

SUMMER VILLAGE OF HORSESHOE BAY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Summer Village of Horseshoe Bay, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets and cash flows and schedules 1 to 6 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 the Summer Village of Horseshoe Bay as at December 31, 2015, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ST. PAUL, ALBERTA
April 18, 2016

JMD Group LLP
CHARTERED ACCOUNTANTS

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
Financial assets		
Cash	\$ 248,152	\$ 181,428
Taxes and grants in place of taxes receivable (note 2)	3,718	1,735
Receivable from other governments	7,598	32,564
Long-term investment (note 3)	<u>911</u>	<u>878</u>
	<u>260,379</u>	<u>216,605</u>
Liabilities		
Accounts payable and accrued liabilities	4,821	4,487
Deferred revenue (note 4)	<u>28,498</u>	<u>2,185</u>
	<u>33,319</u>	<u>6,672</u>
Net financial assets	<u>227,060</u>	<u>209,933</u>
Non-financial assets		
Tangible capital assets (schedule 2)	939,656	972,944
Prepaid expenses	<u>2,472</u>	<u>2,680</u>
	<u>942,128</u>	<u>975,624</u>
Accumulated surplus (note 7)	\$ <u>1,169,188</u>	\$ <u>1,185,557</u>
 Contingency (note 11)		

APPROVED ON BEHALF OF THE SUMMER VILLAGE OF HORSESHOE BAY:



Mayor



Administrator

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 61,941	\$ 61,941	\$ 52,491
Sales and user fees	--	880	618
Government transfers for operating (schedule 4)	10,192	10,193	12,460
Investment income	767	1,192	1,175
Penalties and costs of taxes	700	1,402	991
Licenses and permits	200	150	--
Other	<u>1,200</u>	<u>1,790</u>	<u>389</u>
	<u>75,000</u>	<u>77,548</u>	<u>68,124</u>
Expenses			
Legislative	6,100	3,675	4,825
Administration	30,700	27,131	27,426
Protective services	6,200	5,206	3,107
Roads, streets, walks, lighting	56,000	51,059	52,922
Waste management	12,000	11,950	11,689
Recreation and culture	<u>19,000</u>	<u>15,266</u>	<u>13,062</u>
	<u>130,000</u>	<u>114,287</u>	<u>113,031</u>
Deficiency of revenues over expenses before other	(55,000)	(36,739)	(44,907)
Other			
Government transfers for capital (schedule 4)	<u>53,000</u>	<u>20,370</u>	<u>13,756</u>
Deficiency of revenues over expenses	(2,000)	(16,369)	(31,151)
Accumulated surplus, beginning of year	<u>1,185,557</u>	<u>1,185,557</u>	<u>1,216,708</u>
Accumulated surplus, end of year	\$ <u>1,183,557</u>	\$ <u>1,169,188</u>	\$ <u>1,185,557</u>

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Deficiency of revenues over expenses	\$ <u>(2,000)</u>	\$ <u>(16,369)</u>	\$ <u>(31,151)</u>
Acquisition of tangible capital assets	(46,500)	(15,899)	(9,823)
Amortization of tangible capital assets	<u>48,800</u>	<u>49,187</u>	<u>52,328</u>
	<u>2,300</u>	<u>33,288</u>	<u>42,505</u>
Use of prepaid expenses	<u>--</u>	<u>208</u>	<u>357</u>
Increase in net financial assets	300	17,127	11,711
Net financial assets, beginning of year	<u>209,933</u>	<u>209,933</u>	<u>198,222</u>
Net financial assets, end of year	\$ <u>210,233</u>	\$ <u>227,060</u>	\$ <u>209,933</u>

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Deficiency of revenues over expenses	\$ (16,369)	\$ (31,151)
Non-cash items included		
Amortization of tangible capital assets	49,187	52,328
Non-cash charges to operations (net change)		
Decrease (increase) in		
Taxes and grants in place receivable	(1,983)	2,180
Receivables from other governments	24,966	(5,105)
Prepaid expenses	208	357
Increase (decrease) in		
Accounts payable and accrued liabilities	334	(5,827)
Deferred revenue	<u>26,313</u>	<u>(11,447)</u>
	<u>82,656</u>	<u>1,335</u>
Capital		
Acquisition of tangible capital assets	<u>(15,899)</u>	<u>(9,823)</u>
Investing		
Increase in long-term investment	<u>(33)</u>	<u>(33)</u>
Change in cash during the year	66,724	(8,521)
Cash, beginning of year	<u>181,428</u>	<u>189,949</u>
Cash, end of year	\$ <u>248,152</u>	\$ <u>181,428</u>

**SUMMER VILLAGE OF HORSESHOE BAY
 SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted Surplus	Equity in Tangible Capital Assets	2015	2014
Balance, beginning of year	\$ <u>212,613</u>	\$ <u>972,944</u>	\$ <u>1,185,557</u>	\$ <u>1,216,708</u>
Deficiency of revenues over expenses	(16,369)	--	(16,369)	(31,151)
Current year funds used for tangible capital assets	(15,899)	15,899	--	--
Annual amortization expense	<u>49,187</u>	<u>(49,187)</u>	<u>--</u>	<u>--</u>
Change in accumulated surplus	<u>16,919</u>	<u>(33,288)</u>	<u>(16,369)</u>	<u>(31,151)</u>
Balance, end of year	\$ <u><u>229,532</u></u>	\$ <u><u>939,656</u></u>	\$ <u><u>1,169,188</u></u>	\$ <u><u>1,185,557</u></u>

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Land</u>	<u>Improvements</u>	<u>Buildings</u>	<u>Engineered Structures & Equipment</u>	<u>Machinery</u>	<u>Construction In Progress</u>	<u>2015</u>	<u>2014</u>
Cost								
Balance, beginning of year	\$ 156,573	\$ 43,445	\$ 93,755	\$ 1,168,767	\$ 2,100	\$ 9,823	\$ 1,474,463	\$ 1,464,640
Acquisition of tangible capital assets	<u> --</u>	<u>15,899</u>	<u>9,823</u>	<u> --</u>	<u> --</u>	<u>(9,823)</u>	<u>15,899</u>	<u>9,823</u>
Balance, end of year	<u>156,573</u>	<u>59,344</u>	<u>103,578</u>	<u>1,168,767</u>	<u>2,100</u>	<u> --</u>	<u>1,490,362</u>	<u>1,474,463</u>
Accumulated amortization								
Balance, beginning of year	--	22,739	20,659	456,921	1,200	--	501,519	449,191
Annual amortization	<u> --</u>	<u>2,203</u>	<u>2,243</u>	<u>44,581</u>	<u>160</u>	<u> --</u>	<u>49,187</u>	<u>52,328</u>
Balance, end of year	<u> --</u>	<u>24,942</u>	<u>22,902</u>	<u>501,502</u>	<u>1,360</u>	<u> --</u>	<u>550,706</u>	<u>501,519</u>
Net book value of tangible capital assets	<u>\$ 156,573</u>	<u>\$ 34,402</u>	<u>\$ 80,676</u>	<u>\$ 667,265</u>	<u>\$ 740</u>	<u>\$ --</u>	<u>\$ 939,656</u>	<u>\$ 972,944</u>
2014 Net book value of tangible capital assets	<u>\$ 156,573</u>	<u>\$ 20,706</u>	<u>\$ 73,096</u>	<u>\$ 711,846</u>	<u>\$ 900</u>	<u>\$ 9,823</u>	<u>\$ 972,944</u>	

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Taxation			
Residential land and improvements	\$ 97,280	\$ 97,280	\$ 86,289
Commercial property	<u>1,202</u>	<u>1,202</u>	<u>1,157</u>
	98,482	98,482	87,446
Requisitions			
Alberta School Foundation	<u>36,541</u>	<u>36,541</u>	<u>34,955</u>
Net taxes for general municipal operations	\$ <u>61,941</u>	\$ <u>61,941</u>	\$ <u>52,491</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Provincial	\$ 10,192	\$ 10,193	\$ 12,460
Transfers for capital			
Provincial	<u>53,000</u>	<u>20,370</u>	<u>13,756</u>
Total government transfers	\$ <u>63,192</u>	\$ <u>30,563</u>	\$ <u>26,216</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 6,450	\$ 3,875	\$ 2,995
Contracted and general services	46,450	36,122	35,191
Purchases from other governments	19,300	16,440	15,684
Materials, goods, supplies and utilities	9,000	8,663	6,833
Amortization of tangible capital assets	<u>48,800</u>	<u>49,187</u>	<u>52,328</u>
Total expenses	\$ <u>130,000</u>	\$ <u>114,287</u>	\$ <u>113,031</u>

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Recreation and Culture</u>	<u>Environmental Services</u>	<u>Total</u>
Revenue						
Net municipal taxes	\$ 61,941	\$ --	\$ --	\$ --	\$ --	\$ 61,941
Government transfers	1,182	3,052	5,940	13,294	7,095	30,563
User fees and sales of goods	280	--	--	600	--	880
Investment income	1,192	--	--	--	--	1,192
Other revenues	<u>1,552</u>	<u>--</u>	<u>--</u>	<u>1,790</u>	<u>--</u>	<u>3,342</u>
	<u>66,147</u>	<u>3,052</u>	<u>5,940</u>	<u>15,684</u>	<u>7,095</u>	<u>97,918</u>
Expenses						
Contract and general services	26,304	3,956	6,329	4,600	11,373	52,562
Salaries and wages	2,625	1,250	--	--	--	3,875
Goods and supplies	<u>1,877</u>	<u>--</u>	<u>149</u>	<u>6,637</u>	<u>--</u>	<u>8,663</u>
	<u>30,806</u>	<u>5,206</u>	<u>6,478</u>	<u>11,237</u>	<u>11,373</u>	<u>65,100</u>
Net revenue before amortization	35,341	(2,154)	(538)	4,447	(4,278)	32,818
Amortization expense	<u>--</u>	<u>--</u>	<u>(44,581)</u>	<u>(4,029)</u>	<u>(577)</u>	<u>(49,187)</u>
Net revenue	<u>\$ 35,341</u>	<u>\$ (2,154)</u>	<u>\$ (45,119)</u>	<u>\$ 418</u>	<u>\$ (4,855)</u>	<u>\$ (16,369)</u>

**SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Significant Accounting Policies

The consolidated financial statements of the Summer Village of Horseshoe Bay 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:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the reporting entity. This 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 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.

(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 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.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenses 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) Cash

Cash is defined as cash in bank accounts adjusted for outstanding items.

**SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Significant Accounting Policies (continued)

(e) Investments

Investments are recorded at amortized cost. 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.

(f) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a 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) 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.

(i) 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 for the year.

**SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Significant Accounting Policies (continued)

(i) Non-Financial Assets (continued)

(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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings	25 - 50
Engineered structures	
Roadway system	10 - 40
Bridge	55
Machinery and equipment	10
Land improvements	15 - 25

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

(ii) **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.

	<u>2015</u>	<u>2014</u>
2. Taxes and Grants in Place of Taxes Receivable		
Taxes receivable		
Current	\$ 2,886	\$ 1,345
Arrears	<u>832</u>	<u>390</u>
	<u>\$ 3,718</u>	<u>\$ 1,735</u>
3. Long-Term Investment	<u>2015</u>	<u>2014</u>
Servus Credit Union shares	\$ <u>911</u>	\$ <u>878</u>
4. Deferred Revenue	<u>2015</u>	<u>2014</u>
Municipal sustainability initiative - capital	\$ 26,247	\$ --
Recreation fund	<u>2,251</u>	<u>2,185</u>
	<u>\$ 28,498</u>	<u>\$ 2,185</u>

Funding from various grant programs and other sources in the amount of \$28,498 remained unspent at the end of the current year. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements or by the contributors.

The cash balance supports the unexpended funds related to the advances.

**SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

5. 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 Horseshoe Bay be disclosed as follows:

	<u>2015</u>	<u>2014</u>
Total debt limit, being total debt limit remaining	\$ <u>116,322</u>	\$ <u>102,186</u>
Debt servicing limit, being debt servicing limit remaining	\$ <u>19,387</u>	\$ <u>17,031</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.

6. Equity in Tangible Capital Assets

	<u>2015</u>	<u>2014</u>
Tangible capital assets (Schedule 2)	\$ 1,490,362	\$ 1,474,463
Accumulated amortization (Schedule 2)	<u>(550,706)</u>	<u>(501,519)</u>
	\$ <u>939,656</u>	\$ <u>972,944</u>

7. Accumulated Surplus

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

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 229,532	\$ 212,613
Equity in tangible capital assets (note 6)	<u>939,656</u>	<u>972,944</u>
	\$ <u>1,169,188</u>	\$ <u>1,185,557</u>

8. Segmented Disclosure

The Summer Village of Horseshoe Bay provides a range of services to its ratepayers. For each 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 6).

**SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

9. Salary and Benefits Disclosure

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

	2015			2014
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Mayor – Gary Burns	\$ 1,625	\$ 505	\$ 2,130	\$ 2,546
Deputy mayor – Eli Gushaty	875	600	1,475	1,350
Councillor – Victor Staudzs	<u>1,375</u>	<u>58</u>	<u>1,433</u>	<u>1,019</u>
	<u>\$ 3,875</u>	<u>\$ 1,163</u>	<u>\$ 5,038</u>	<u>\$ 4,915</u>
CAO – Briscoe	<u>\$ 14,250</u>	<u>\$ --</u>	<u>\$ 14,250</u>	<u>\$ 15,592</u>

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

⁽²⁾ Benefits and allowances include travel reimbursements.

10. Operating loan

The Summer Village of Horseshoe Bay has a prime plus 1% authorized operating line with a \$30,000 limit with Servus Credit Union. No balance was outstanding at December 31, 2015.

11. Contingency

The Summer Village of Horseshoe Bay is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of 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.

The Summer Village of Horseshoe Bay has delegated their powers and duties under the Emergency Management Act to the County of St. Paul No. 19 under an Emergency Management Agreement, with an unspecified term. The Summer Village of Horseshoe Bay is responsible to pay all unrecoverable costs incurred by the County in implementing an Emergency Response within the boundaries of the Summer Village of Horseshoe Bay. Any liability incurred would be accounted for as a current transaction in the year an emergency response occurs.

**SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

12. Financial Instruments

The summer village's financial instruments consist of cash, receivables, long-term investment, accounts payable and accrued liabilities and deferred revenue. 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 and grants in place of taxes receivable. Credit risk arises from the possibility that taxpayers may experience financial difficulty and be unable to fulfill their obligations. The number and diversity of taxpayers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

13. Contaminated Sites Liability

On January 1, 2015, the summer village adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the summer village.

14. Approval of Financial Statements

Council and Management have approved these financial statements.

15. Budget Amounts

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

16. Recent Accounting Pronouncements Published But Not Yet Adopted

PSAB Section 3041, Portfolio Investments

This standard is effective for the 2016 fiscal year and addresses the distinction between temporary and portfolio investments.

PSAB Section 3450, Financial Instruments

PS3450 establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments, effective for the 2016 fiscal year.