

SUMMER VILLAGE OF BIRCHCLIFF
Financial Statements
For The Year Ended December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Summer Village of Birchcliff

Opinion

We have audited the financial statements of Summer Village of Birchcliff (the Summer Village), which comprise the statement of financial position as at December 31, 2021, and the statements of annual surplus and accumulated surplus, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Summer Village as at December 31, 2021, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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 relating 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.

(continues)



Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 omissions, misrepresentations, or the 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.

We 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 we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta

April 12, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To His Worship the Mayor and Members of Council of the Summer Village of Birchcliff

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Summer Village Council to express an opinion on the Summer Village's financial statements.

Mr. Tanner Evans
Chief Administrative Officer

SUMMER VILLAGE OF BIRCHCLIFF**Statement of Financial Position****As At December 31, 2021**

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 662,726	\$ 566,972
Receivables (Note 2)	29,178	66,039
	<u>691,904</u>	<u>633,011</u>
LIABILITIES		
Accounts payable and accrued liabilities	78,285	68,790
Deposit liabilities	80,229	49,000
Deferred revenue (Note 3)	51,087	81,963
Due to other Sylvan Summer Villages (Note 4)	290,524	70,812
	<u>500,125</u>	<u>270,565</u>
NET FINANCIAL ASSETS	<u>191,779</u>	<u>362,446</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	3,194,984	2,851,165
Prepaid expenses	114	20,857
	<u>3,195,098</u>	<u>2,872,022</u>
ACCUMULATED SURPLUS (Note 6)	<u>\$ 3,386,877</u>	<u>\$ 3,234,468</u>
Contingent liabilities (Note 8)		

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF BIRCHCLIFF
Statement of Annual Surplus and Accumulated Surplus
For the Year Ended December 31, 2021

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 322,820	\$ 322,817	\$ 317,247
Sales and user charges (Schedule 4)	81,781	82,264	86,058
Government transfers for operating (Schedule 3)	11,122	20,572	17,628
Licenses and permits	6,595	13,540	7,888
Penalties and costs on taxes	4,877	13,232	8,091
Other	1,001	3,939	945
Interest	9,000	3,556	6,092
Fines	690	693	335
	437,886	460,613	444,284
EXPENSES			
Administration	169,340	194,607	191,456
Wastewater treatment and disposal	96,803	153,230	160,739
Parks and recreation	14,000	50,435	19,101
Protective services	53,060	38,322	41,268
Roads, streets, walks and lighting	63,799	41,665	72,061
Waste management	23,410	21,943	22,642
Legislative	15,006	12,167	12,853
Environment	6,809	4,552	3,992
Disaster and emergency services	3,109	2,500	2,500
Culture: Libraries, halls, museums	1,050	1,000	1,000
	446,386	520,421	527,612
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	(8,500)	(59,808)	(83,328)
OTHER REVENUE			
Government transfers for capital (Schedule 3)	215,000	212,217	267,256
Other revenue for capital	-	-	45,070
	215,000	212,217	312,326
ANNUAL SURPLUS	206,500	152,409	228,998
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,234,468	3,234,468	3,005,470
ACCUMULATED SURPLUS, END OF YEAR (Note 6)	\$ 3,440,968	\$ 3,386,877	\$ 3,234,468

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF BIRCHCLIFF
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2021

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Actual)
ANNUAL SURPLUS	\$ 206,500	\$ 152,409	\$ 228,998
Acquisition of tangible capital assets	(240,000)	(444,768)	(392,366)
Amortization of tangible capital assets	-	100,949	58,707
	(33,500)	(191,410)	(104,661)
Use (acquisition) of prepaid expenses	-	20,743	(5,630)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(33,500)	(170,667)	(110,291)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	362,446	362,446	472,737
NET FINANCIAL ASSETS, END OF YEAR	\$ 328,946	\$ 191,779	\$ 362,446

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF BIRCHCLIFF
Statement of Cash Flows
For The Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 152,409	\$ 228,998
Non-cash item not included in excess of revenue over expenses:		
Amortization of tangible capital assets	100,949	58,707
	<u>253,358</u>	<u>287,705</u>
Changes in non-cash working capital balances related to operations:		
Receivables	36,862	(22,825)
Accounts payable and accrued liabilities	9,495	15,230
Deferred revenue	(30,876)	(62,753)
Deposit liabilities	31,229	2,525
Prepaid expenses	20,743	(5,630)
	<u>67,453</u>	<u>(73,453)</u>
Cash flow from operating activities	<u>320,811</u>	<u>214,252</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(444,768)</u>	<u>(392,366)</u>
FINANCING ACTIVITIES		
Advances from other Sylvan Summer Villages	<u>219,712</u>	<u>-</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	<u>95,755</u>	<u>(178,114)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>566,972</u>	<u>745,086</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 662,727</u>	<u>\$ 566,972</u>

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF BIRCHCLIFF**Schedule of Equity in Tangible Capital Assets****(Schedule 1)****For the Year Ended December 31, 2021**

	2021	2020
BALANCE, BEGINNING OF YEAR	\$ 2,780,353	\$ 2,446,694
Acquisition of tangible capital assets	444,768	392,366
Amortization of tangible capital assets	(100,949)	(58,707)
Advances from other Sylvan Summer Villages	(219,712)	-
BALANCE, END OF YEAR	\$ 2,904,460	\$ 2,780,353
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value) <i>(Note 5)</i>	\$ 3,194,984	\$ 2,851,165
Due to other Sylvan Summer Villages	(290,524)	(70,812)
	\$ 2,904,460	\$ 2,780,353

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF BIRCHCLIFF
Schedule of Property Taxes
For the Year Ended December 31, 2021

(Schedule 2)

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Actual)
TAXATION			
Real property taxes	\$ 766,133	\$ 766,130	\$ 773,037
REQUISITIONS			
Alberta School Foundation Fund	443,313	443,313	455,790
NET MUNICIPAL PROPERTY TAXES	<u>\$ 322,820</u>	<u>\$ 322,817</u>	<u>\$ 317,247</u>

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF BIRCHCLIFF
Schedule of Government Transfers
For the Year Ended December 31, 2021

(Schedule 3)

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Actual)
TRANSFERS FOR OPERATING			
Provincial government conditional transfers	\$ 11,122	\$ 20,572	\$ 17,628
TRANSFERS FOR CAPITAL			
Provincial government conditional transfers	215,000	212,217	267,256
TOTAL GOVERNMENT TRANSFERS	\$ 226,122	\$ 232,789	\$ 284,884

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF BIRCHCLIFF
Schedule of Segmented Information
Year Ended December 31, 2021

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 153,710	\$ 8,593	\$ 49,297	\$ 40,379	\$ 52,857	\$ 17,981	\$ 322,817
Sales and user charges	1,371	-	-	-	80,893	-	82,264
All other	-	-	-	-	-	31,404	31,404
Government transfers	20,572	-	-	-	-	-	20,572
Interest	3,556	-	-	-	-	-	3,556
	179,209	8,593	49,297	40,379	133,750	49,385	460,613
EXPENSES							
Contracted and general services	48,983	4,614	40,822	40,379	133,750	7,306	275,854
Salaries, wages and benefits	113,159	-	-	-	-	9,413	122,572
Materials, goods, and supplies	17,067	3,979	-	-	-	-	21,046
	179,209	8,593	40,822	40,379	133,750	16,719	419,472
NET REVENUE, BEFORE AMORTIZATION							
Amortization	-	-	8,475	-	-	32,666	41,141
	(15,398)	(42,842)	-	(1,286)	(41,423)	-	(100,949)
NET REVENUE (DEFICIT)	\$ 15,398	\$ 42,842	\$ 8,475	\$ 1,286	\$ 41,423	\$ 32,666	\$ (59,808)

The accompanying notes are an integral part of these financial statements.

SUMMER VILLAGE OF BIRCHCLIFF
Schedule of Segmented Information
For the Year Ended December 31, 2020

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Roadways	Wastewater & Garbage	All Other	Total
REVENUE							
Taxation	\$ 160,776	\$ 14,959	\$ 43,768	\$ 64,827	\$ 32,917	\$ -	\$ 317,247
Sales and user charges	850	-	-	-	85,208	-	86,058
Government transfers	17,628	-	-	-	-	-	17,628
All other	-	-	-	-	-	17,259	17,259
Interest	6,092	-	-	-	-	-	6,092
	185,346	14,959	43,768	64,827	118,125	17,259	444,284
EXPENSES							
Contracted and general services	60,083	10,913	43,768	64,827	143,152	6,002	328,745
Salaries, wages and benefits	114,880	-	-	-	-	10,851	125,731
Materials, goods, and supplies	10,383	4,046	-	-	-	-	14,429
	185,346	14,959	43,768	64,827	143,152	16,853	468,905
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	(25,027)	406	(24,621)
Amortization	(6,110)	(5,142)	-	(7,234)	(40,221)	-	(58,707)
NET REVENUE (DEFICIT)	\$ 6,110	\$ 5,142	\$ -	\$ 7,234	\$ 15,194	\$ 406	\$ (83,328)

The accompanying notes are an integral part of these financial statements.

1. ACCOUNTING POLICIES

The financial statements of the Summer Village of Birchcliff (the "Summer Village") are the representations of management, prepared in accordance with Canadian public sector accounting standards. 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 expenses of the reporting entity. The entity is comprised of the municipal operations and all the organizations that are owned or controlled by the Summer Village and are, therefore, accountable to Summer Village for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Summer Village has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Cash and cash equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition. Cash consists of an operating account at a financial institution.

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Village has used estimates to determine the useful lives of tangible capital assets.

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1. ACCOUNTING POLICIES (continued)*(e) Tax Revenue*

Property tax revenue is recognized as revenue in the year it is levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality and recognized as revenue in the year the local improvement tax is levied.

(f) 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:

Engineered structures:	
Wastewater system	20 & 75 years
Roadway system	10 years
Machinery and equipment	10 & 20 years
Buildings	25 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

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

(g) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Summer Village is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(h) 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.

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1. ACCOUNTING POLICIES *(continued)*

(i) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

(j) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

SUMMER VILLAGE OF BIRCHCLIFF**Notes to Financial Statements****December 31, 2021****2. RECEIVABLES**

	2021	2020
Goods and Services Tax	\$ 15,027	\$ 19,768
Trade and other	9,740	4,048
Taxes and grants in place of taxes	4,411	42,223
	\$ 29,178	\$ 66,039

3. DEFERRED REVENUE

	2020	Funds Received	Funds Used	2021
Municipal Sustainability Initiative	\$ 71,271	\$ 167,794	\$ (189,030)	\$ 50,035
Other	539	-	-	539
Canada Community-Building Fund	-	23,700	(23,187)	513
Municipal Operating Support Transfer	10,153	-	(10,153)	-
Municipal Sustainability Program	-	-	-	-
	\$ 81,963	\$ 191,494	\$ (222,370)	\$ 51,087

4. DUE TO (FROM) OTHER SYLVAN SUMMER VILLAGES

During 2013, the Summer Villages Jarvis Bay, Norglenwold, Halfmoon Bay, Sunbreaker Cove, and Birchcliff entered into a Co-ownership Agreement ("the Agreement") for the purchase of an Administration Building. Under the terms of this Agreement each of the five Summer Villages has a 20% interest in the Administration Building.

During 2021, the Summer Villages of Jarvis Bay, Norglenwold, Halfmoon Bay, Sunbreaker Cove, and Birchcliff entered into a Co-ownership Agreement ("the Agreement") for the purchase of a new Administration Building. Under the terms of this Agreement each of the five Summer Villages has a 20% interest in the new Administration Building.

In the event that any of the Summer Villages elect to sell either of the buildings, each of the Summer Village will proportionately receive a return of their initial contribution and all remaining proceeds will be divided equally.

	2021	2020
Due to other Sylvan Summer Villages		
Due to Jarvis Bay	\$ 150,522	\$ -
Due to Norglenwold	140,002	70,812
	\$ 290,524	\$ 70,812

SUMMER VILLAGE OF BIRCHCLIFF

Notes to Financial Statements

December 31, 2021

5. TANGIBLE CAPITAL ASSETS

	2021 Net Book Value	2020 Net Book Value
Engineered structures		
Roadways	\$ 4,363	\$ 5,236
Wastewater systems	2,316,898	2,334,296
	2,321,261	2,339,532
Land	7,100	100
Buildings	272,442	65,350
Land improvements	527,781	376,450
Machinery and equipment	66,400	69,733
	<u>\$ 3,194,984</u>	<u>\$ 2,851,165</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 413,036	\$ -	\$ -	\$ -	\$ 413,036
Wastewater systems	2,504,476	24,025	-	-	2,528,501
	2,917,512	24,025	-	-	2,941,537
Buildings	95,812	219,713	-	-	315,525
Machinery and equipment	94,716	5,000	-	-	99,716
Land	100	7,000	-	-	7,100
Land improvements	376,450	189,030	-	-	565,480
	<u>\$ 3,484,590</u>	<u>\$ 444,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,929,358</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 407,800	\$ 873	\$ -	\$ -	\$ 408,673
Wastewater systems	170,180	41,423	-	-	211,603
	577,980	42,296	-	-	620,276
Buildings	30,462	12,621	-	-	43,083
Machinery and equipment	24,983	8,333	-	-	33,316
Land improvements	-	37,699	-	-	37,699
	<u>\$ 633,425</u>	<u>\$ 100,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734,374</u>

SUMMER VILLAGE OF BIRCHCLIFF**Notes to Financial Statements****December 31, 2021****6. ACCUMULATED SURPLUS**

	2021	2020
Unrestricted surplus	\$ 46,792	\$ -
Restricted surplus		
Operating reserves (Note 7)	23,862	23,862
Capital reserves (Note 7)	411,763	430,253
Equity in tangible capital assets (Schedule 1)	2,904,460	2,780,353
	<u>\$ 3,386,877</u>	<u>\$ 3,234,468</u>

7. RESERVES

	2021	2020
Operating Reserves		
Sewer	\$ 19,360	\$ 19,360
General contingencies	4,502	4,502
	<u>\$ 23,862</u>	<u>\$ 23,862</u>
 Capital Reserves		
Pathways	\$ 157,800	\$ 159,000
Roads	152,014	163,389
Wastewater	93,913	93,913
Environmental	5,562	7,977
Fleet	1,974	974
Information and technology	500	5,000
	<u>\$ 411,763</u>	<u>\$ 430,253</u>

8. CONTINGENT LIABILITIES

- a) The Summer Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Summer Village could become liable for its proportionate shares 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.
- b) The Summer Village is a member of the Sylvan Lake Regional Wastewater Commission. Under the terms of this membership the Summer Village is liable for its proportionate share of any losses incurred by the Commission. Any liability would be accounted for in the year the losses are determined.

9. CONTRACTUAL OBLIGATIONS

- a) The Summer Village has entered into an agreement for basic assessment services for a five year term commencing April 2020 expiring March 2025. The cost of assessment services will be \$7,700, per year over the five years.
- b) The Summer Village has entered into an agreement for fire emergency response services with the Town of Sylvan Lake for a four year term commencing January 2020 expiring December 2023. The cost of services will be \$12,975 annually.

10. 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 be disclosed as follows:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 690,920	\$ 666,426
Total debt	-	-
Total debt limit remaining	\$ 690,920	\$ 666,426
Service on debt limit	\$ 115,153	\$ 111,071
Service on debt	-	-
Total service on debt limit remaining	\$ 115,153	\$ 111,071

The debt limit is calculated at 1.5 times revenue of the Summer Village (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Summer Village. Rather, the financial statements must be interpreted as a whole.

11. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. It is management's opinion that the Summer Village is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Summer Village is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Summer Village's credit risk.

12. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Summer Village officials, the Summer Village Chief Administrative Officer and designated officers are required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits (2)	2021	2020
Mayor Dufresne	\$ 4,300	\$ 50	\$ 4,350	\$ 5,980
Councillors				
Zacharias	3,700	171	3,871	2,700
Tirpak	2,700	23	2,723	1,500
	\$ 10,700	\$ 244	\$ 10,944	\$ 10,180
Chief Administrative Officer				
Evans	\$ 22,953	\$ 1,834	\$ 24,787	\$ 24,934
Designated officer				
Assessor	\$ 7,900	\$ -	\$ 7,900	\$ 8,100

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

(3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

13. SEGMENTED INFORMATION

The Summer Village provides a range of services to its citizens. 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.

14. BUDGET FIGURES

The 2021 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on December 21, 2020. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2021 Budget	2021 Actual
Annual surplus	\$ 206,500	\$ 152,409
Purchase of tangible capital assets	(240,000)	(444,768)
Transfer (to) from reserves	33,500	18,490
	\$ -	\$ (273,869)

The Summer Village does not provide for amortization in its operating budget.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
