of long term debt	-	(104,168)
INCREASE (DECREASE) IN CASH FLOW	(379,262)	211,198
Cash - beginning of year	580,995	369,797
CASH - END OF YEAR (Note 2)	\$ 201,733	\$ 580,995

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SILVER SANDS
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2013

(Schedule 1)

	Budget 2013	Actual 2013	Actual 2012
TAXATION			
Real property tax	\$ 464,475	\$ 464,045	\$ 451,624
Linear property taxes	4,922	4,921	5,123
Special assessments	35,853	35,853	35,728
	505,250	504,819	492,475
REQUISITIONS			
Alberta School Foundation	179,046	163,474	158,154
Seniors' housing requisition	-	15,561	15,572
	179,046	179,035	173,726
NET MUNICIPAL TAXES	\$ 326,204	\$ 325,784	\$ 318,749

Consolidated Schedule of Government Transfers
Year Ended December 31, 2013

(Schedule 2)

	Budget 2013	Actual 2013	Actual 2012
TRANSFERS FOR OPERATING			
Provincial Government	\$ 18,125	\$ 17,625	\$ 18,062
	18,125	17,625	18,062
TRANSFERS FOR CAPITAL			
Provincial Government	174,392	402,554	16,558
TOTAL GOVERNMENT TRANSFERS	\$ 192,517	\$ 420,179	\$ 34,620

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SILVER SANDS

Consolidated Schedule 3 - Schedule of Consolidated Expenditures by Object
(Schedule 3)

Year Ended December 31, 2013

	Budget 2013	Actual 2013	Actual 2012
EXPENSES			
Contracted and general services	\$ 176,902	\$ 183,953	\$ 178,698
Salaries, wages & benefits	51,200	64,722	51,849
Materials, goods and utilities	17,000	18,044	15,957
Transfer to local boards and agencies	16,400	17,311	16,208
Purchases from other governments	53,800	44,739	53,800
Interest on long term	-	-	10,602
Total Consolidated Expenditures by Object	\$ 315,302	\$ 328,769	\$ 327,114

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SILVER SANDS
Consolidated Schedule 4 - Schedule of Segmented Disclosure
Year Ended December 31, 2013

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation & Culture	Environmental Services	Other Expenses	Total
								\$
REVENUE								
Net municipal taxes	\$ 325,784							\$ 325,784
Government transfers	12,739		402,554		500		4,386	420,179
User fees and sales of goods	380							380
Investment income	1,832							1,832
Other revenues	18,404	192		277				18,874
	359,139	192	402,554	277	500	-	4,386	767,049
EXPENSES								
Contract & general services	100,105	1,192	29,963	7,723	14,711	30,258		183,953
Salaries & wages	8,388		56,335					64,722
Goods & supplies			17,111		933			18,044
Transfer to local board					5084	6,745	5,483	17,311
Purchases from Other Governments		39,133			5607			44,739
	108,493	40,325	103,409	7,723	26,334	37,003	5,483	328,770
NET REVENUE, BEFORE AMORTIZATION	250,646	(40,133)	299,146	(7,446)	(25,834)	(37,003)	(1,097)	438,279
Amortization expense	1,228		52,979		15,448			69,655
NET REVENUE	\$ 249,418	\$ (40,133)	\$ 246,167	\$ (7,446)	\$ (41,282)	\$ (37,003)	\$ (1,097)	\$ 368,624

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SILVER SANDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Silver Sands 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 Company 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 Silver Sands (the "Company"). The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Company and are, therefore, accountable to the Company 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.

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.

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SUMMER VILLAGE OF SILVER SANDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

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

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.

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.

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SUMMER VILLAGE OF SILVER SANDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

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

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.

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 - 20 years
Buildings	25 - 50 years
Machinery and equipment	5 - 20 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

	2013	2012
Cash	\$ 51,733	\$ 66,620
Term deposits	150,000	257,133
Restricted cash	-	257,242
	\$ 201,733	\$ 580,995

Temporary investments are short-term deposits with original maturities of three months or less.

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

SUMMER VILLAGE OF SILVER SANDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

3. TAXES AND GRANTS IN PLACE OF TAXES

Taxes and grants in place of taxes are comprised of:

	2013	2012
Current taxes and grants in place of taxes	\$ 23,933	\$ 24,129
Arrears taxes and grants in place of taxes	18,696	16,264
	\$ 42,629	\$ 40,393

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2013	2012
Government grants receivable	\$ -	\$ 9,471
Goods and Services Tax refundable	34,443	4,498
	\$ 34,443	\$ 13,969

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Land	\$ 627,323	\$ -	\$ 627,323	\$ 627,323
Land improvements	98,849	27,864	70,985	77,946
Engineered structures	1,055,210	263,723	791,487	294,694
Buildings	62,403	41,440	20,963	22,231
Machinery and equipment	93,857	57,665	36,192	44,639
	\$ 1,937,642	\$ 390,692	\$ 1,546,950	\$ 1,066,833

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.

SUMMER VILLAGE OF SILVER SANDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2013	2012
Municipal Sustainability Initiative - Capital	\$ -	\$ 226,662
Alberta Municipal Infrastructure Program	-	30,580
	\$ -	\$ 257,242

All grants were fully utilized during the year.

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 Silver Sands be disclosed as follows:

	2013	2012
Total debt limit	\$ 546,743	\$ 534,288
Total debt	-	-
Amount of debt limit unused	546,743	534,288
Debt servicing limit	91,124	89,048
Debt servicing	-	(104,168)
Amount of debt servicing limit unused	\$ 91,124	\$ (15,120)

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:

	2013	2012
Tangible capital assets (Note 5)	\$ 1,937,642	\$ 1,387,870
Accumulated amortization (Note 5)	(390,692)	(321,037)
	\$ 1,546,950	\$ 1,066,833

SUMMER VILLAGE OF SILVER SANDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

9. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2013	2012
Operating reserve	\$ 27,384	\$ 39,375
Restricted reserve	228,941	328,444
Equity in tangible capital assets	1,546,950	1,066,833
	\$ 1,803,275	\$ 1,434,652

10. SEGMENTED DISCLOSURE

The Summer Village of Silver Sands 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).

11. 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 (1)	Benefits & allowances (2)	2013 Total	2012 Total
B. Poulin - Councilor	\$ 2,337	\$ -	\$ 2,337	\$ 2,113
H. McGillis - Councilor	450	-	450	1,300
B. Duncan - Councilor	2,075	-	2,075	1,650
R. Kirk - Councilor	825	-	825	1,650
Administration	61,261	-	61,261	58,344
	\$ 66,948	\$ -	\$ 66,948	\$ 65,057

1. Salary includes honoraria paid to the Councilors and wages and contract paid to 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.

SUMMER VILLAGE OF SILVER SANDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

12. FINANCIAL INSTRUMENTS

The Company'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 Company 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 company'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 company for debt with similar terms.

13. 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.

14. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

16. BUDGET AMOUNTS

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