

SUMMER VILLAGE OF WEST COVE
Consolidated Financial Statements
Year Ended December 31, 2015

SUMMER VILLAGE OF WEST COVE
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of West Cove

We have audited the accompanying consolidated financial statements of Summer Village of West Cove, which comprise the consolidated statement of financial position as at December 31, 2015 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Summer Village of West Cove as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 28, 2016

Seniuk & Company

Seniuk and Company
Chartered Accountants

SUMMER VILLAGE OF WEST COVE
Consolidated Statement of Financial Position
December 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash (Note 2)	\$ 516,194	\$ 496,223
Term deposits (Note 2)	100,000	-
Taxes receivable (Note 3)	55,891	34,815
Grants and receivables from other governments (Note 4)	15,608	125,282
Trade and other receivables	2,383	-
	\$ 690,076	\$ 656,320
LIABILITIES		
Accounts payable	\$ 37,567	\$ 56,405
Deferred income (Note 6)	183,503	136,620
	221,070	193,025
NET FINANCIAL ASSETS	469,006	463,295
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	2,103,149	2,125,053
Prepaid expenses	88	-
	2,103,237	2,125,053
ACCUMULATED SURPLUS	\$ 2,572,243	\$ 2,588,348
CONTINGENT LIABILITIES (Note 12)		

On behalf of Council

_____ Councilor

_____ Councilor

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF WEST COVE
Consolidated Statement of Operations
Year Ended December 31, 2015

	Budget (Unaudited) 2015	2015	2014
REVENUE			
Net municipal taxes (Schedule 1)	\$ 252,407	\$ 256,315	\$ 253,662
User fees and sale of goods	300	490	385
Government transfers for operating	14,349	14,623	13,221
Investment income	4,000	2,622	4,260
Penalties and costs of taxes	5,000	9,176	7,664
Licenses and permits	1,400	5,294	2,800
Other	320	1,036	7,616
Total revenue	277,776	289,556	289,608
EXPENSES			
Administration and Legislative	127,943	144,302	101,996
Fire service	12,000	12,610	24,207
Bylaw enforcement	6,000	6,472	2,025
Roads, streets, walks and lighting	24,000	19,649	20,871
Wastewater treatment and disposal	18,100	20,866	11,358
Waste management	45,000	35,253	41,762
Land use planning, zoning and development	1,000	12,919	3,058
Parks and recreation	43,183	42,166	48,984
Libraries, museums and halls	550	520	3,052
Total operating expenses	277,776	294,757	257,313
Excess of revenue over expenses before other	-	(5,201)	32,295
OTHER INCOME (EXPENSES)			
Government transfers for capital	-	48,314	118,395
Amortization	-	(59,218)	(59,675)
		(10,904)	58,720
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	(16,105)	91,015
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	2,588,348	2,497,333
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 2,572,243	\$ 2,588,348

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF WEST COVE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2015

	2015	2014
Deficiency of revenue over expenses	\$ (16,105)	\$ 91,015
Acquisition of tangible capital assets	(37,314)	(53,192)
Amortization of tangible capital assets	59,218	59,675
Use of prepaids	(88)	-
INCREASE (DECREASE) IN NET ASSETS	5,711	97,498
Net financial assets, beginning of year	463,295	365,797
NET FINANCIAL ASSETS, END OF YEAR	\$ 469,006	\$ 463,295

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF WEST COVE
Consolidated Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (16,105)	\$ 91,015
Item not affecting cash:		
Amortization	59,218	59,675
	43,113	150,690
Changes in non-cash working capital:		
Taxes receivable	(21,076)	(10,989)
Grants and receivables from other governments	109,674	(107,671)
Trade and other receivables	(2,383)	707
Accounts payable	(18,838)	(480)
Deferred income	46,883	17,735
Prepaid expenses	(88)	-
	114,172	(100,698)
Cash flow from operating activities	157,285	49,992
INVESTING ACTIVITY		
Purchase of capital assets	(37,314)	(53,192)
INCREASE (DECREASE) IN CASH FLOW	119,971	(3,200)
Cash - beginning of year	496,223	499,423
CASH - END OF YEAR (Note 2)	\$ 616,194	\$ 496,223

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF WEST COVE

Consolidated Schedule of Property and Other Taxes

(Schedule 1)

Year Ended December 31, 2015

	Budget 2015	Actual 2015	Actual 2014
TAXATION			
Real property tax	\$ 394,432	\$ 396,523	\$ 394,649
Linear property taxes	705	705	699
	395,137	397,228	395,348
REQUISITIONS			
Alberta School Foundation	129,280	129,280	129,657
Seniors' housing requisition	13,450	11,633	12,029
	142,730	140,913	141,686
NET MUNICIPAL TAXES	\$ 252,407	\$ 256,315	\$ 253,662

Consolidated Schedule of Government Transfers

(Schedule 2)

Year Ended December 31, 2015

	Budget (Unaudited) 2015	Actual 2015	Actual 2014
TRANSFERS FOR OPERATING			
Provincial Government	\$ 14,349	\$ 14,623	\$ 13,221
	14,349	14,623	13,221
TRANSFERS FOR CAPITAL			
Provincial Government	-	48,314	118,395
TOTAL GOVERNMENT TRANSFERS	\$ 14,349	\$ 62,937	\$ 131,616

Consolidated Schedule of Consolidated Expenditures by Object

(Schedule 3)

Year Ended December 31, 2015

	Budget 2015	Actual 2015	Actual 2014
EXPENSES			
Salaries, wages & benefits	\$ 30,000	\$ 34,294	\$ 31,149
Contracted and general services	233,626	243,443	203,469
Materials, goods and utilities	13,600	16,498	19,644
Transfer to local boards and agencies	550	520	3,052
Total Consolidated Expenditures by Object	\$ 277,776	\$ 294,755	\$ 257,314

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF WEST COVE

**Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2015**

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	2015
TRADE SALES								
Net municipal taxes	\$ 256,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,312
Government transfers	10,237	-	46,848	-	-	1,466	4,386	62,937
User fees and sales of goods	490	-	-	-	-	-	-	490
Investment income	2,622	-	-	-	-	-	-	2,622
Other revenues	10,212	-	-	5,294	-	-	-	15,506
	279,873	-	46,848	5,294	-	1,466	4,386	337,867
EXPENSES								
Contract & general services	134,600	19,082	6,813	12,919	8,538	49,853	11,637	243,442
Salaries & wages	6,150	-	-	-	28,145	-	-	34,295
Materials, goods & utilities	3,549	-	12,837	-	-	112	-	16,498
Transfers to local boards	-	-	-	-	520	-	-	520
	144,299	19,082	19,650	12,919	37,203	49,965	11,637	294,755
GROSS PROFIT	135,574	(19,082)	27,198	(7,625)	(37,203)	(48,499)	(7,251)	43,112
OTHER EXPENSE								
Amortization	833	-	41,677	-	8,214	8,493	-	59,217
INCOME (LOSS) FROM OPERATIONS	\$ 134,741	\$ (19,082)	\$ (14,479)	\$ (7,625)	\$ (45,417)	\$ (56,992)	\$ (7,251)	\$ (16,105)

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF WEST COVE

**Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2015**

(Schedule 5)

	Unrestricted Surplus 2015	Operating Reserve 2015	Capital Reserves 2015	Equity in Tangible Capital Assets 2015	Total 2015	Total 2014
BALANCE, BEGINNING OF YEAR	\$ 406,295	\$ 12,000	\$ 45,000	\$ 2,125,053	\$ 2,588,348	\$ 2,497,333
Excess (deficiency) of revenues over expenses	(16,105)	-	-	-	(16,105)	91,015
Current year funds used for tangible capital assets	(37,314)	-	-	37,314	-	-
Annual amortization expense	59,218	-	-	(59,218)	-	-
	5,799	-	-	(21,904)	(16,105)	91,015
BALANCE, END OF YEAR	\$ 412,094	\$ 12,000	\$ 45,000	\$ 2,103,149	\$ 2,572,243	\$ 2,588,348

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF WEST COVE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of West Cove 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:

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 West Cove (the "Summer Village"). The 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, 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.

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SUMMER VILLAGE OF WEST COVE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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

Tax Revenue

Annually, the Summer Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Summer Village Council in accordance with legislation and Summer Village Council approved policies to raise the tax revenue required to meet the Summer Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Summer Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

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.

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.

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SUMMER VILLAGE OF WEST COVE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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

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.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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.

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 Changes in Net Financial Assets (Debt) for the year.

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SUMMER VILLAGE OF WEST COVE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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

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 Years
Engineered structure - Paved roads	20 Years
Buildings	50 Years
Machinery and equipment	10 Years
Computer software	3 Years
Furniture and fixtures	5 Years
Engineered structures - Gravel roads	25 Years
Engineered structures - Water system	45 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.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

2. CASH AND TEMPORARY INVESTMENTS

	2015	2014
Cash and temporary investments	\$ 350,806	\$ 490,150
Temporary investments	100,000	-
Restricted cash	165,388	6,073
	\$ 616,194	\$ 496,223

Temporary investments are short term deposits with original maturities of one year or less.

Included in cash as indicated above are restricted amounts received from the Municipal Grants which are held exclusively for specific purposes (Note 6). Tax sale recovery amounts of \$ 4,657 held in trust are excluded from the financial statements.

SUMMER VILLAGE OF WEST COVE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2015	2014
Current taxes and grants in place of taxes	\$ 24,883	\$ 18,536
Arrears taxes and grants in place of taxes	31,008	16,279
	\$ 55,891	\$ 34,815

4. GRANTS AND RECEIVABLE FROM OTHER GOVERNMENTS

Grants and other government receivables are comprised of:

	2015	2014
Municipal Sustainability Initiative - Capital	\$ -	\$ 104,681
Municipal Sustainability Initiative - Operating	10,237	8,835
Subtotal	10,237	113,516
Goods and Services Tax refundable	5,371	11,766
	\$ 15,608	\$ 125,282

BMTG receivable in 2012 was 2013 allocation spent on approved projects in 2012 in advance.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 1,030,271	\$ -	\$ 1,030,271	\$ 1,030,271
Land improvements	52,096	31,369	20,727	24,200
Buildings	220,947	36,874	184,073	109,857
Machinery and equipment	42,660	32,276	10,384	12,272
Computer software	5,000	5,000	-	833
Furniture and fixtures	20,535	8,306	12,229	53,192
Engineered structures	2,550,728	1,705,263	845,465	894,428
	\$ 3,922,237	\$ 1,819,088	\$ 2,103,149	\$ 2,125,053

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.

6. DEFERRED REVENUE

Deferred revenue is comprised of:

(continues)

SUMMER VILLAGE OF WEST COVE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

6. DEFERRED REVENUE (continued)

	2015	2014
	2015	2014
Federal Gas Tax Fund	\$ 16,782	\$ 18,101
Alberta Municipal Infrastructure Program	-	18,617
Municipal Sustainability Initiative - Capital	157,514	82,871
Subtotal	174,296	119,589
Prepaid property taxes	8,878	17,031
	\$ 183,174	\$ 136,620

Federal Gas Tax Fund

Funding from the Federal Gas Tax Fund and is restricted to eligible capital projects as approved under the funding agreement. Unexpended funds related to the advance are supported by restricted cash held exclusively for these projects (refer to Note 2).

Municipal Sustainability Initiative - Capital

The Municipal Sustainability Initiative - Capital is restricted to eligible capital projects as approved under the funding agreement. Unexpended funds related to the advance are supported by restricted cash held exclusively for these projects (refer to Note 2).

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 West Cove be disclosed as follows:

	2015	2014
Total debt limit	\$ 434,334	\$ 434,412
Amount of debt limit unused	434,334	434,412
Debt servicing limit	72,389	72,402
Amount of debt servicing limit unused	\$ 72,389	\$ 72,402

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 WEST COVE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

8. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2015	2014
Tangible capital assets (Note 5)	\$ 3,922,237	\$ 3,884,923
Accumulated amortization (Note 5)	(1,819,088)	(1,759,870)
	\$ 2,103,149	\$ 2,125,053

9. SEGMENTED DISCLOSURE

The Summer Village of West Cove 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).

10. 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:

			2015	2014
	Salary (1)	Benefits & allowances (2)	Total	Total
D. Breton - Councilor	\$ 2,025	\$ -	\$ 2,025	\$ -
L. St.Amand - Councilor	1,050	-	1,050	-
R. Giesbrecht - Councilor	1,875	-	1,875	-
B. Londeau - Councilor	-	-	-	750
L. Worden - Councilor	525	-	525	1,050
D. Henderson - Councilor	675	-	675	1,425
Chief Administrative Officer	61,053	-	61,053	42,175
	\$ 67,203	\$ -	\$ 67,203	\$ 45,400

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 special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

SUMMER VILLAGE OF WEST COVE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

11. FINANCIAL INSTRUMENTS

The Summer Village'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 summer village 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 summer village'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 summer village for debt with similar terms.

12. CONTINGENT LIABILITIES

The municipality is a member of the MUNIX Reciprocal Insurance Exchange. 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.

The municipality is currently the defendant in a claim from the former Chief Administration Officer in the amount \$47,880 for constructive dismissal. Neither the possible outcome nor the amount of the possible settlement can be foreseen, therefore no provision has been made in the financial statements.

13. CONTAMINATED SITES

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

Representatives from Municipal Affairs acting as council have approved these financial statements.

15. BUDGET AMOUNTS

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