
**SUMMER VILLAGE OF WHISPERING HILLS
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMER VILLAGE OF WHISPERING HILLS

DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL: 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, 2017, 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, 2017 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 25, 2018

ORIGINAL SIGNED BY AUDITOR
CHARTERED PROFESSIONAL ACCOUNTANT

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED FINANCIAL POSITION
DECEMBER 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Cash (Note 2)	\$ 194,601	\$ 273,917
Receivables		
Taxes receivable (Note 3)	49,923	25,547
Trade and other receivables (Note 4)	201,907	173,802
Good and services tax receivable	25,458	20,648
	471,889	493,914
LIABILITIES		
Accounts payable and accrued liabilities	12,781	10,046
Prepaid taxes	3,144	1,634
Deferred revenue (Note 5)	109,875	164,730
Long term debt (Note 6)	100,379	121,335
	226,179	297,745
NET FINANCIAL ASSETS	245,710	196,169
NON-FINANCIAL ASSETS		
Tangible Capital Assets	899,855	742,448
Prepaid expense	1,591	1,652
	901,446	744,100
ACCUMULATED SURPLUS (Schedule 1)	\$ 1,147,156	\$ 940,269

APPROVED BY COUNCIL

_____ MAYOR

_____ COUNCILLOR

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017**

	BUDGET	2017	2016
REVENUE			
Net municipal taxes (Schedule 3)	\$ 158,627	\$ 156,735	\$ 146,930
Government transfers for operating (Schedule 4)	8,611	34,868	19,111
Penalties and costs of taxes	5,500	32,574	7,713
Other Revenues	12,512	15,341	8,727
ALARIE insurance allocation	-	6,854	-
Investment income	375	373	430
TOTAL REVENUE	185,625	246,745	182,911
EXPENSES			
Administration	86,535	75,791	59,289
Amortization	-	47,380	40,576
Parks and recreation	26,100	32,372	58,963
Waste management	25,024	25,478	25,024
Roads, streets, walks and lighting	12,500	15,273	12,581
Legislative	6,800	11,260	10,389
Culture	8,608	7,503	13,072
Fire and bylaws enforcement	4,847	4,517	8,354
Land use zoning, planning and development	-	1,400	-
TOTAL EXPENSES	170,414	220,974	228,248
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	15,211	25,771	(45,337)
OTHER			
Government transfers for capital (Schedule 4)	-	181,116	-
EXCESS OF REVENUE OVER EXPENSES	15,211	206,887	(45,337)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	940,269	940,269	985,606
ACCUMULATED SURPLUS, END OF YEAR	\$ 955,480	\$ 1,147,156	\$ 940,269

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF CHANGE IN NET
FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2017**

	BUDGET	2017	2016
EXCESS OF REVENUE OVER EXPENSES	\$ 15,211	\$ 206,887	\$ (45,337)
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(204,787)	(77,581)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>-</u>	<u>47,380</u>	<u>40,576</u>
	<u>-</u>	<u>(157,407)</u>	<u>(37,005)</u>
USE OF PREPAID ASSETS	<u>-</u>	<u>61</u>	<u>1,594</u>
INCREASE IN NET FINANCIAL ASSETS	15,211	49,541	(80,748)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>196,169</u>	<u>196,169</u>	<u>276,917</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 211,380</u>	<u>\$ 245,710</u>	<u>\$ 196,169</u>

**SUMMER VILLAGE OF WHISPERING HILLS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

	2017	2016
OPERATING		
Excess of revenues over expenditures	\$ 206,887	\$ (45,337)
Amortization	47,380	40,576
Non-cash changes to operations (net change):		
Decrease (increase) in taxes receivable	(24,376)	4,255
Decrease (increase) in trade and other receivables	(28,105)	(27,198)
Decrease (increase) in Goods and services tax receivable	(4,810)	(9,956)
Increase (decrease) in accounts payable and accrued liabilities	2,735	7,815
Increase (decrease) in prepaid taxes	1,510	(2,464)
Increase (decrease) in deferred revenue	(54,855)	94,498
Decrease (increase) in prepaid expenses	61	1,594
Cash provided by operating transactions	146,427	63,783
CAPITAL		
Purchases of tangible capital assets	(204,787)	(77,581)
INVESTING		
Long term debt repaid	(20,956)	(20,488)
CHANGE IN CASH DURING YEAR	(79,316)	(34,286)
CASH, BEGINNING OF YEAR	273,917	308,203
CASH, END OF YEAR (Note 2)	\$ 194,601	\$ 273,917

**RESTATED
NOTE 11**

**SUMMER VILLAGE OF WHISPERING HILLS
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 1

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 292,690	26,466	\$ 621,113	\$ 940,269	\$ 985,606
Excess (deficiency) of revenues over expenses	206,887	-	-	206,887	(45,337)
Restricted funds used for tangible capital assets	-	(22,754)	22,754	-	-
Current year funds used for tangible capital assets	(182,033)	-	182,033	-	-
Annual amortization expense	47,380	-	(47,380)	-	-
Long term debt repaid	(20,956)	-	20,956	-	-
Change in accumulated surplus	51,278	(22,754)	178,363	206,887	(45,337)
BALANCE, END OF YEAR	343,968	3,712	799,476	1,147,156	940,269

**SUMMER VILLAGE OF WHISPERING HILLS
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 2

	<u>LAND</u>	<u>BUILDING</u>	<u>LAND IMPROVEMENTS</u>	<u>ENGINEERED STRUCTURES</u>	<u>MACHINERY & EQUIPMENT</u>	<u>VEHICLES</u>	2017	2016
COST:								
Balance, beginning of year	\$ 162,000	\$ 99,809	\$ 60,083	\$ 588,721	\$ 107,095	\$ 19,838	\$ 1,037,546	\$ 959,964
Acquisition of tangible capital assets	-	-	-	203,870	917	-	204,787	77,582
Disposal of capital assets	-	-	-	-	-	-	-	-
Balance, end of year	162,000	99,809	60,083	792,591	108,012	19,838	1,242,333	1,037,546
ACCUMULATED AMORTIZATION:								
Balance, beginning of year		8,504	27,743	203,655	47,001	8,195	295,098	254,522
Disposals	-	-	-	-	-	-	-	-
Annual amortization	-	1,996	4,006	34,533	5,377	1,468	47,380	40,576
Balance, end of year	-	10,500	31,749	238,188	52,378	9,663	342,478	295,098
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 162,000	\$ 89,309	28,334	\$ 554,403	\$ 55,634	10,175	\$ 899,855	\$ 742,448

**SUMMER VILLAGE OF WHISPERING HILLS
 SCHEDULE OF PROPERTY AND OTHER TAXES
 YEAR ENDED DECEMBER 31, 2017**

	SCHEDULE 3		
	BUDGET	2017	2016
TAXATION			
Real property taxes	\$ 271,166	\$ 269,274	\$ 258,266
Linear property taxes	1,821	1,821	1,857
	<u>272,987</u>	<u>271,095</u>	<u>260,123</u>
REQUISITION			
Alberta School Foundation Fund	110,408	110,408	109,823
Greater North Foundation	3,952	3,952	3,370
	<u>114,360</u>	<u>114,360</u>	<u>113,193</u>
NET MUNICIPAL TAXES	<u>\$ 158,627</u>	<u>\$ 156,735</u>	<u>\$ 146,930</u>

**SUMMER VILLAGE OF WHISPERING HILLS
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2017**

	SCHEDULE 4		
	BUDGET	2017	2016
TRANSFERS FOR OPERATING			
Provincial government	\$ 8,611	\$ 34,868	\$ 19,111
TRANSFERS FOR CAPITAL			
Provincial government	-	181,116	-
TOTAL GOVERNMENT TRANSFERS	\$ 8,611	\$ 215,984	\$ 19,111

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2017**

	SCHEDULE 5		
	BUDGET	2017	2016
EXPENSES			
Contracted and general services	\$ 98,171	\$ 116,265	\$ 131,211
Amortization of tangible capital assets	-	47,380	40,576
Salaries wages and benefits	41,935	44,294	37,629
Materials goods and utilities	11,308	10,420	15,738
Interest on term debt	19,000	2,615	3,094
TOTAL EXPENDITURE	\$ 170,414	\$ 220,974	\$ 228,248

SUMMER VILLAGE OF WHISPERING HILLS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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 Chartered Professional Accountants 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, health, social and other external organizations that are not part of the municipality 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, 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Tax Revenue

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

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

(g) 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.

(h) 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.

(i) 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.

2. CASH

	2017	2016
Cash	\$ <u>194,601</u>	\$ <u>273,917</u>

Cash includes cash in the bank and temporary investments with original maturities of three months or less.

**SUMMER VILLAGE OF WHISPERING HILLS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. TAXES RECEIVABLE

	2017	2016
Current taxes	\$ 33,772	\$ 19,447
Arrears	<u>16,151</u>	<u>6,100</u>
	<u>\$ 49,923</u>	<u>\$ 25,547</u>

4. TRADE AND OTHER RECEIVABLES

The Summer Village of Whispering Hills had 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. During 2017, the property was foreclosed and ownership of property reverted to the bank. 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.

5. DEFERRED REVENUE

	2017	2016
Municipal Sustainability Grant - Capital	<u>\$ 109,875</u>	<u>\$ 164,730</u>

This funding was received in prior years from the Municipal Sustainability Initiative. This funding is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2018.

SUMMER VILLAGE OF WHISPERING HILLS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

6. LONG TERM DEBT

	2017	2016
Tax supported debentures	\$ <u>100,379</u>	\$ <u>121,335</u>

The current portion of the long term debt amounts to \$21,434 (2016 - \$20,956).
Principal and interest payments are as follows:

	Principal	Interest	Total
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
2022	<u>11,663</u>	<u>132</u>	<u>11,795</u>
	<u>\$ 100,379</u>	<u>\$ 5,780</u>	<u>\$ 106,159</u>

Debenture debt is repayable to Alberta Capital Finance 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 \$2,615 (2016 - \$3,094).

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 Whispering Hills be disclosed as follows:

	2017	2016
Total debt limit	\$ 370,118	\$ 274,367
Total debt	<u>100,379</u>	<u>121,335</u>
Amount total debt limit unused	<u>\$ 269,739</u>	<u>153,032</u>
Debt servicing limit	\$ 61,686	45,728
Debt servicing	<u>20,956</u>	<u>23,591</u>
Amount of debt servicing limit unused	<u>\$ 40,730</u>	<u>22,137</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
DECEMBER 31, 2017**

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	Net 2017	Net 2016
Tangible capital assets (Schedule 2)	\$ 1,242,333	\$ 1,037,546
Accumulated amortization (Schedule 2)	(342,478)	(295,098)
Long term debt (Note 6)	<u>(100,379)</u>	<u>(121,335)</u>
	<u>\$ 799,476</u>	<u>\$ 621,113</u>

9. ACCUMULATED SURPLUS

	2017	2016
Unrestricted surplus	\$ 343,968	\$ 292,690
Restricted surplus	-	-
Greater North Foundation	3,712	3,712
Municipal Sustainability Initiative - Capital	<u>-</u>	<u>22,754</u>
Total restricted surplus	3,712	26,466
Equity in tangible capital assets	<u>799,476</u>	<u>621,113</u>
	<u>\$ 1,147,156</u>	<u>\$ 940,269</u>

10. 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:

	Salary	Benefits Allowances	2017 Total	2016 Total
Councillors:				
Dennis Irving	\$ 5,300	\$ 1,486	\$ 6,786	\$ 1,175
Curtis Schoepp	2,450	1,344	3,794	1,150
Doug Topinka	300	380	680	1,100
Village Administrator	\$ 35,736	\$ 1,711	\$ 37,447	\$ 32,399

- (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

**SUMMER VILLAGE OF WHISPERING HILLS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

11. COMPARATIVE FIGURES

Certain comparative amounts have been restated to reflect the current year financial statement presentation.

12. 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.

13. APPROVAL OF FINANCIAL STATEMENTS

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