
**SUMMER VILLAGE OF MEWATHA BEACH
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

SUMMER VILLAGE OF MEWATHA BEACH

DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL OF 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, 2016, 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.

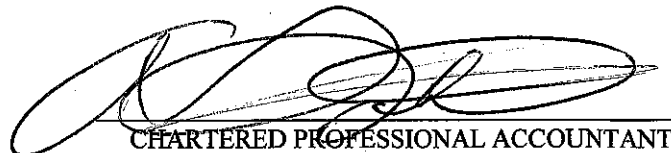
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, 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, 2016 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 21, 2017



CHARTERED PROFESSIONAL ACCOUNTANT

**SUMMER VILLAGE OF MEWATHA BEACH
CONSOLIDATED FINANCIAL POSITION
DECEMBER 31, 2016**

	2016	2015
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 570,208	\$ 478,340
Taxes receivable (Note 3)	2,478	1,761
Accounts receivable	461	461
Goods and services tax receivable	6,749	3,830
Accrued interest	1,834	232
	<u>581,730</u>	<u>484,624</u>
LIABILITIES		
Accounts payable and accrued liabilities	6,904	4,030
Prepaid taxes	1,482	3,921
Deferred revenue (Note 4)	93,519	-
	<u>101,905</u>	<u>7,951</u>
NET FINANCIAL ASSETS	479,825	476,673
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 2, Note 7)	1,514,633	1,547,797
Prepaid expense	1,442	4,650
	<u>1,516,075</u>	<u>1,552,447</u>
ACCUMULATED SURPLUS (Schedule 1, Note 5)	<u>\$ 1,995,900</u>	<u>\$ 2,029,120</u>

CONTINGENCIES (Note 9)

APPROVED BY COUNCIL

_____ MAYOR

_____ COUNCILLOR

**SUMMER VILLAGE OF MEWATHA BEACH
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016**

	<u>BUDGET</u>	2016	2015
REVENUE			
Net municipal taxes (Schedule 3)	\$ 117,705	\$ 118,307	\$ 117,705
Government transfers for operating (Schedule 4)	7,495	7,518	8,932
Franchise and concession contracts	4,500	6,457	5,377
Investment income	850	2,799	1,051
User fees and sale of goods	750	2,210	1,125
Penalties and costs of taxes	2,000	886	1,727
TOTAL REVENUE	133,300	138,177	135,917
EXPENSES			
Administration	50,750	49,790	44,887
Amortization	-	41,934	40,902
Waste management	19,205	23,894	24,095
Culture	10,906	17,338	13,906
Parks and recreation	28,500	14,781	19,134
Fire and bylaws enforcement	8,669	9,023	8,669
Legislative	3,500	5,755	3,914
Roads, streets, walks and lighting	11,000	5,295	9,340
Family and community support	-	1,917	1,917
Land use zoning, planning and development	-	1,670	-
TOTAL EXPENSES	132,530	171,397	166,764
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	770	(33,220)	(30,847)
OTHER			
Government transfers for capital (Schedule 4)	-	-	191,491
EXCESS OF REVENUE OVER EXPENSES	770	(33,220)	160,644
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,029,120	2,029,120	1,868,476
ACCUMULATED SURPLUS, END OF YEAR	\$ 2,029,890	\$ 1,995,900	\$ 2,029,120

**SUMMER VILLAGE OF MEWATHA BEACH
CONSOLIDATED STATEMENT OF CHANGE IN NET
FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2016**

	<u>BUDGET</u>	2016	2015
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>770</u>	\$ <u>(33,220)</u>	\$ <u>160,644</u>
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(8,770)	(22,190)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>-</u>	<u>41,934</u>	<u>40,902</u>
	<u>-</u>	<u>33,164</u>	<u>18,712</u>
USE OF PREPAID ASSETS	<u>-</u>	<u>3,208</u>	<u>(2,383)</u>
INCREASE IN NET FINANCIAL ASSETS	770	3,152	176,973
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>476,673</u>	<u>476,673</u>	<u>299,700</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 477,443</u>	<u>\$ 479,825</u>	<u>\$ 476,673</u>

**SUMMER VILLAGE OF MEWATHA BEACH
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016**

	2016	2015
OPERATING		
Cash received from rate payers	\$ 253,217	\$ 252,706
Cash received from government transfers	101,037	200,423
Cash received from investments	1,197	979
Cash paid for expenses	(126,300)	(123,722)
Cash paid for requisitions	(128,513)	(122,096)
	100,638	208,290
CAPITAL		
Purchases of tangible capital assets	(8,770)	(22,190)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	91,868	186,100
CASH AND EQUIVALENTS, BEGINNING OF YEAR	478,340	292,240
CASH AND EQUIVALENTS, END OF YEAR (Note 2)	\$ 570,208	\$ 478,340

**SUMMER VILLAGE OF MEWATHA BEACH
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 YEAR ENDED DECEMBER 31, 2016**

SCHEDULE 1

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2016	2015
BALANCE, BEGINNING OF YEAR	\$ 481,323	\$ -	\$ 1,547,797	\$ 2,029,120	\$ 1,868,476
Excess (deficiency) of revenues over expenses	(33,220)	-	-	(33,220)	160,644
Unrestricted funds designated for future use	(334,332)	334,332	-	-	-
Restricted funds used for tangible capital assets	(8,770)	-	8,770	-	-
Annual amortization expense	41,934	-	(41,934)	-	-
Change in accumulated surplus	(334,388)	334,332	(33,164)	(33,220)	160,644
BALANCE, END OF YEAR	146,935	334,332	1,514,633	1,995,900	2,029,120

**SUMMER VILLAGE OF MEWATHA BEACH
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2016**

SCHEDULE 2

	LAND	BUILDING	ENGINEERED STRUCTURES	MACHINERY & EQUIPMENT	2016	2015
COST:						
Balance, beginning of year	\$ 1,118,100	\$ 9,581	\$ 608,887	\$ 39,134	\$ 1,775,702	\$ 1,753,512
Acquisition of tangible capital assets	-	-	8,770	-	8,770	22,190
Balance, end of year	1,118,100	9,581	617,657	39,134	1,784,472	1,775,702
ACCUMULATED AMORTIZATION:						
Balance, beginning of year		5,402	203,342	19,161	227,905	187,003
Annual amortization	-	192	39,785	1,957	41,934	40,902
Balance, end of year	-	5,594	243,127	21,118	269,839	227,905

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,118,100	\$ 3,987	\$ 374,530	\$ 18,016	\$ 1,514,633	\$ 1,547,797
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,118,100	\$ 4,179	\$ 405,545	\$ 19,973	\$ 1,547,797	

**SUMMER VILLAGE OF MEWATHA BEACH
 SCHEDULE OF PROPERTY AND OTHER TAXES
 YEAR ENDED DECEMBER 31, 2016**

SCHEDULE 3

	<u>BUDGET</u>	2016	2015
TAXATION			
Real property taxes	\$ 238,416	\$ 245,474	\$ 238,416
Linear property taxes	1,385	1,346	1,385
	239,801	246,820	239,801
REQUISITION			
Alberta School Foundation Fund	118,836	124,710	118,836
Greater North Foundation	3,260	3,803	3,260
	122,096	128,513	122,096
NET MUNICIPAL TAXES	\$ 117,705	\$ 118,307	\$ 117,705

**SUMMER VILLAGE OF MEWATHA BEACH
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2016**

	SCHEDULE 4		
	<u>BUDGET</u>	2016	2015
TRANSFERS FOR OPERATING			
Provincial government	\$ 4,500	\$ 7,518	\$ 8,932
TRANSFERS FOR CAPITAL			
Provincial government	-	-	191,491
TOTAL GOVERNMENT TRANSFERS	\$ 4,500	\$ 7,518	\$ 200,423

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2016**

	SCHEDULE 5		
	<u>BUDGET</u>	2016	2015
EXPENSES			
Contracted and general services	\$ 103,905	\$ 98,521	\$ 93,286
Amortization of tangible capital assets	-	41,934	40,902
Salaries wages and benefits	25,000	25,178	27,813
Materials goods and utilities	3,625	5,764	4,763
TOTAL EXPENDITURE	\$ 132,530	\$ 171,397	\$ 166,764

SUMMER VILLAGE OF MEWATHA BEACH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Summer Village of Mewatha Beach are the representations 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 of 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 and other external organizations that are not part of the municipal 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
YEAR ENDED DECEMBER 31, 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(g) 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.

(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 results 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 (Debt) for the year.

(j) 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	15 years
Machinery and equipment	20 years
Land Improvements	20 years

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

**SUMMER VILLAGE OF MEWATHA BEACH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

2. CASH AND TEMPORARY INVESTMENTS

	2016	2015
Cash	\$ 344,315	\$ 452,902
Temporary investments		
ATB Term Deposit matures June 10, 2018, 1.80%	100,000	-
ATB Term Deposit matures June 10, 2017, 1.67%	50,000	-
ATB Term Deposit matures September 8, 2018, 1.65%	50,100	-
ATB Term Deposit matures April 21, 2017, .65%	9,274	9,137
ATB Term Deposit matures April 18, 2017, .65%	9,937	9,790
ATB Term Deposit matures April 18, 2017, .65%	3,365	3,315
ATB Term Deposit matures December 31, 2017, .65%	<u>3,217</u>	<u>3,196</u>
Total Temporary investments	<u>225,893</u>	<u>25,438</u>
Total Cash and temporary investments	<u>\$ 570,208</u>	<u>\$ 478,340</u>

3. TAXES RECEIVABLE

	2016	2015
Current taxes	\$ 2,200	\$ 1,624
Arrears	<u>278</u>	<u>137</u>
	<u>\$ 2,478</u>	<u>\$ 1,761</u>

4. DEFERRED REVENUE

	2016	2015
Municipal Sustainability Grant - Capital	<u>\$ 93,519</u>	<u>\$ -</u>

5. ACCUMULATED SURPLUS

	2016	2015
Unrestricted surplus	\$ 146,935	\$ 481,323
Equity in tangible capital assets	1,514,633	1,547,797
Restricted surplus -Municipal Sustainability Initiative - Capital	<u>334,332</u>	<u>-</u>
	<u>\$ 1,995,900</u>	<u>\$ 2,029,120</u>

**SUMMER VILLAGE OF MEWATHA BEACH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2016**

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:

	2016	2015
Total debt limit	\$ 207,266	\$ 203,876
Total debt	<u>-</u>	<u>-</u>
Amount total debt limit unused	<u>\$ 207,266</u>	<u>203,876</u>
Debt servicing limit	\$ 34,544	33,979
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 34,544</u>	<u>33,979</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 2016	Net 2015
Tangible capital assets (Schedule 2)	\$ 1,784,472	\$ 1,775,702
Accumulated amortization (Schedule 2)	<u>(269,839)</u>	<u>(227,905)</u>
	<u>\$ 1,514,633</u>	<u>\$ 1,547,797</u>

**SUMMER VILLAGE OF MEWATHA BEACH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

8. 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:

	2016			2015
	Salary	Allowances	Total	Total
Mayor:				
Barry Walker	\$ 1,028	\$ 712	\$ 1,740	1,947
Councillors:				
Dave Boychuk	1,200	1,166	2,366	650
Gerry Demers	750	900	1,650	825
Village Administrator	22,200	1,897	24,097	22,199

(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.

9. CONTINGENCIES

The Summer Village of Mewatha Beach is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Summer Village of Mewatha Beach 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.

10. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash, 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. APPROVAL OF FINANCIAL STATEMENTS

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