

Alberta Beach
Financial Statements
December 31, 2013

Alberta Beach

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DOYLE & COMPANY
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Alberta Beach**, which comprise the statement of financial position as at December 31, 2013 and the statements of operations, change in net financial assets and the statement of 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

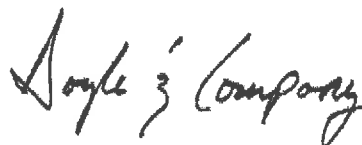
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 preparations 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Alberta Beach as at December 31, 2013, the results of its operations, 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

May 7, 2014

Chartered Accountants

Alberta Beach
Consolidated Statement of Financial Position
As at December 31, 2013

	2013	2012
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	2,018,465	3,068,851
Receivables		
Taxes and grants in place of taxes (Note 3)	118,648	139,961
Trade and other receivables (Note 4)	112,707	63,480
Supplies for resale inventory	8,409	8,564
	2,258,229	3,280,856
LIABILITIES		
Accounts payable and accrued liabilities	288,149	130,012
Deposit liabilities	7,200	2,000
Deferred revenue (Note 5)	838,079	1,945,517
	1,133,428	2,077,529
NET FINANCIAL ASSETS	1,124,801	1,203,327
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	5,033,798	4,900,387
Prepaid expenses	37,755	31,499
	5,071,553	4,931,886
ACCUMULATED SURPLUS (Schedule 1, Note 9)	6,196,354	6,135,213

The accompanying notes form part of these financial statements

Alberta Beach
Consolidated Statement of Operations
For the year ended December 31, 2013

	2013 Budget (Unaudited) \$	2013 Actual \$	2012 Actual \$
REVENUE			
Net municipal taxes (Schedule 3)	1,393,319	1,389,442	1,410,477
Campground user fees	198,800	223,892	177,874
Other user fees and sale of goods	3,000	6,881	5,068
Sales to other governments	2,000	15,590	15,965
Franchise fees	20,000	22,773	19,748
Government transfers for operating (Schedule 4)	162,543	1,110,443	55,771
Licenses and permits	1,000	910	1,080
Fines	25,500	26,056	29,643
Penalties and costs of taxes	42,000	42,626	44,530
Investment income	4,000	5,174	5,213
Rental	40,850	41,495	39,500
Other	-	12,660	7,450
Total Revenues	1,893,012	2,897,942	1,812,319
EXPENSES			
Legislative	60,457	63,766	58,124
Administration	419,300	444,796	385,701
Bylaws enforcement	256,500	236,209	214,568
Roads, streets, walks, lighting	94,500	132,667	115,829
Water supply & distribution	5,204	5,204	1,816
Wastewater treatment and disposal	292,797	292,797	261,427
Waste management	90,200	86,183	91,647
Fire department	91,956	85,253	89,363
Public works	314,250	306,137	304,817
Planning & development	57,000	59,139	16,186
Campground	91,148	91,606	75,550
Ambulance	6,600	4,710	8,348
Recreation & facilities	92,991	97,456	227,954
Alberta Beach boat launch and wharf	110,000	1,057,900	-
Total Expenses	1,982,903	2,963,823	1,851,330
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(89,891)	(65,881)	(39,011)
OTHER			
Amortization of tangible capital assets	-	(274,963)	(297,139)
Gain on sale of tangible capital assets	-	1,035	826
Government transfers for capital (Schedule 4)	813,432	400,950	828,576
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	723,541	61,141	493,252
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,135,213	6,135,213	5,641,961
ACCUMULATED SURPLUS, END OF YEAR	6,858,754	6,196,354	6,135,213

The accompanying notes form part of these financial statements

Alberta Beach

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2013

	2013 Budget (Unaudited) \$	2013 Actual \$	2012 Actual \$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	723,541	61,141	493,252
Acquisition of tangible capital assets	(808,541)	(440,839)	(734,397)
Proceeds on disposal of tangible capital assets	-	33,500	31,000
Amortization of tangible capital assets	-	274,963	297,139
(Gain) on sale of tangible capital assets	-	(1,035)	(826)
Prepaid expenses	-	(6,256)	29,793
	(808,541)	(139,667)	(377,291)
INCREASE (DECREASE) IN NET ASSETS	(85,000)	(78,526)	115,961
NET FINANCIAL ASSETS , BEGINNING OF YEAR	1,203,327	1,203,327	1,087,366
NET FINANCIAL ASSETS, END OF YEAR	1,118,327	1,124,801	1,203,327

The accompanying notes form part of these financial statements

Alberta Beach
Consolidated Statement of Cash Flows
For the year ended December 31, 2013

	2013	2012
	\$	\$
OPERATING		
Excess of revenue over expenditures	61,141	493,252
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	274,963	297,139
Gain on sale of tangible capital assets.	(1,035)	(826)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	21,313	(15,308)
Decrease (increase) in trade and other receivables	(49,227)	10,018
Decrease (increase) in government transfers receivable	-	152,688
Decrease (increase) in supplies for resale inventory	155	(1,250)
(Decrease) increase in accounts prepaid expenses	(6,256)	29,793
(Increase) decrease in payables and accrued liabilities	158,137	80,897
(Increase) decrease in deposit liabilities	5,200	-
(Increase) decrease in deferred revenue	(1,107,438)	(250,788)
Cash provided by operating transactions	(643,047)	795,615
CAPITAL		
Proceeds on sale of tangible capital assets	33,500	31,000
Acquisition of tangible capital assets	(440,839)	(734,397)
Cash applied to capital transactions	(407,339)	(703,397)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	1,048,119	-
Cash provided by (applied to) investing transactions		
CHANGE IN CASH EQUIVALENTS DURING THE YEAR	(2,267)	92,218
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR	1,323,818	1,231,600
CASH AND CASH EQUIVALENTS, END OF YEAR	1,321,551	1,323,818
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	2,018,465	3,068,851
Less: restricted portion of cash and temporary investments (Note 2)	696,914	1,745,033
	1,321,551	1,323,818

The accompanying notes form part of these financial statements

Alberta Beach

Schedule of Changes in Accumulated Surplus - Schedule 1

For the year ended December 31, 2013

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013 \$	2012 \$
Balance, Beginning of Year	79,125	1,155,701	4,900,387	6,135,213	5,641,961
Excess (deficiency) of revenue over expenses	61,141	-	-	61,141	493,252
Restricted funds used for operations	119,783	(119,783)	-	-	-
Current years funds used for tangible capital assets	(440,839)	-	440,839	-	-
Disposal of tangible capital assets	36,543	-	(36,543)	-	-
Annual amortization expenses	274,963	-	(274,963)	-	-
Accumulated amortization on disposed tangible capital assets	(4,078)	-	4,078	-	-
Change in accumulated surplus	47,513	(119,783)	133,411	61,141	493,252
Balance, End of Year	126,638	1,035,918	5,033,798	6,196,354	6,135,213

The accompanying notes form part of these financial statements

Alberta Beach

Schedule of Tangible Capital Assets - Schedule 2

For the year ended December 31, 2013

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2013		2012	
							\$	\$	\$	\$
COST:										
Balance, Beginning of Year	1,349,990	553,801	1,609,552	3,623,212	684,521	324,397	8,145,473		7,444,234	
Acquisition of tangible capital assets	-	23,420	379,142	-	38,277	-	440,839		734,397	
Disposal of tangible capital assets	-	(1,547)	-	-	(34,996)	-	(36,543)		(33,158)	
Balance, End of Year	1,349,990	575,674	1,988,694	3,623,212	687,802	324,397	8,549,769		8,145,473	
ACCUMULATED AMORTIZATION:										
Balance, Beginning of Year	-	281,034	512,715	1,911,880	354,584	184,873	3,245,086		2,950,931	
Annual amortization	-	28,136	17,650	159,641	42,210	27,326	274,963		297,139	
Accumulated amortization on disposals	-	(928)	-	-	(3,150)	-	(4,078)		(2,984)	
Balance, End of Year	-	308,242	530,365	2,071,521	393,644	212,199	3,515,971		3,245,086	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,349,990	267,432	1,458,329	1,551,691	294,158	112,198	5,033,798		4,900,387	
2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	1,349,990	272,767	1,096,837	1,711,332	329,937	139,524	4,900,387			

The accompanying notes form part of these financial statements

Alberta Beach

Schedule of Property and Other Taxes - Schedule 3

For the year ended December 31, 2013

	2013 Budget (Unaudited) \$	2013 Actual \$	2012 Actual \$
TAXATION			
Real property taxes	1,817,520	1,814,348	1,848,030
Linear property taxes	22,934	22,934	21,657
Local improvement taxes	69,735	69,030	69,536
	1,910,189	1,906,312	1,939,223
REQUISITIONS			
Alberta School Foundation Fund	473,896	473,896	481,726
Lac Ste Anne Foundation	42,974	42,974	46,646
Requisition Underlevy	-	-	374
	516,870	516,870	528,746
NET MUNICIPAL TAXES	1,393,319	1,389,442	1,410,477

The accompanying notes form part of these financial statements

Alberta Beach

Schedule of Government Transfers - Schedule 4

For the year ended December 31, 2013

	2013 Budget (Unaudited) \$	2013 Actual \$	2012 Actual \$
<u>TRANSFERS FOR OPERATING</u>			
Provincial Government - MSI Grant	32,495	32,495	32,523
Provincial Government - FCSS Grant	20,048	20,048	20,048
Provincial Government - STEP Grant	-	-	3,200
Revenue deferred from prior period	110,000	1,057,900	-
	162,543	1,110,443	55,771
<u>TRANSFERS FOR CAPITAL</u>			
Federal Government	51,940	25,892	-
Provincial Government	561,492	177,543	688,553
Revenue deferred from prior period	200,000	197,515	140,023
	813,432	400,950	828,576
TOTAL GOVERNMENT TRANSFERS	975,975	1,511,393	884,347

The accompanying notes form part of these financial statements

Alberta Beach

Schedule of Consolidated Expenditures by Object - Schedule 5

For the year ended December 31, 2013

	2013	2013	2012
	Budget (Unaudited)	Actual	Actual
	\$	\$	\$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	804,582	809,099	775,096
Contracted and general services	507,456	532,364	570,418
Materials, goods, and utilities	364,767	1,316,342	231,088
Transfers to local boards and agencies	306,098	306,017	274,728
Amortization of tangible capital assets	-	274,964	297,139
TOTAL EXPENSES	1,982,903	3,238,786	2,148,469

Alberta Beach
Notes to the Financial Statements
December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Alberta Beach 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 Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by Alberta Beach are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the reporting entity.

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.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting record 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 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 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.

Alberta Beach
Notes to the Financial Statements
December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Investments

Investments are recorded at cost. 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.

(e) 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.

(f) Inventories for Real

Land and supplies 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 their respective function.

(g) 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.

(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.

Alberta Beach
Notes to the Financial Statements
December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES - continued

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:

	Years
Buildings	25-50
Engineered structures	10-75
Land Improvements	10-25
Machinery and equipment	5-20
Vehicles	10

One-half 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.

ii) 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.

iii) 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 operation leases and the related lease payments are charged to expenses as incurred.

iv) Cultural and Historical Tangible Capital Assets

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

2. CASH AND TEMPORARY INVESTMENTS

	2013	2012
	\$	\$
Unrestricted cash	1,321,551	1,323,818
Restricted cash	696,914	1,745,033
	2,018,465	3,068,851

Restricted funds were received from the provincial government for various approved projects (Note 5).

Alberta Beach
Notes to the Financial Statements
December 31, 2013

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2013	2012
	\$	\$
Current taxes and grants in place of taxes	67,773	78,241
Arrears taxes	50,875	61,720
	118,648	139,961

4. TRADE AND OTHER RECEIVABLES

	2013	2012
	\$	\$
Trade and other receivables	41,692	45,203
GST receivable	71,015	18,277
	112,707	63,480

5. DEFERRED REVENUE

	2013	2012
	\$	\$
Municipal Sustainability Initiative (MSI) - Capital	114,195	197,515
Basic Municipal Transportation Grant (BMTG)	355	353
Regional Collaboration Program (RCP)	24,000	-
Donation for Trail System	1,000	1,000
LSA Recreation and Cultural Grant	1,500	1,500
Federal Gas Tax Fund (FGTF)	115	115
Alberta Culture - MCFP Grant	279,361	1,326,534
Wharf Transfer Agreement	417,553	418,500
	838,079	1,945,517

Included in deferred revenue is an amount of \$696,914 (2012 - \$1,745,033) whose use of these funds is restricted for the use of the redevelopment of the Alberta Beach boat launch and wharf.

Alberta Beach
Notes to the Financial Statements
December 31, 2013

6. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Alberta Beach be disclosed as follow:

	2013 \$	2012 \$
Total Debt Limit	4,346,913	2,718,479
Total Debt	-	-
Debt Limit Available	4,346,913	2,718,479
Debt Service Limit	724,486	453,080
Debt Service	-	-
Debt Service Limit Available	724,486	453,080

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 excluding government capital transfers. 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.

Alberta Beach
Notes to the Financial Statements
December 31, 2013

7. TANGIBLE CAPITAL ASSETS

	2013	2012
	\$	\$
Net Book Value		
Land	1,349,990	1,349,991
Land improvements	267,432	272,766
Buildings	1,458,329	1,096,838
Engineering structures	1,551,691	1,711,332
Machinery and equipment	294,158	329,937
Vehicles	112,198	139,523
	5,033,798	4,900,387

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2013	2012
	\$	\$
Tangible capital assets (Schedule 2)	8,549,769	8,145,473
Accumulated amortization (Schedule 2)	(3,515,971)	(3,245,086)
	5,033,798	4,900,387

9. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2013	2012
	\$	\$
Unrestricted surplus	126,638	79,125
Restricted surplus		
Operating reserves		
Administrative	5,628	5,628
Tax rate stabilization	207,907	292,907
Capital reserves		
Administrative - equipment	6,803	6,803
Building replacement	28,623	28,623
General capital	676,134	710,917
Parks and recreation	34,494	34,494
Police	25,164	25,164
Public works	40,960	40,960
Waste management	10,205	10,205
Equity in tangible capital assets	5,033,798	4,900,387
	6,196,354	6,135,213

Alberta Beach
Notes to the Financial Statements
December 31, 2013

10. 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:

	Months	2013			2012
		Salary (1) \$	Benefits & Allowances (2) \$	Total \$	Total \$
L. Hudon	10	8,395	-	8,395	9,726
J. Benedict	2	2,504	-	2,504	-
Councillors					
A. Duncan	2	2,203	-	2,203	-
T. Elwood	2	2,128	-	2,128	-
L. Ferland	10	8,943	-	8,943	10,199
D. Ford	10	7,720	-	7,720	8,851
B. Love	12	11,021	-	11,021	9,248
D. McNair	12	11,621	-	11,621	10,199
Chief Administrative Officer					
K. Skwarchuk	12	96,592	5,359	101,951	100,438

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental death and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

11. COMMITMENT

Alberta Beach, as part of its Master Agreement with the Tri Village Regional Sewer Services Commission and is committed to debenture principal and interest payments in the amount of \$278,940, payable in annual installments of \$69,735 until the debenture matures in 2015.

12. RELATED PARTY TRANSACTIONS

Alberta Beach is a member of the Tri Village Regional Sewer Services Commission and made payments to the Commission as follows:

	2013 \$	2012 \$
Service fees	137,237	105,867
Debentures	155,560	155,560
	292,797	261,427

Alberta Beach
Notes to the Financial Statements
December 31, 2013

13. FINANCIAL INSTRUMENTS

Alberta Beach's financial instruments consist of cash, , accounts receivable, accounts payable and accrued liabilities, and deposit liabilities. It is management's opinion that Alberta Beach is not exposed to significant interest or currency risks arising from these financial instruments.

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

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

14. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

15. BUDGET FIGURES

Budget figures for 2013, as approved by Council, are included in the financial statements for information purposes and are unaudited.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.