
**SUMMER VILLAGE OF WHISPERING HILLS
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

SUMMER VILLAGE OF WHISPERING HILLS

DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF COUNCIL OF
SUMMER VILLAGE OF WHISPERING HILLS**

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated statements of the Summer Village of Whispering Hills, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

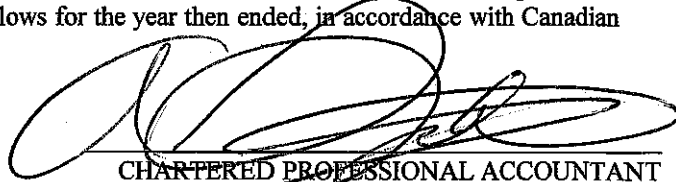
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Summer Village of Whispering Hills as at December 31, 2016 and the results its operations, the change in its net financial assets and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

EDMONTON, ALBERTA
APRIL 21, 2017


CHARTERED PROFESSIONAL ACCOUNTANT

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED FINANCIAL POSITION
DECEMBER 31, 2016**

	<u>2016</u>	2015
FINANCIAL ASSETS		
Cash (Note 2)	\$ 273,917	\$ 308,203
Taxes receivable (Note 3)	25,547	29,802
Accounts receivable (Note 9)	173,802	146,604
Goods and services tax receivable	20,648	10,693
	<hr/> 493,914	<hr/> 495,302
LIABILITIES		
Accounts payable and accrued liabilities	10,046	2,231
Prepaid taxes	1,634	4,098
Deferred revenue (Note 4)	164,730	70,232
Long term debt (Note 5)	121,335	141,824
	<hr/> 297,745	<hr/> 218,385
NET FINANCIAL ASSETS	196,169	276,917
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 2, Note 7)	742,448	705,442
Prepaid expense	1,652	3,247
	<hr/> 744,100	<hr/> 708,689
ACCUMULATED SURPLUS (Schedule 1, Note 5)	<hr/> \$ 940,269	<hr/> \$ 985,606

CONTINGENCIES (Note 9)

APPROVED BY COUNCIL

_____ MAYOR

_____ COUNCILLOR

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016**

	<u>BUDGET</u>	<u>2016</u>	2015
REVENUE			
Net municipal taxes (Schedule 3)	\$ 146,528	\$ 146,930	\$ 143,548
Government transfers for operating (Schedule 4)	8,000	19,111	10,020
Other revenues	8,712	8,727	5,169
Penalties and costs of taxes	6,500	7,713	8,140
Investment income	375	430	417
TOTAL REVENUE	170,115	182,911	167,294
EXPENSES			
Administration	77,764	59,289	59,684
Parks and recreation	35,000	58,963	40,085
Amortization	-	40,576	41,956
Waste management	24,896	25,024	21,462
Culture	8,965	13,072	8,796
Roads, streets, walks and lighting	11,500	12,581	9,745
Legislative	7,500	10,389	9,616
Fire and bylaws enforcement	4,490	8,354	3,398
Land use zoning, planning and development	-	-	2,086
TOTAL EXPENSES	170,115	228,248	196,828
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	-	(45,337)	(29,534)
OTHER			
Government transfers for capital (Schedule 4)	-	-	25,299
EXCESS OF REVENUE OVER EXPENSES	-	(45,337)	(4,235)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	985,606	985,606	989,841
ACCUMULATED SURPLUS, END OF YEAR	\$ 985,606	\$ 940,269	\$ 985,606

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

	<u>BUDGET</u>	<u>2016</u>	2015
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ -	\$ (45,337)	\$ (4,235)
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(77,581)	(41,990)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	-	40,576	41,956
	<u>-</u>	<u>(37,005)</u>	<u>(34)</u>
USE OF PREPAID ASSETS	-	1,594	337
INCREASE IN NET FINANCIAL ASSETS	-	(80,748)	(3,932)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>276,917</u>	<u>276,917</u>	<u>280,849</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 276,917</u>	<u>\$ 196,169</u>	<u>\$ 276,917</u>

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	2015
OPERATING		
Cash received from rate payers	\$ 278,355	\$ 263,623
Cash received from government transfers	113,609	105,551
Cash received (paid) from other services and development recovery	(27,197)	47,772
Cash received from investments	430	417
Cash paid for expenses	(188,221)	(153,347)
Cash paid for requisitions	(113,193)	(108,249)
	<u>63,783</u>	<u>155,767</u>
CAPITAL		
Purchases of tangible capital assets	(77,581)	(46,939)
FINANCING		
Long term debt repaid	(20,488)	(20,031)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(34,286)	88,797
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>308,203</u>	<u>219,406</u>
CASH AND EQUIVALENTS, END OF YEAR (Note 2)	<u>\$ 273,917</u>	<u>\$ 308,203</u>

**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 YEAR ENDED DECEMBER 31, 2016**

SCHEDULE 1

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2016	2015
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	268,514	153,472	563,620	985,606	989,841
Excess (deficiency) of revenues over expenses	(45,337)	-	-	(45,337)	(4,235)
Unrestricted funds designated for future use	(3,712)	3,712	-	-	-
Restricted funds used for operations	130,718	(130,718)	-	-	-
Current year funds used for tangible capital assets	(77,581)	-	77,581	-	-
Annual amortization expense	40,576	-	(40,576)	-	-
Long term debt repaid	(20,488)	-	20,488	-	-
Change in accumulated surplus	24,176	(127,006)	57,493	(45,337)	(4,235)
BALANCE, END OF YEAR	292,690	26,466	621,113	940,269	985,606

**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2016**

SCHEDULE 2

COST:	LAND	BUILDING	LAND IMPROVEMENTS	ENGINEERED STRUCTURES	MACHINERY & EQUIPMENT	VEHICLES	2016		2015
Balance, beginning of year	\$ 162,000	\$ 99,809	\$ 60,083	\$ 512,009	\$ 106,225	\$ 19,838	\$ 959,964	\$ 922,224	
Acquisition of tangible capital assets	-	-	-	76,712	870	-	77,582	47,739	
Disposal of capital assets	-	-	-	-	-	-	-	9,999	
Balance, end of year	162,000	99,809	60,083	588,721	107,095	19,838	1,037,546	959,964	

ACCUMULATED AMORTIZATION:

Balance, beginning of year		6,508	23,737	176,137	41,668	6,472	254,522	216,816	
Disposals	-	-	-	-	-	-	-	4,250	
Annual amortization	-	1,996	4,006	27,518	5,333	1,723	40,576	41,956	
Balance, end of year	-	8,504	27,743	203,655	47,001	8,195	295,098	254,522	

NET BOOK VALUE OF

TANGIBLE CAPITAL ASSETS	\$ 162,000	\$ 91,305	\$ 32,340	\$ 385,066	\$ 60,094	\$ 11,643	\$ 742,448	\$ 705,442	
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2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS

	\$ 162,000	\$ 93,301	\$ 36,346	\$ 335,872	\$ 64,557	\$ 13,366	\$ 705,442		
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**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF PROPERTY AND OTHER TAXES
 YEAR ENDED DECEMBER 31, 2016**

SCHEDULE 3

	<u>BUDGET</u>	<u>2016</u>	2015
TAXATION			
Real property taxes	\$ 257,864	\$ 258,266	\$ 249,882
Linear property taxes	1,857	1,857	1,915
	<hr/> 259,721	<hr/> 260,123	<hr/> 251,797
REQUISITION			
Alberta School Foundation Fund	109,823	109,823	105,373
Greater North Foundation	3,370	3,370	2,876
	<hr/> 113,193	<hr/> 113,193	<hr/> 108,249
NET MUNICIPAL TAXES	<hr/> <hr/> \$ 146,528	<hr/> <hr/> \$ 146,930	<hr/> <hr/> \$ 143,548

**SUMMER VILLAGE OF WHISPERING HILLS
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2016**

SCHEDULE 4

	<u>BUDGET</u>	<u>2016</u>	2015
TRANSFERS FOR OPERATING			
Provincial government	\$ 8,000	\$ 19,111	\$ 10,020
TRANSFERS FOR CAPITAL			
Provincial government	-	-	25,299
TOTAL GOVERNMENT TRANSFERS	\$ 8,000	\$ 19,111	\$ 35,319

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

SCHEDULE 5

	<u>BUDGET</u>	<u>2016</u>	2015
EXPENSES			
Contracted and general services	\$ 105,632	\$ 131,211	\$ 107,134
Amortization of tangible capital assets	-	40,576	41,956
Salaries wages and benefits	34,518	37,629	33,452
Materials goods and utilities	10,965	15,738	10,759
Interest on term debt	19,000	3,094	3,527
TOTAL EXPENDITURE	\$ 170,115	\$ 228,248	\$ 196,828

SUMMER VILLAGE OF WHISPERING HILLS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Summer Village of Whispering Hills are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Summer Village are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations of all of the organizations that are owned or controlled by the Summer Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of estimates

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

(d) Investments

Investments are recorded at amortized cost.

(e) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**SUMMER VILLAGE OF WHISPERING HILLS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Requisition Over-levy and Under-levy

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

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

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

(g) Tax Revenue

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

Requisitions operate as a flow through and are excluded from municipal revenue.

(h) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the results of a direct financial return. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(i) Non-Financial Assets

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

(j) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Buildings	50 years
Engineered structures - roads	20 years
Machinery and equipment	20 years
Vehicles	10 years
Land Improvements	15 years

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

**SUMMER VILLAGE OF WHISPERING HILLS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. CASH

	<u>2016</u>	2015
Cash	\$ <u>273,917</u>	\$ <u>308,203</u>

3. TAXES RECEIVABLE

	<u>2016</u>	2015
Current taxes	\$ 19,447	\$ 24,291
Arrears	<u>6,100</u>	<u>5,511</u>
	\$ <u>25,547</u>	\$ <u>29,802</u>

4. DEFERRED REVENUE

	<u>2016</u>	2015
Municipal Sustainability Grant - Capital	\$ <u>164,730</u>	\$ <u>70,232</u>

5. LONG TERM DEBT

	<u>2016</u>	2015
Tax supported debentures	\$ <u>121,335</u>	\$ <u>141,824</u>

The current portion of the long term debt amounts to \$20, 956 (2015 - \$20,488).

Principal and interest payments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
2017	\$ 20,956	2,635	23,591
2018	21,434	2,157	23,591
2019	21,923	1,668	23,591
2020	22,424	1,167	23,591
2021	22,935	656	23,591
Thereafter	<u>11,663</u>	<u>132</u>	<u>11,795</u>
	\$ <u>121,335</u>	\$ <u>8,415</u>	\$ <u>129,750</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 2.269% per annum and matures in 2022.

Debenture debt is issued on credit and security of the Summer Village at large.

Interest on long term debt amounted to \$3,094 (2015 - \$3,527).

SUMMER VILLAGE OF WHISPERING HILLS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

5. ACCUMULATED SURPLUS

	2016	2015
Unrestricted surplus	\$ 292,690	\$ 268,514
Equity in tangible capital assets	621,113	563,620
Restricted surplus		
Municipal Sustainability Initiative - Capital	22,754	121,356
Greater North Foundation	3,712	-
Alberta Municipal Infrastructure Program	-	8,550
Federal Gas Tax Fund	-	11,966
Basic Transportation	-	11,600
Total restricted surplus	<u>26,466</u>	<u>153,472</u>
	<u>\$ 940,269</u>	<u>\$ 985,606</u>

6. DEBT LIMITS

Section 276 (2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Summer Village of Whispering Hills be disclosed as follows:

	<u>2016</u>	2015
Total debt limit	\$ 274,367	\$ 250,941
Total debt	<u>121,335</u>	<u>141,824</u>
Amount total debt limit unused	<u>\$ 153,032</u>	<u>109,117</u>
Debt servicing limit	\$ 45,728	41,824
Debt servicing	<u>23,591</u>	<u>23,591</u>
Amount of debt servicing limit unused	<u>\$ 22,137</u>	<u>18,233</u>

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

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	Net 2016	Net 2015
Tangible capital assets (Schedule 2)	\$ 1,037,546	\$ 959,966
Accumulated amortization (Schedule 2)	(295,098)	(254,522)
Long term debt (Note 6)	<u>(121,335)</u>	<u>(141,824)</u>
	<u>\$ 621,113</u>	<u>\$ 563,620</u>

**SUMMER VILLAGE OF WHISPERING HILLS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016**

8. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	2016			2015
	Salary	Allowances	Total	Total
Mayor:				
Dennis Irving	\$ 5,750	\$ 1,358	\$ 7,108	5,583
Councillors:				
Dan Galloway	1,050	634	1,684	2,312
Mark Hair	750	557	1,307	1,552
Curtis Schoepp	150	140	290	-
Village Administrator	29,721	2,678	32,399	28,810

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

(2) Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including travel allowance.

9. CONTINGENCIES

The Summer Village of Whispering Hills has an ongoing legal issue with a Developer. In August 2015, the Summer Village issued a stop order under section 645 of the *Municipal Government Act* to the Developer. In 2016, the Developer failed to comply with the stop order. According to Section 646 of the *Act*, the Summer Village registered a caveat under the *Land Titles Act* against the title of the land and added the costs and expenses of enforcing the stop order to the tax roll (Section 553(h.1)), creating a significant accounts receivable balance. The Summer Village expects to recover the receivable when the land is sold, however, a bad debt may arise if the land is sold for less than the value of accounts receivable. Any bad debt would be accounted for as a current transaction in the year the losses are determined.

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

**SUMMER VILLAGE OF WHISPERING HILLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

10. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash, taxes and grants in place of taxes, accounts receivable, accounts payable and accrued liabilities, prepaid taxes and deferred revenue. It is management's opinion that the Summer Village is not exposed to significant interest or current risks arising from these financial instruments.

The Summer Village is subject to credit risk with respect to taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Summer Village provides services may experience financial difficulty and be unable to fulfill their obligations. The number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

11. APPROVAL OF FINANCIAL STATEMENTS

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