
**SUMMER VILLAGE OF WHISPERING HILLS
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Al Scherbarth
Professional Corporation
CERTIFIED MANAGEMENT ACCOUNTANT

SUMMER VILLAGE OF WHISPERING HILLS

DECEMBER 31, 2010

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AUDITOR'S REPORT

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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 , which comprise the statement of financial position as at December 31, 2010, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.. My responsibility is to express an opinion on these financial statements based on my audit

Management's Responsibility for the Consolidated Financial Statements.

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

Auditor's Responsibility

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

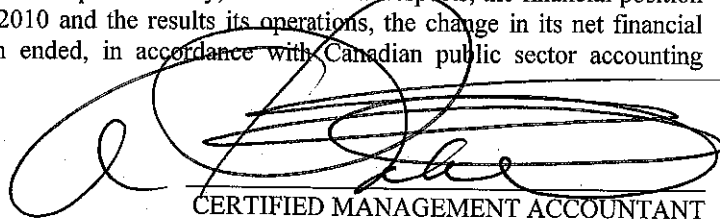
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements,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

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Summer Village as at December 31, 2010 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 15, 2011



CERTIFIED MANAGEMENT ACCOUNTANT

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 342,525	\$ 201,187
Taxes and grants in lieu receivables (Note 3)	5,481	10,362
Trade and other receivable	24,393	15,556
	<u>372,399</u>	<u>227,105</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,390	11,533
Deferred revenue (Note 5)	104,930	-
Tax recovery surplus	-	4,853
Long term debt (Note 6)	52,241	71,860
	<u>159,561</u>	<u>88,246</u>
NET FINANCIAL ASSETS	212,838	138,859
NON FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	716,017	658,855
Prepaid expenses	990	21,891
	<u>717,007</u>	<u>680,746</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 929,845</u>	<u>\$ 819,605</u>

APPROVED BY COUNCIL

MAYOR

COUNCILLOR

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2010**

	BUDGET	2010	2009
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	\$ 110,602	\$ 110,602	\$ 110,728
Other revenues	110,000	104,961	17,216
Government transfers for operating (Schedule 4)	11,571	39,251	79,300
Penalties and costs on taxes	2,800	7,845	2,778
Return on investments	600	474	734
TOTAL REVENUE	235,573	263,133	210,756
EXPENSE			
Administration	44,984	46,352	38,835
Roads streets walks lighting	16,371	30,576	30,514
Amortization of capital assets	29,000	29,904	27,443
Recreation and parks	17,000	23,951	41,130
Legislative	7,200	10,928	5,934
Waste management	8,086	7,286	7,668
Fire and bylaws enforcement	2,876	2,876	3,277
Culture: libraries museums halls	1,020	1,020	963
Ambulance	-	-	2,595
TOTAL EXPENSES	126,537	152,893	158,359
EXCESS OF REVENUE OVER EXPENDITURES -BEFORE OTHER	109,036	110,240	52,397
OTHER			
Government transfers to capital (Schedule 4)	104,930	-	22,460
EXCESS OF REVENUE OVER EXPENDITURES	213,966	110,240	74,857
ACCUMULATED SURPLUS BEGINNING OF YEAR	819,605	819,605	744,748
ACCUMULATED SURPLUS END OF YEAR	\$ 1,033,571	\$ 929,845	\$ 819,605

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF CHANGE IN NET
FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2010**

	BUDGET	2010	2009
EXCESS OF REVENUE OVER EXPENSES	\$ <u>213,966</u>	\$ <u>110,240</u>	\$ <u>74,857</u>
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(96,000)	(87,066)	-
AMORTIZATION OF CAPITAL ASSETS	<u>29,000</u>	<u>29,904</u>	<u>27,443</u>
	<u>(67,000)</u>	<u>(57,162)</u>	<u>27,443</u>
DECREASE (INCREASE) OF PREPAID ASSETS	<u>-</u>	<u>20,901</u>	<u>(20,897)</u>
INCREASE IN NET FINANCIAL ASSETS	146,966	73,979	81,403
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>138,859</u>	<u>138,859</u>	<u>57,456</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>285,825</u>	\$ <u>212,838</u>	\$ <u>138,859</u>

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
OPERATING		
Cash received from tax payers	\$ 196,915	\$ 185,313
Cash received from Grants	144,181	101,760
Cash from other services	107,805	18,090
Cash received from investments	408	1,382
Cash paid for requisitions	(78,440)	(76,903)
Cash paid for expenses	(122,846)	(136,802)
	<u>248,023</u>	<u>92,840</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(87,066)	-
FINANCING ACTIVITIES		
Long term debt repaid	(19,619)	(18,928)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	141,338	73,912
NET CASH AND TEMPORARY INVESTMENT AT BEGINNING OF YEAR	201,187	127,275
NET CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	\$ 342,525	\$ 201,187

**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 YEAR ENDED DECEMBER 31, 2010**

SCHEDULE I

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2010	2009
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	11,870	220,740	586,995	819,605	744,748
Excess (deficiency) of revenues over expenses	110,240	-	-	110,240	74,857
Current year funds used for tangible capital assets	(87,066)	-	87,066	-	-
Annual amortization expense	29,904	-	(29,904)	-	-
Long term debt repaid	(19,619)	-	19,619	-	-
Change in accumulated surplus	33,459	-	76,781	110,240	74,857
BALANCE, END OF YEAR	45,329	220,740	663,776	929,845	819,605

**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2010**

SCHEDULE 2

	<u>LAND</u>	<u>LAND IMPROVEMENTS</u>	<u>ENGINEERED STRUCTURES</u>	<u>MACHINERY & EQUIPMENT</u>	<u>VEHICLES</u>	<u>2010</u>	<u>2009</u>
COST:							
Balance, beginning of year	\$ 162,000	\$ -	\$ 460,000	\$ 78,539	\$ 5,157	\$ 705,696	\$ 406,613
Acquisition of tangible capital assets		51,282	5,710	20,075	9,999	87,066	299,083
Balance, end of year	162,000	51,282	465,710	98,614	15,156	792,762	705,696
ACCUMULATED AMORTIZATION:							
Balance, beginning of year		-	34,500	10,535	1,806	46,841	19,398
Annual amortization		1,709	23,000	4,429	766	29,904	27,443
Balance, end of year		1,709	57,500	14,964	2,572	76,745	46,841
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	162,000	49,573	408,210	83,650	12,584	716,017	658,855

**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF PROPERTY AND OTHER TAXES
 YEAR ENDED DECEMBER 31, 2010**

SCHEDULE 3

	BUDGET	2010	2009
TAXATION			
Real property taxes	\$ 187,336	\$ 187,336	\$ 185,539
Linear property taxes	1,706	1,706	2,092
	189,042	189,042	187,631
REQUISITION			
Alberta School Foundation	75,117	75,117	73,950
Great Northern Foundation	3,323	3,323	2,953
	78,440	78,440	76,903
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	\$ 110,602	\$ 110,602	\$ 110,728

**SUMMER VILLAGE OF WHISPERING HILLS
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2010**

SCHEDULE 4

	BUDGET	<u>2010</u>	<u>2009</u>
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 60,213	\$ 39,251	\$ 79,300
TRANSFERS FOR CAPITAL:			
Provincial Government	104,930	-	22,460
TOTAL GOVERNMENT TRANSFERS	\$ 165,143	\$ 39,251	\$ 101,760

**SCHEDULE OF OPERATING EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2010**

SCHEDULE 5

	BUDGET	<u>2010</u>	<u>2009</u>
EXPENDITURES			
Contracted and general services	\$ 60,213	\$ 85,712	\$ 106,327
Amortization	29,000	29,904	27,443
Salaries wages and benefits	24,000	24,035	20,063
Materials goods supplies and utilities	11,000	10,918	1,800
Interest on long term debt	2,324	2,324	2,726
TOTAL EXPENDITURE	\$ 126,537	\$ 152,893	\$ 158,359

SUMMER VILLAGE OF WHISPERING HILLS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Summer Village of Whispering Hills 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 Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Summer Village are as follows:

(a) Reporting Entity

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

(b) Basis of Accounting

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

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

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

(c) Use of estimates

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

(d) Investments

Investments are recorded at amortized cost.

(e) Government Transfers

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

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

**SUMMER VILLAGE OF WHISPERING HILLS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Requisition Over-levy and Under-levy

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

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

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

(g) Non-Financial Assets

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

(h) Tangible Capital Assets

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

Engineered structures - roads	20 years
Machinery and equipment	20 years
Vehicles	10 years
Vehicles	10 years
Land improvements	15 years

2. CASH AND TEMPORARY INVESTMENTS

	<u>2010</u>	<u>2009</u>
Cash	\$ 326,653	\$ 185,315
Guaranteed Investment Certificates	<u>15,872</u>	<u>15,872</u>
	<u>\$ 342,525</u>	<u>\$ 201,187</u>

The guaranteed investment certificates are held by ATB Financial with an interest rate of 0.20 % maturing in June 2010.

**SUMMER VILLAGE OF WHISPERING HILLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2010</u>	<u>2009</u>
Current:		
Current taxes and grants in lieu	\$ 5,481	\$ 6,775
Non- current:		
Tax arrears and grants in lieu	<u>-</u>	<u>3,587</u>
	<u>\$ 5,481</u>	<u>\$ 10,362</u>

4. TANGIBLE CAPITAL ASSETS

	<u>2010</u>	<u>2009</u>
	<u>Net</u>	<u>Net</u>
Land	\$ 162,000	\$ 162,000
Land Improvements	49,573	-
Engineering structures - roadway system	408,210	425,500
Machinery & equipment	83,650	68,004
Vehicles	<u>12,584</u>	<u>3,351</u>
	<u>\$ 716,017</u>	<u>\$ 658,855</u>

5. DEFERRED REVENUE

	<u>2010</u>	<u>2009</u>
Street improvement grant	\$ 12,166	\$ -
New deals grant	11,966	-
Municipal sustainability grant	<u>80,798</u>	<u>-</u>
	<u>\$ 104,930</u>	<u>\$ -</u>

6. LONG TERM DEBT

	<u>2010</u>	<u>2009</u>
Tax supported debentures	<u>\$ 52,241</u>	<u>\$ 71,860</u>

The current portion of the long term debt amounts to \$ 20,336. Principal and interest repayments are as follows:

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 20,336	1,709	\$ 22,045
2012	21,079	966	22,045
2013	<u>10,826</u>	<u>196</u>	<u>11,022</u>
	<u>\$ 52,241</u>	<u>2,871</u>	<u>\$ 55,112</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 3.62% per annum, and matures in 2013. Debenture debt is issued on the credit and security of the Summer Village at large.

Interest expense on long term debt for 2010 is \$ 2,324.

**SUMMER VILLAGE OF WHISPERING HILLS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010**

7. 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:

	2010			2009
	Salary	Allowances	Total	Total
Mayor				
Dennis Irving	4,300	2,658	6,958	1,620
Councillors				
Dan Galloway	400	552	952	1,868
Mark Hair	1,700	1,552	3,252	2,254
Village Administrator	17,635	757	18,392	15,324

(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.

8. DEBT LIMITS

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

Total debt limit	\$ 394,700
Total debt	<u>52,241</u>
Amount total debt limit unused	\$ <u>(342,459)</u>
Service on debt limit	\$ 65,783
Service on debt	<u>22,045</u>
Amount service on debt limit unused	\$ <u>(43,738)</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 WHISPERING HILLS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010**

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	Net <u>2010</u>	Net <u>2009</u>
Net tangible capital assets (Schedule 2)	\$ 792,762	\$ 705,696
Accumulated amortization (Schedule 2)	(76,745)	(46,841)
Long term debt (Note 6)	<u>(52,241)</u>	<u>(71,860)</u>
	<u>\$ 663,776</u>	<u>\$ 586,995</u>

10. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Summer Village is not exposed to significant interest or currency risks arising from these financial instruments.

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

11. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.