
**SUMMER VILLAGE OF ISLAND LAKE SOUTH
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Al Scherbarth

Professional Corporation
Chartered Professional Accountant

SUMMER VILLAGE OF ISLAND LAKE SOUTH

DECEMBER 31, 2019

CONTENTS

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
Schedule 1 - Schedule of Changes in Accumulated Surplus	8
Schedule 2 - Schedule of Tangible Capital Assets	9
Schedule 3 - Schedule of Property and Other Taxes	10
Schedule 4 - Schedule of Government Transfers	11
Schedule 5 - Schedule of Expenses by Object	11
Notes to Financial Statements	12-17

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Summer Village of Island Lake South is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Summer Village's financial position as at December 31, 2019 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

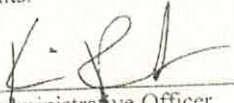
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Summer Village Council carries out its responsibilities for review of the financial statements through its regular meetings with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Council with and without the presence of management. The Summer Village Council has approved the financial statements.

The financial statements have been audited by Al Scherbarth Professional Corporation, Chartered Professional Accountant, independent external auditors appointed by the Summer Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Summer Village's financial statements.



Chief Administrative Officer

Date: APRIL 30, 2020

Summer Village of Island Lake South



Mayor

Date: APRIL 30, 2020

Summer Village of Island Lake South

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Edmonton, Alberta
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INDEPENDENT AUDITOR'S REPORT

TO THE COUNCIL OF SUMMER VILLAGE OF ISLAND LAKE SOUTH

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Summer Village of Island Lake South, which comprise the statement of financial position as at December 31, 2019, and the results of its operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Summer Village of Island Lake South as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Summer Village in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Summer Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Summer Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Summer Village's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Summer Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Summer Village's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Summer Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

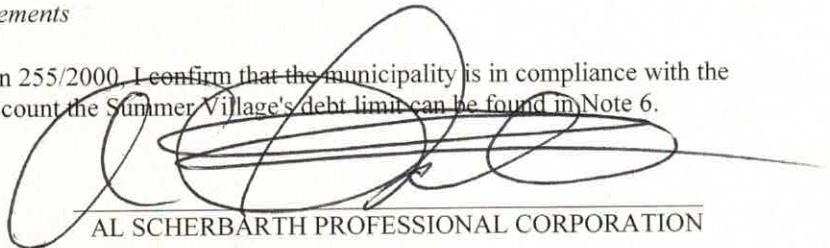
I will communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation
In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Summer Village's debt limit can be found in Note 6.

EDMONTON, ALBERTA
APRIL 30, 2020



AL SCHERBARTH PROFESSIONAL CORPORATION

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
CONSOLIDATED FINANCIAL POSITION
DECEMBER 31, 2019**

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 347,604	\$ 368,563
Receivables		
Taxes receivable (Note 3)	3,263	11,610
Government transfers receivable (Note 4)	156,129	85,960
Good and services tax receivable	12,272	12,658
Investments (Note 5)	150,162	-
	669,430	478,791
 LIABILITIES		
Accounts payable and accrued liabilities	6,945	7,136
Requisition over-levy	6,688	-
Prepaid taxes	343	221
Deferred revenue (Note 6)	516,227	339,827
	530,203	347,184
 NET FINANCIAL ASSETS	139,227	131,607
 NON-FINANCIAL ASSETS		
Tangible Capital Assets	658,689	709,762
Prepaid expense	2,683	2,665
	661,372	712,427
 ACCUMULATED SURPLUS (Schedule 1)	\$ 800,599	\$ 844,034

**RESTATED
NOTE 13**

APPROVED BY COUNCIL

MAYOR

COUNCILLOR

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2019**

	BUDGET	2019	2018
REVENUE			
Net municipal taxes (Schedule 3)	\$ 61,285	\$ 78,960	\$ 77,025
Government transfers for operating (Schedule 4)	6,661	8,199	7,898
Investment income	900	3,264	913
Penalties and costs of taxes	2,000	2,566	4,599
User fees and sale of goods	3,331	1,449	175
TOTAL REVENUE	74,177	94,438	90,610
EXPENSES			
Amortization	-	51,073	51,073
Administration	51,850	46,218	44,075
Waste management	15,023	15,023	15,023
Roads, streets, walks and lighting	5,000	9,725	6,055
Parks and recreation	9,900	6,388	30,171
Culture	3,955	3,832	4,103
Legislative	3,900	3,386	3,869
Fire and bylaws enforcement	1,545	1,495	1,545
Family and community support	679	733	679
TOTAL EXPENSES	91,852	137,873	156,593
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(17,675)	(43,435)	(65,983)
OTHER			
Government transfers for capital (Schedule 4)	-	-	23,785
EXCESS OF REVENUE OVER EXPENSES	(17,675)	(43,435)	(42,198)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	844,034	844,034	886,232
ACCUMULATED SURPLUS, END OF YEAR	\$ 826,359	\$ 800,599	\$ 844,034

**RESTATED
NOTE 13**

SUMMER VILLAGE OF ISLAND LAKE SOUTH
CONSOLIDATED STATEMENT OF CHANGE IN NET
FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2019

	BUDGET	2019	2018
EXCESS OF REVENUE OVER EXPENSES	\$ (17,675)	\$ (43,435)	\$ (42,198)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>-</u>	<u>51,073</u>	<u>51,073</u>
	<u>-</u>	<u>51,073</u>	<u>51,073</u>
USE OF PREPAID ASSETS	<u>-</u>	<u>(18)</u>	<u>94</u>
INCREASE IN NET FINANCIAL ASSETS	(17,675)	7,620	8,969
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>131,607</u>	<u>131,607</u>	<u>122,638</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>113,932</u>	\$ <u>139,227</u>	\$ <u>131,607</u>
			RESTATED
			NOTE 13

SUMMER VILLAGE OF ISLAND LAKE SOUTH
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	2019	2018
OPERATING		
Excess of revenues over expenditures	\$ (43,435)	\$ (42,198)
Amortization	51,073	51,073
Non-cash changes to operations (net change):		
Decrease (increase) in taxes receivable	8,347	4,346
Decrease (increase) in trade and other receivables	(70,169)	780
Decrease (increase) in Goods and services tax receivable	386	-
Increase (decrease) in accounts payable and accrued liabilities	(191)	1,875
Increase (decrease) in prepaid taxes	122	(846)
Increase (decrease) in deferred revenue	176,400	65,389
Increase (decrease) in requisition over-levy	6,688	-
Decrease (increase) in prepaid expenses	(18)	94
Cash provided by operating transactions	129,203	80,513
CAPITAL		
INVESTING		
Decrease (increase) in investments	(150,162)	-
CHANGE IN CASH DURING YEAR	(20,959)	80,513
CASH, BEGINNING OF YEAR	368,563	288,050
CASH, END OF YEAR (Note 2)	\$ 347,604	\$ 368,563

**RESTATED
NOTE 13**

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2019**

SCHEDULE 1

	UNRESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 134,272	\$ 709,762	\$ 844,034	\$ 886,232
Excess (deficiency) of revenues over expenses	(43,435)	-	(43,435)	(42,198)
Annual amortization expense	51,073	(51,073)	-	-
BALANCE, END OF YEAR	\$ 141,910	\$ 658,689	\$ 800,599	\$ 844,034

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2019**

SCHEDULE 2

	<u>LAND</u>	<u>BUILDING</u>	<u>ENGINEERED STRUCTURES</u>	<u>MACHINERY & EQUIPMENT</u>	<u>2019</u>	<u>2018</u>
COST:						
Balance, beginning of year	\$ 161,170	\$ 78,908	\$ 721,015	\$ 36,056	\$ 997,149	\$ 997,149
Balance, end of year	161,170	78,908	721,015	36,056	997,149	997,149
ACCUMULATED AMORTIZATION:						
Balance, beginning of year		48,284	228,260	10,843	287,387	236,314
Annual amortization	-	1,578	48,068	1,427	51,073	51,073
Balance, end of year	-	49,862	276,328	12,270	338,460	287,387
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 161,170	\$ 29,046	\$ 444,687	\$ 23,786	\$ 658,689	\$ 709,762

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
SCHEDULE OF PROPERTY AND OTHER TAXES
YEAR ENDED DECEMBER 31, 2019**

	SCHEDULE 3		
	BUDGET	2019	2018
TAXATION			
Real property taxes	\$ 127,623	\$ 136,053	\$ 138,333
Linear property taxes	645	645	645
	128,268	136,698	138,978
REQUISITION			
Alberta School Foundation Fund	62,248	55,655	59,284
Greater North Foundation	4,735	2,083	2,669
	66,983	57,738	61,953
NET MUNICIPAL TAXES	\$ 61,285	\$ 78,960	\$ 77,025

**SUMMER VILLAGE OF ISLAND LAKE SOUTH
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2019**

	SCHEDULE 4		
	BUDGET	2019	2018
TRANSFERS FOR OPERATING			
Provincial government	\$ 6,661	\$ 8,199	\$ 7,898
TRANSFERS FOR CAPITAL			
Provincial government	-	-	23,785
TOTAL GOVERNMENT TRANSFERS	\$ 6,661	\$ 8,199	\$ 31,683

**SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2019**

	SCHEDULE 5		
	BUDGET	2019	2018
EXPENSES			
Contracted and general services	\$ 61,047	\$ 57,015	\$ 77,454
Amortization of tangible capital assets	-	51,073	51,073
Salaries wages and benefits	21,800	21,704	20,000
Materials goods and utilities	5,050	4,249	3,963
Other	3,955	3,832	4,103
TOTAL EXPENDITURE	\$ 91,852	\$ 137,873	\$ 156,593

SUMMER VILLAGE OF ISLAND LAKE SOUTH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The 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 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, health, social and other external organizations that are not part of the municipality 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 ISLAND LAKE SOUTH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) **Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as 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) **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.

(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 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	10-20 years
Machinery and equipment	5-10 years

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

2. CASH

	2019	2018
Cash	\$ <u>347,604</u>	\$ <u>368,563</u>

Cash includes cash in the bank and temporary investments with original maturities of three months or less. The cost of the temporary investment approximates the market value.

Included in Cash are restricted amounts of \$209,936 (2018 - \$253,867) received from the Municipal Sustainability Initiative, Federal Gas Tax Fund, Intermunicipal Development Plan and Municipal Development Plan and is held for approved projects (Note 6).

SUMMER VILLAGE OF ISLAND LAKE SOUTH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. TAXES RECEIVABLE

	2019	2018
Current taxes	\$ 3,263	\$ 11,204
Arrears	<u>-</u>	<u>406</u>
	<u>\$ 3,263</u>	<u>\$ 11,610</u>

4. GOVERNMENT TRANSFERS RECEIVABLE

	2019	2018
Municipal Sustainability Initiative	<u>\$ 156,729</u>	<u>\$ 85,960</u>

Government transfers are recorded when authorized by legislation. The transfers payments are released by the Alberta Government when the Summer Village meets the eligibility criteria.

5. INVESTMENTS

	2019		2018	
	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>
Guaranteed investment certificates	<u>\$ 150,162</u>	<u>\$ 150,162</u>	<u>\$ -</u>	<u>\$ -</u>

Guaranteed investment certificates have effective interest rates of 2.05% to 2.11 (2018 - NIL) and mature in less than one year.

Included in investments are restricted amounts of \$150,162 (2018 - NIL) received from the Municipal Sustainability Initiative and are held exclusively for approved projects (Note 6).

SUMMER VILLAGE OF ISLAND LAKE SOUTH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. DEFERRED REVENUE

	2019	2018
Municipal Sustainability Grant - Capital	\$ 376,665	\$ 304,914
Federal Gas Tax Fund	52,106	34,913
Intermunicipal Development Plan	74,666	-
Municipal Development Plan	12,790	-
	<u>\$ 516,227</u>	<u>\$ 339,827</u>

Funding in the amount of \$516,227 was received or committed in the current and prior years from the Municipal Sustainability Initiative, the Federal Gas Tax Fund, the Intermunicipal Development Plan and the Municipal Development Plan. This funding is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2020.

Assets restricted for deferred revenue purposes:

	2019	2018
Cash	\$ 209,936	\$ 253,867
Government Transfers Receivable	156,129	85,960
Redeemable Term Deposit, Due Dec 19/20, 2.05%	75,000	-
Redeemable Term Deposit, Due Dec 19/20, 2.11%	75,000	-
Accrued interest	162	-
	<u>\$ 516,227</u>	<u>\$ 339,827</u>

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 Island Lake South be disclosed as follows:

	2019	2018
Total debt limit	\$ 141,657	\$ 135,915
Total debt	<u>-</u>	<u>-</u>
Amount total debt limit unused	<u>\$ 141,657</u>	<u>135,915</u>
Debt servicing limit	\$ 23,610	22,653
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 23,610</u>	<u>22,653</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
DECEMBER 31, 2019

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	Net 2019	Net 2018
Tangible capital assets (Schedule 2)	\$ 997,149	\$ 997,149
Accumulated amortization (Schedule 2)	<u>(338,460)</u>	<u>(287,387)</u>
	<u>\$ 658,689</u>	<u>\$ 709,762</u>

9. ACCUMULATED SURPLUS

	2019	2018
Unrestricted surplus	\$ 141,910	\$ 134,272
Equity in tangible capital assets	<u>658,689</u>	<u>709,762</u>
	<u>\$ 800,599</u>	<u>\$ 844,034</u>

10. 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:

	2019			2018
	Salary	Benefits Allowances	Total	Total
Councillors:				
Jim Sandmaier	\$ 800	\$ 268	\$ 1,068	\$ 800
Gary Tym	1,000	481	1,481	1,659
Thomas Tarrant	300	300	600	-
Lori Barr	200	37	237	1,410
Village Administrator	18,204	585	18,789	18,587
Assessor	3,263	-	-	3,180

- (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

DECEMBER 31, 2019

11. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and temporary investments, investments, 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.

12. APPROVAL OF FINANCIAL STATEMENTS

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

SUMMER VILLAGE OF ISLAND LAKE SOUTH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

13. PRIOR PERIOD ADJUSTMENTS

The Summer Village has restated its financial statements as a result of reconciliations undertaken during the year for deferred revenue. These adjustments are as follows:

	<u>2018</u>
Adjustments to opening accumulated surplus:	
As previously reported	\$ 871,194
Overstatement of prior years income	<u>(27,160)</u>
As restated	\$ <u>844,034</u>
	<u>2018</u>
Adjustments to government transfers receivable:	
As previously reported	\$ -
Government transfers receivable	85,960
Annual amortization expense	<u>-</u>
As restated	\$ <u><u>85,960</u></u>
	<u>2018</u>
Adjustments to deferred revenue:	
As previously reported	\$ 226,707
Understatement of deferred revenue	27,160
Government transfers receivable	<u>85,960</u>
As restated	\$ <u><u>339,827</u></u>

Certain comparative figures have been restated to conform to the current year's presentation