
**SUMMER VILLAGE OF WHISPERING HILLS
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Al Scherbarth
Professional Corporation
Chartered Professional Accountant

SUMMER VILLAGE OF WHISPERING HILLS

DECEMBER 31, 2015

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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, 2015, 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, 2015 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 7, 2016


CHARTERED PROFESSIONAL ACCOUNTANT

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments	\$ 308,203	\$ 219,406
Taxes and grants in lieu receivables (Note 2)	29,802	25,230
Trade and other receivable	146,604	194,376
GST recoverable	10,693	4,862
	<u>495,302</u>	<u>443,874</u>
LIABILITIES		
Accounts payable and accrued liabilities	6,326	1,169
Deferred revenue (Note 4)	70,232	-
Long term debt (Note 5)	141,824	161,855
	<u>218,382</u>	<u>163,024</u>
NET FINANCIAL ASSETS	276,920	280,850
NON FINANCIAL ASSETS		
Tangible Capital Assets (Note 3)	705,442	705,408
Prepaid expenses	3,247	3,584
	<u>708,689</u>	<u>708,992</u>
ACCUMULATED SURPLUS (NOTE 9)	\$ 985,609	\$ 989,842

APPROVED BY COUNCIL

_____ MAYOR

_____ COUNCILLOR

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015**

	BUDGET	2015	2014
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	\$ 142,549	\$ 143,548	\$ 128,880
Government transfers for operating (Schedule 4)	8,550	10,020	8,550
Penalties and costs on taxes	4,500	8,141	6,780
Other revenues	8,862	5,170	5,964
Return on investments	450	417	658
TOTAL REVENUE	164,911	167,296	150,832
EXPENSE			
Administration	46,950	59,684	58,433
Amortization of tangible capital assets	36,000	41,956	35,798
Recreation and parks	31,768	40,085	37,133
Waste management	18,500	21,462	17,755
Roads streets walks lighting	11,500	9,745	15,499
Legislative	7,500	9,616	8,642
Culture: libraries museums halls	9,000	8,796	8,755
Fire and bylaws enforcement	3,023	3,398	4,222
Planning and Development	-	2,086	-
Family and community support services	-	-	-
TOTAL EXPENSES	164,241	196,828	186,237
EXCESS OF REVENUE OVER EXPENDITURES -BEFORE OTHER	670	(29,532)	(35,405)
OTHER			
Government capital transfers (Schedule 4)	38,395	25,299	96,993
EXCESS OF REVENUE OVER EXPENDITURES	39,065	(4,233)	61,588
ACCUMULATED SURPLUS BEGINNING OF YEAR	989,842	989,842	928,254
ACCUMULATED SURPLUS END OF YEAR	\$ 1,028,907	\$ 985,609	\$ 989,842

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF CHANGE IN NET
FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2015**

	BUDGET	2015	2014
EXCESS OF REVENUE OVER EXPENSES	\$ <u>39,065</u>	\$ (4,233)	\$ 61,588
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(41,990)	(62,256)
AMORTIZATION OF CAPITAL ASSETS	<u>41,956</u>	<u>41,956</u>	<u>35,798</u>
	<u>41,956</u>	<u>(34)</u>	<u>(26,458)</u>
DECREASE (INCREASE) OF PREPAID ASSETS	<u>-</u>	<u>337</u>	<u>(3,584)</u>
INCREASE IN NET FINANCIAL ASSETS	81,021	(3,930)	31,546
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>280,850</u>	<u>280,850</u>	<u>249,304</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>361,871</u>	\$ <u>276,920</u>	\$ <u>280,850</u>

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
OPERATING		
Cash received from tax payers	\$ 258,456	\$ 233,397
Cash received from Grants	105,551	102,543
Cash from other services and development recovery	55,737	4,228
Cash received from investments	658	658
Cash paid for requisitions	(108,249)	(103,271)
Cash paid for expenses	(156,386)	(179,405)
	<u>155,767</u>	<u>58,150</u>
INVESTING ACTIVITIES		
Net purchase of capital assets	(46,939)	(62,256)
FINANCING ACTIVITIES		
Long term debt repaid	(20,031)	(19,148)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	88,797	(23,254)
NET CASH AND TEMPORARY INVESTMENT AT BEGINNING OF YEAR	219,406	242,660
NET CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	\$ 308,203	\$ 219,406

**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 YEAR ENDED DECEMBER 31, 2015**

SCHEDULE 1

	<u>UNRESTRICTED SURPLUS</u>	<u>RESTRICTED SURPLUS</u>	<u>EQUITY IN TANGIBLE CAPITAL ASSETS</u>	<u>2015</u>	<u>2014</u>
BALANCE, BEGINNING OF YEAR	\$ 130,962	\$ 153,472	\$ 705,408	\$ 989,842	\$ 928,254
Excess (deficiency) of revenues over expenses	(4,233)	-	-	(4,233)	61,588
Current year funds used for tangible capital assets	(41,990)	-	41,990	-	-
Annual amortization expense	41,956	-	(41,956)	-	-
Change in accumulated surplus	(4,267)	-	34	(4,233)	61,588
BALANCE, END OF YEAR	126,695	153,472	705,442	985,609	989,842

**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEAR ENDED DECEMBER 31, 2015**

SCHEDULE 2

	<u>LAND</u>	<u>BUILDING</u>	<u>LAND IMPROVEMENTS</u>	<u>ENGINEERED STRUCTURES</u>	<u>MACHINERY & EQUIPMENT</u>	<u>VEHICLES</u>	<u>2015</u>	<u>2014</u>
COST:								
Balance, beginning of year	\$ 162,000	\$ 99,809	\$ 51,282	\$ 486,710	\$ 105,179	\$ 17,244	\$ 922,224	\$ 859,968
Acquisition of tangible capital assets	-	-	8,801	25,299	1,046	12,593	47,739	62,256
Disposal of capital assets	-	-	-	-	-	9,999	9,999	-
Balance, end of year	162,000	99,809	60,083	512,009	106,225	19,838	959,964	922,224
ACCUMULATED AMORTIZATION:								
Balance, beginning of year	-	4,512	15,385	151,169	36,383	9,367	216,816	181,018
Disposals	-	-	-	-	-	4,250	4,250	-
Annual amortization	-	1,996	8,352	24,968	5,285	1,355	41,956	35,798
Balance, end of year	-	6,508	23,737	176,137	41,668	6,472	254,522	216,816

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 162,000	\$ 93,301	\$ 36,346	\$ 335,872	\$ 64,557	\$ 13,366	\$ 705,442	\$ 705,408
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**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF PROPERTY AND OTHER TAXES
 YEAR ENDED DECEMBER 31, 2015**

SCHEDULE 3

	BUDGET	2015	2014
TAXATION			
Real property taxes	\$ 248,883	\$ 249,882	\$ 230,307
Linear property taxes	1,915	1,915	1,844
	250,798	251,797	232,151
REQUISITION			
Alberta School Foundation	105,373	105,373	100,995
Great Northern Foundation	2,876	2,876	2,276
	108,249	108,249	103,271
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	\$ 142,549	\$ 143,548	\$ 128,880

**SUMMER VILLAGE OF WHISPERING HILLS
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2015**

SCHEDULE 4

	BUDGET	2015	2014
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 8,550	\$ 10,020	\$ 8,550
TRANSFERS FOR CAPITAL:			
Provincial Government	-	25,299	96,993
TOTAL GOVERNMENT TRANSFERS	\$ 8,550	\$ 35,319	\$ 105,543

**SCHEDULE OF OPERATING EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2015**

SCHEDULE 5

	BUDGET	2015	2014
EXPENDITURES			
Contracted and general services	\$ 79,716	\$ 107,118	\$ 100,787
Amortization	36,000	41,956	35,798
Salaries wages and benefits	34,000	33,472	30,960
Materials goods supplies and utilities	11,000	10,757	14,705
Interest on long term debt	3,525	3,525	3,987
TOTAL EXPENDITURE	\$ 164,241	\$ 196,828	\$ 186,237

SUMMER VILLAGE OF WHISPERING HILLS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, 2015**

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
Buildings	50 years

**SUMMER VILLAGE OF WHISPERING HILLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

2. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2015</u>	<u>2014</u>
Current:		
Current taxes and grants in lieu	\$ 24,291	\$ 19,414
Non- current:		
Tax arrears and grants in lieu	<u>5,511</u>	<u>5,816</u>
	<u>\$ 29,802</u>	<u>\$ 25,230</u>

3. TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
	<u>Net</u>	<u>Net</u>
Engineering structures - roadway system	\$ 335,872	\$ 335,541
Land	162,000	162,000
Machinery & equipment	64,557	68,796
Buildings	93,301	95,297
Land Improvements	36,346	35,897
Vehicles	<u>13,366</u>	<u>7,877</u>
	<u>\$ 705,442</u>	<u>\$ 705,408</u>

4. DEFERRED REVENUE

	<u>2015</u>	<u>2014</u>
Municipal sustainability grant	<u>\$ 70,232</u>	<u>\$ -</u>

5. LONG TERM DEBT

	<u>2015</u>	<u>2014</u>
Tax supported debentures	<u>\$ 141,824</u>	<u>\$ 161,855</u>

The current portion of the long term debt amounts to \$ 20,488. Principal and interest repayments are as follows:

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 20,488	\$ 3,103	\$ 23,591
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
Thereafter	<u>34,599</u>	<u>788</u>	<u>35,387</u>
	<u>\$ 141,824</u>	<u>11,518</u>	<u>\$ 153,342</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 2.269 % per annum, and matures in 2022. Debenture debt is issued on the credit and security of the Summer Village at large.

Interest expense on long term debt for 2015 is \$ 3,525.

**SUMMER VILLAGE OF WHISPERING HILLS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015**

6. 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:

	2015			2014
	Salary	Allowances	Total	Total
Mayor				
Dennis Irving	3,600	1,983	5,583	4,316
Councillors				
Dan Galloway	1,500	812	2,312	2,399
Mark Hair	600	597	1,197	1,552
Village Administrator	27,486	1,324	28,810	25,989

- (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.

7. 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	\$ 250,944
Total debt	<u>141,824</u>
Amount total debt limit unused	<u>\$ (109,120)</u>
Service on debt limit	\$ 41,824
Service on debt	<u>23,591</u>
Amount service on debt limit unused	<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.

**SUMMER VILLAGE OF WHISPERING HILLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>Net 2015</u>	<u>Net 2014</u>
Tangible capital assets (Schedule 2)	\$ 959,964	\$ 922,224
Accumulated amortization (Schedule 2)	<u>(254,522)</u>	<u>(216,816)</u>
	<u>\$ 705,442</u>	<u>\$ 705,408</u>

9. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ <u>126,695</u>	\$ <u>130,962</u>
Restricted surplus		
MSI - Capital	121,356	121,356
FGTF	11,966	11,966
Basic transportation	11,600	11,600
MSI - Operating	8,550	8,550
AMP Grant	-	-
SIP	-	-
NDCC	-	-
Total restricted surplus	<u>153,472</u>	<u>153,472</u>
Equity in tangible assets	<u>705,442</u>	<u>705,408</u>
	<u>\$ 985,609</u>	<u>\$ 989,842</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.