

SUMMER VILLAGE OF ROSS HAVEN
Consolidated Financial Statements
Year Ended December 31, 2017

SUMMER VILLAGE OF ROSS HAVEN
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Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of Ross Haven

We have audited the accompanying consolidated financial statements of Summer Village of Ross Haven, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, changes 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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Summer Village of Ross Haven as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
March 10, 2018

Seniuk & Company
Seniuk and Company
Chartered Accountants

SUMMER VILLAGE OF ROSS HAVEN
Consolidated Statement of Financial Position
December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and restricted cash <i>(Note 2)</i>	\$ 900,619	\$ 769,253
Term deposits <i>(Note 2)</i>	307,706	618,075
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	4,787	4,475
Grants and receivables from other governments <i>(Note 4)</i>	128,911	3,806
Interest receivable	708	1,478
	\$ 1,342,731	\$ 1,397,087
LIABILITIES		
Accounts payable	\$ 14,013	\$ 11,597
Long term debt <i>(Note 7)</i>	2,673	9,090
Deferred income <i>(Note 6)</i>	587,972	698,779
	604,658	719,466
NET FINANCIAL ASSET (DEBT)	738,073	677,621
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 5)</i>	2,798,380	2,612,423
ACCUMULATED SURPLUS	\$ 3,536,453	\$ 3,290,044

On behalf of Council

_____ *Councilor*

_____ *Councilor*

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ROSS HAVEN
Consolidated Statement of Operations
Year Ended December 31, 2017

	Budget		
	2017	2017	2016
REVENUE			
Net municipal taxes (Schedule 1)	\$ 282,065	\$ 283,074	\$ 273,573
User fees and sale of goods	3,600	6,458	3,984
Government transfers for operating (Note 13)	30,397	18,508	17,005
Investment income	5,000	4,015	7,500
Penalties and costs of taxes	2,000	695	3,290
Total revenue	323,062	312,750	305,352
EXPENSES			
Administration and legislative	92,466	73,780	60,185
Protective services	-	17,531	17,696
Roads, streets, walks and lighting	50,100	63,849	58,519
Water supply and distribution	3,240	4,747	6,746
Wastewater treatment and disposal	28,750	-	-
Waste management	33,700	27,932	27,857
Family and community support	7,676	11,578	11,253
Land use planning, zoning and development	5,040	4,774	3,600
Parks and recreation	38,350	45,217	45,526
Libraries, museums and halls	2,890	2,889	2,889
Total operating expenses	262,212	252,297	234,271
Excess (deficiency) of revenue over expenses before other	60,850	60,453	71,081
OTHER			
Government transfers for capital (Schedule 2)	103,093	230,412	20,519
Amortization	-	(44,456)	(42,710)
	103,093	185,956	(22,191)
EXCESS OF REVENUE OVER EXPENSES	163,943	246,409	48,890
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	3,290,044	3,241,154
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 3,536,453	\$ 3,290,044

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ROSS HAVEN
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2017

	2017	2016
Excess of revenue over expenses	\$ 246,409	\$ 48,890
Acquisition of tangible capital assets	(230,413)	(20,519)
Amortization of tangible capital assets	44,456	42,710
(INCREASE) DECREASE IN NET DEBT	60,452	71,081
Net financial assets (debt), beginning of year	677,621	606,540
NET ASSETS - END OF YEAR	\$ 738,073	\$ 677,621

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ROSS HAVEN
Consolidated Statement of Cash Flows
Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 246,409	\$ 48,890
Item not affecting cash:		
Amortization	44,456	42,710
	290,865	91,600
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	(312)	1,874
Interest receivable	770	(498)
Grants and receivables from other governments	(125,105)	124,252
Accounts payable	2,415	(422)
Deferred income	(110,807)	96,387
	(233,039)	221,593
Cash flow from operating activities	57,826	313,193
INVESTING ACTIVITY		
Purchase of capital assets	(230,413)	(20,519)
FINANCING ACTIVITY		
Repayment of long term debt	(6,417)	(6,417)
INCREASE (DECREASE) IN CASH FLOW	(179,004)	286,257
Cash - beginning of year	1,387,328	1,101,071
CASH - END OF YEAR (Note 2)	\$ 1,208,324	\$ 1,387,328

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ROSS HAVEN**Consolidated Schedule of Property and Other Taxes****(Schedule 1)****Year Ended December 31, 2017**

	Budget 2017	2017	2016
TAXATION			
Real property tax	\$ 413,124	\$ 414,468	\$ 407,363
Special assessments	28,750	28,750	28,750
	441,874	443,218	436,113
REQUISITIONS			
Alberta school foundation	147,673	147,673	149,876
Seniors' housing requisition	12,136	12,471	12,664
	159,809	160,144	162,540
NET MUNICIPAL TAXES	\$ 282,065	\$ 283,074	\$ 273,573

Consolidated Schedule of Government Transfers**(Schedule 2)****Year Ended December 31, 2017**

TRANSFERS FOR OPERATING			
Provincial Government	\$ 30,397	\$ 18,508	\$ 17,005
	30,397	18,508	17,005
TRANSFERS FOR CAPITAL			
Provincial Government	103,093	230,412	20,519
TOTAL GOVERNMENT TRANSFERS	\$ 133,490	\$ 248,920	\$ 37,524

Consolidated Schedule of Consolidated Expenditures by Object**(Schedule 3)****Year Ended December 31, 2017**

EXPENSES			
Salaries, wages & benefits	\$ 86,600	\$ 83,646	\$ 84,011
Contracted and general services	157,622	130,262	118,290
Materials, goods and utilities	14,600	35,239	28,565
Transfer to local boards and agencies	2,890	2,889	2,889
Interest on long term	500	261	516
Total Consolidated Expenditures by Object	\$ 262,212	\$ 252,297	\$ 234,271

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ROSS HAVEN

**Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2017**

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 283,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,074
Government transfers	8,948	-	-	-	-	-	9,560	18,508
User fees and sales of goods	4,695	-	-	1,443	-	-	-	6,138
Investment income	4,015	-	-	-	-	-	-	4,015
Other revenues	1,015	-	-	-	-	-	-	1,015
	301,747	-	-	1,443	-	-	9,560	312,750
EXPENSES								
Contract & general services	60,954	17,531	15,050	4,774	8,572	11,803	11,578	130,262
Salaries & wages	8,250	-	22,799	-	31,721	20,876	-	83,646
Materials, goods & utilities	4,576	-	30,218	-	445	-	-	35,239
Transfers to local boards	-	-	-	-	2,889	-	-	2,889
Long term debt interest	-	-	261	-	-	-	-	261
	73,780	17,531	68,328	4,774	43,627	32,679	11,578	252,297
Excess (deficiency) of revenue over expenses before other	227,967	(17,531)	(68,328)	(3,331)	(43,627)	(32,679)	(2,018)	60,453
OTHER								
Amortization	(463)	-	(36,528)	-	(4,131)	(3,334)	-	(44,456)
Government transfers for capital	-	-	230,412	-	-	-	-	230,412
	(463)	-	193,884	-	(4,131)	(3,334)	-	185,956
EXCESS OF REVENUE OVER EXPENSES	\$ 227,504	\$ (17,531)	\$ 125,556	\$ (3,331)	\$ (47,758)	\$ (36,013)	\$ (2,018)	\$ 246,409

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ROSS HAVEN

Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2017

(Schedule 5)

	Unrestricted Surplus	General Restricted Surplus	Lagoon & Wastewater Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 322,085	\$ 105,000	\$ 259,627	\$ 2,603,332	\$ 3,290,044	\$ 3,241,154
Excess (deficiency) of revenues over expenses	246,409	-	-	-	246,409	48,890
Current year funds used for tangible capital assets	(230,413)	-	-	230,413	-	-
Annual amortization expense	44,456	-	-	(44,456)	-	-
Principle repayments on long term debt	(6,417)	-	-	6,417	-	-
Transfer to/from reserves	(28,750)	-	28,750	-	-	-
	25,285	-	28,750	192,374	246,409	48,890
BALANCE, END OF YEAR	\$ 347,370	\$ 105,000	\$ 288,377	\$ 2,795,706	\$ 3,536,453	\$ 3,290,044

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ROSS HAVEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Ross Haven are the representations of management prepared in accordance with Canadian 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:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Summer Village of Ross Haven (the "Summer Village"). The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Summer Village and are; therefore, accountable to 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 municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

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 receipt of goods or 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.

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SUMMER VILLAGE OF ROSS HAVEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Tax Revenue

Annually, the Summer Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Summer Village Council in accordance with legislation and Summer Village Council approved policies to raise the tax revenue required to meet the Summer Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Summer Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

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.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

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SUMMER VILLAGE OF ROSS HAVEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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.

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 Changes in Net Financial Assets (Debt) for the year.

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SUMMER VILLAGE OF ROSS HAVEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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:

Land improvements	15 - 20 years
Buildings	25 years
Machinery and equipment	10 years
Motor vehicles	10 years
Engineered structures - Roadways	20 - 25 years
Engineered structures - Wastewater system	45 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contributions of Tangible Capital Assets

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

Cultural and Historical Tangible Capital Assets

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

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash	\$ 191,889	\$ 77,328
Temporary investments	307,706	618,075
Restricted cash	708,729	691,925
	\$ 1,208,324	\$ 1,387,328

Temporary investments are short term deposits with original maturities of one year or less.

Included in cash are restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 6)

SUMMER VILLAGE OF ROSS HAVEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2017		2016
Current taxes and grants in place of taxes	\$ 2,156	\$	4,475
Arrears taxes and grants in place of taxes	2,631		-
	\$ 4,787	\$	4,475

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2017		2016
Grants receivable	\$ 112,041	\$	-
Goods and Services Tax refundable	16,870		3,806
	\$ 128,911	\$	3,806

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 2,094,041	\$ -	\$ 2,094,041	\$ 2,094,041
Land improvements	104,735	53,186	51,549	57,057
Engineered structures	1,557,570	1,220,549	337,021	117,649
Buildings	423,452	142,333	281,119	297,737
Machinery and equipment	96,856	88,091	8,765	15,348
Motor vehicles	47,062	21,177	25,885	30,591
	\$ 4,323,716	\$ 1,525,336	\$ 2,798,380	\$ 2,612,423

The net book value of the tangible capital assets at year end also represents the amount of equity in tangible capital assets.

Equity in tangible capital assets equals the tangible capital assets balance.

SUMMER VILLAGE OF ROSS HAVEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2017	2016
Basic Municipal Transportation Grant	\$ 25,674	\$ 25,674
Federal Gas Tax Fund	115,981	103,571
Municipal Sustainability Initiative - Capital	438,661	561,210
Family and Community Support Services	378	1,470
Prepaid property taxes	7,278	6,854
	\$ 587,972	\$ 698,779

Municipal Sustainability Initiative - Capital and Basic Municipal Transportation Grant

Funding from the Provincial Government was allocated to the Summer Village in the current year from the Municipal Sustainability Initiative - Capital and Basic Municipal Transportation Grant. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance less amounts receivable from the Provincial Government are supported by restricted cash held exclusively for these projects (refer to Note 2).

Federal Gas Tax Fund

Funding from the Provincial Government was allocated to the Summer Village in the current year from the Federal Gas Tax Fund and is restricted to eligible capital projects as approved under the funding agreement. Funds from this grant are being deferred for a future project. Unexpended funds related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2).

7. LONG TERM DEBT

	2017	2016
Royal Bank of Canada loan bearing interest at prime plus 1.5% per annum, repayable in monthly blended payments of \$538. The loan matures on June 15, 2018 and is secured by 2013 GMC Sierra Truck.	\$ 2,673	\$ 9,090

Principal reductions over the next 2 years are approximately:

2018	\$ 2,673
	<u>\$ 2,673</u>

Interest on long term debt amounted to \$ 261 (2016 - \$ 516).

SUMMER VILLAGE OF ROSS HAVEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

8. 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 Ross Haven be disclosed as follows:

	2017	2016
Total debt limit	\$ 469,125	\$ 458,028
Total debt	(2,673)	(9,090)
Amount of debt limit unused	466,452	448,938
Debt servicing limit	78,188	76,338
Debt servicing	(2,703)	(6,693)
Amount of debt servicing limit unused	\$ 75,485	\$ 69,645

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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2017	2016
Tangible capital assets (Note 5)	\$ 4,323,715	\$ 4,093,302
Accumulated amortization (Note 5)	(1,525,336)	(1,480,880)
Long term debt (Note 7)	(2,673)	(9,090)
	\$ 2,795,706	\$ 2,603,332

10. SEGMENTED DISCLOSURE

The Summer Village of Ross Haven provides a range of services to its ratepayers. 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.

Refer to the Schedule of Segmented Disclosure (Schedule 4).

SUMMER VILLAGE OF ROSS HAVEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

11. SALARY AND BENEFITS DISCLOSURE

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

			2017	2016
	Salary (1)	Benefits & allowances (2)	Total	Total
L. Belland	\$ 3,600	\$ -	\$ 3,600	\$ 1,575
N. Tezloff	2,550	-	2,550	2,025
J. Ruitter	2,100	-	2,100	1,125
Prior Chief Administrative Officer	-	-	-	31,400
Current Chief Administrative Officer	36,000	-	36,000	1,500
	\$ 44,250	\$ -	\$ 44,250	\$ 37,625

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 special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

12. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy 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.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

Fair value

The summer village's carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the summer village for debt with similar terms.

SUMMER VILLAGE OF ROSS HAVEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

13. SUBSEQUENT EVENTS - LITIGATION

Subsequent to the year end, two residents of the summer village filed a claim against the municipality for compensation in regards to damage to their land in the amount of \$200,000 each. The summer village has referred the matter to their solicitors which is now currently handled entirely by the municipality's insurance company. The insurance adjustor has indicated that these claims will be denied. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recognized in the financial statements.

14. CONTINGENT LIABILITY

The municipality is a member of the Munix Reciprocal Insurance Exchange. Under the terms of the membership, the municipality 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.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

17. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited.