
**SUMMER VILLAGE OF ISLAND LAKE SOUTH
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

SUMMER VILLAGE OF ISLAND LAKE SOUTH

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL OF SUMMER VILLAGE OF ISLAND LAKE SOUTH

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated statements of the Summer Village of Island Lake South, which comprise the statement of financial position as at December 31, 2015, 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. My responsibility is to express an opinion on these financial statements based on my audit

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 as at December 31, 2015 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 9, 2016



CHARTERED PROFESSIONAL ACCOUNTANT

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
CONSOLIDATED FINANCIAL POSITION
DECEMBER 31, 2015**

	2015	2014
ASSETS		
FINANCIAL ASSETS		
Cash	\$ 445,016	\$ 573,896
Taxes and grants in lieu receivables (Note 2)	10,281	6,639
Goods and services tax receivable	9,806	2,968
	<u>465,103</u>	<u>583,503</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	3,906	3,150
Prepaid taxes	-	2,071
Deferred revenue (Note 4)	55,510	72,891
	<u>59,416</u>	<u>78,112</u>
NET FINANCIAL ASSETS	405,687	505,391
NON-FINANCIAL ASSETS		
Prepaid expense	3,535	3,943
Tangible Capital Assets (Note 3)	516,076	409,239
	<u>519,611</u>	<u>413,182</u>
ACCUMULATED SURPLUS	\$ 925,298	\$ 918,573

APPROVED BY COUNCIL

_____ MAYOR

_____ COUNCILLOR

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015**

	BUDGET	2015	2014
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	\$ 75,422	\$ 75,118	\$ 58,130
Government transfers for operating (Schedule 4)	6,604	17,016	6,604
Penalties and costs on taxes	1,700	3,559	1,684
Return on investments	1,200	1,809	1,817
Other revenues	850	1,122	1,661
Sales and user charges - administration	-	100	992
TOTAL REVENUE	85,776	98,724	70,888
EXPENSES			
Administration	45,475	41,665	45,528
Roads streets walks lighting	25,413	25,502	20,631
Recreation and parks	18,970	17,813	18,805
Waste management	13,500	15,023	13,474
Culture	4,028	5,093	5,127
Legislative	3,500	2,695	3,583
Fire and bylaws enforcement	1,589	1,589	1,591
TOTAL EXPENSES	112,475	109,380	108,739
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	(26,699)	(10,656)	(37,851)
OTHER			
Government transfers for capital (Schedule 4)	-	17,381	142,648
EXCESS REVENUE OVER EXPENSES	(26,699)	6,725	104,797
ACCUMULATED SURPLUS, BEGINNING OF YEAR	918,573	918,573	813,776
ACCUMULATED SURPLUS, END OF YEAR	\$ 891,874	\$ 925,298	\$ 918,573

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
CONSOLIDATED STATEMENT OF CHANGE IN NET
FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2015**

	BUDGET	2015	2014
EXCESS OF REVENUE OVER EXPENSES	\$ <u>(26,699)</u>	\$ <u>6,725</u>	\$ <u>104,797</u>
NET ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(130,405)	(26,552)
AMORTIZATION OF CAPITAL ASSETS	<u>-</u>	<u>23,568</u>	<u>19,221</u>
ACQUISITION OF PREPAID ASSETS	<u>-</u>	<u>408</u>	<u>(2,372)</u>
INCREASE IN NET FINANCIAL ASSETS	(26,699)	(99,704)	95,094
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>505,391</u>	<u>505,391</u>	<u>410,297</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>478,692</u>	\$ <u>405,687</u>	\$ <u>505,391</u>

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015**

	2015	2014
OPERATING		
Cash received from rate payers	\$ 130,229	\$ 117,165
Cash received from Provincial government transfers	17,016	79,495
Cash received from investments	1,809	1,817
Cash paid for expenses	(91,486)	(91,507)
Cash paid for requisitions	(56,043)	(54,274)
	1,525	52,696
INVESTING		
Purchases of capital property	(130,405)	(30,452)
Proceeds on disposal capital property - equipment	-	800
NET CASH PROVIDED FROM INVESTING ACTIVITIES	(130,405)	(29,652)
CHANGE IN CASH DURING YEAR	(128,880)	23,044
NET CASH AT BEGINNING OF YEAR	573,896	550,852
NET CASH AT END OF YEAR	\$ 445,016	\$ 573,896

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 YEAR ENDED DECEMBER 31, 2015**

SCHEDULE 1

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2015	2014
BALANCE, BEGINNING OF YEAR	\$ 113,172	\$ 396,162	\$ 409,239	\$ 918,573	\$ 813,776
Excess (deficiency) of revenues over expenses	6,725	-	-	6,725	104,797
Change in accumulated surplus	6,725	-	-	6,725	104,797
BALANCE, END OF YEAR	\$ 119,897	\$ 396,162	\$ 409,239	\$ 925,298	\$ 918,573

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2015**

	Schedule 2						
	LAND	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY & EQUIPMENT	LAND IMPROVEMENTS	2015	2014
COST:							
Balance, beginning of year	\$ 161,170	\$ 101,360	\$ 248,490	\$ -	\$ 21,048	\$ 532,068	\$ 510,279
Net Acquisition of tangible capital assets	-	-	130,405	-	-	130,405	21,789
Balance, end of year	161,170	101,360	378,895	-	21,048	662,473	532,068
ACCUMULATED AMORTIZATION:							
Balance, beginning of year	-	42,197	74,547	-	6,085	122,829	108,371
Annual amortization	-	1,803	20,913	-	852	23,568	19,221
Disposal	-	-	-	-	-	-	(4,763)
Balance, end of year	-	44,000	95,460	-	6,937	146,397	122,829
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 161,170	\$ 57,360	\$ 283,435	\$ -	\$ 14,111	\$ 516,076	\$ 409,239

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
 SCHEDULE OF PROPERTY AND OTHER TAXES
 YEAR ENDED DECEMBER 31, 2015**

	SCHEDULE 3		
	BUDGET	2015	2014
TAXATION			
Real property taxes	\$ 130,784	\$ 130,480	\$ 111,745
Linear property taxes	681	681	658
	131,465	131,161	112,403
REQUISITION			
Alberta School Foundation Fund	54,531	54,531	53,034
Greater North Foundation	1,512	1,512	1,239
	56,043	56,043	54,273
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	\$ 75,422	\$ 75,118	\$ 58,130

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2015**

	SCHEDULE 4		
	BUDGET	2015	2014
TRANSFERS FOR OPERATING			
Provincial government	\$ 6,604	\$ 17,016	\$ 6,604
TRANSFERS FOR CAPITAL			
Provincial government	-	17,381	142,648
TOTAL GOVERNMENT TRANSFERS	\$ 6,604	\$ 34,397	\$ 149,252

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2015**

	SCHEDULE 5		
	BUDGET	2015	2014
EXPENSES			
Contracted and general services	\$ 59,375	\$ 57,130	\$ 52,502
Amortization	24,000	23,568	19,221
Salaries wages and benefits	18,200	18,137	23,487
Other	7,000	6,682	8,794
Materials goods supplies and utilities	3,900	3,863	4,735
TOTAL EXPENDITURE	\$ 112,475	\$ 109,380	\$ 108,739

SUMMER VILLAGE OF ISLAND LAKE SOUTH

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Summer Village of Island Lake South are the representatives of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Significant aspects of the accounting policies adopted by the Summer Village are as follows:

- (a) **Reporting Entity**
The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations of all of the organizations that are owned or controlled by the Summer Village Council for the administration of their financial affairs and resources.
- (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 as of the amounts can be determined.

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

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) **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.
- (h) **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 stright-line basis over the estimated useful life as follows:

Buildings	50 years
Engineered structures - roads	15 years
Machinery and equipment	20 years
Land and improvements	20 years

2. TAXES AND GRANTS IN LIEU RECEIVABLES

	2015	2014
Current:		
Current taxes	\$ 7,772	\$ 3,161
Non- current:		
Tax arrears	<u>2,509</u>	<u>3,478</u>
	<u>\$ 10,281</u>	<u>\$ 6,639</u>

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

3. TANGIBLE CAPITAL ASSETS

	<u>Net 2015</u>	<u>Net 2014</u>
Land	\$ 161,170	\$ 161,170
Engineering structures - roads	283,435	181,943
Buildings	57,360	59,163
Land Improvements	<u>14,111</u>	<u>6,963</u>
	<u>\$ 516,076</u>	<u>\$ 409,239</u>

4. DEFERRED REVENUE

	<u>2015</u>	<u>2014</u>
New Deal for communities	\$ 32,510	\$ 32,510
Street improvement grant	23,000	23,000
Municipal sustainability initiative - Capital	-	17,381
	<u>\$ 55,510</u>	<u>72,891</u>

5. 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:

	<u>2015</u>			<u>2014</u>
	Salary	Allowances	Total	Total
Mayor:				
Jim Sandmaier	\$ 425	\$ 225	\$ 650	450
Councillors:				
Shelly Gurba	-	-	-	-
Gary Tym	600	600	1,200	1,350
Lori Barr	525	300	825	225
Village Administrator	14,627	1,379	16,006	15,298

- (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.

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

6. CONTINGENCIES

The Summer Village of Island Lake South is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Summer Village of Island Lake South 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.

7. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. 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, 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.

8. 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 Island Lake South be disclosed as follows:

Total debt limit	\$ 148,086
Total debt	<u>-</u>
Amount total debt limit unused	<u>\$ 148,086</u>
Debt servicing limit	\$ 24,681
Debt servicing	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 24,681</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.

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	Net <u>2015</u>	Net <u>2014</u>
Tangible capital assets (Schedule 1)	\$ 662,473	\$ 532,068
Accumulated amortization (Schedule 1)	<u>(146,397)</u>	<u>(122,829)</u>
	<u>\$ 516,076</u>	<u>\$ 409,239</u>

10. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities 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.

The Summer Village is subject to credit risk with respect to taxes, 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 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.