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***ALBERTA BEACH***  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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# **ALBERTA BEACH**

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## AUDITOR'S REPORT

### To the Members of Council

#### Report on the Financial Statements

I have audited the accompanying statements of Alberta Beach that comprise the statement of financial position as at December 31, 2012, and the statements of operation, 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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

My responsibility is to express an opinion on these 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 financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Alberta Beach as at December 31, 2012, 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  
April 16, 2013

  
*J. A. Pawluik*  
Professional Corporation  
CHARTERED ACCOUNTANT

# ALERTA BEACH

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
<b>Financial Assets</b>		
Cash – Note 2	\$ 3,068,851	\$ 3,105,697
Taxes receivable	139,961	124,653
Trade and other receivables	63,480	73,498
Government transfers receivable	-	152,688
Inventory	8,564	7,314
	<u>3,280,856</u>	<u>3,463,850</u>
<b>Liabilities</b>		
Payables and accrued liabilities	132,012	51,115
Deferred revenue – Note 3	1,945,517	2,325,369
	<u>2,077,529</u>	<u>2,376,484</u>
<b>Net Financial Assets</b>	<u>1,203,327</u>	<u>1,087,366</u>
<b>Non-Financial Assets</b>		
Tangible capital assets	4,900,387	4,493,303
Prepaid expenses	31,499	61,292
	<u>4,931,886</u>	<u>4,554,595</u>
<b>Accumulated Surplus</b>	<u>\$ 6,135,213</u>	<u>\$ 5,641,961</u>

Approved by Council

 Mayor

 Chief Administrative Officer

# ALBERTA BEACH

## STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2012

	Budget Unaudited	2012	2011
<b>Revenues</b>			
Net municipal property taxes	\$ 1,412,046	\$ 1,410,477	\$ 1,368,407
Campground user fees	199,800	177,874	163,987
Other user fees and sale of goods	2,450	5,068	3,702
Sales to other governments	-	15,965	20,159
Franchise fees	20,000	19,748	20,532
Government transfers for operating	55,771	55,771	171,722
Local government transfers	-	-	36,500
Local agencies transfers	-	-	26,354
Licenses and permits	800	1,080	810
Fines	21,500	29,643	22,081
Penalties on taxes	40,000	44,530	46,993
Investment income	2,500	5,213	4,060
Rental	39,500	39,500	39,500
Other	2,988	7,450	6,185
	1,797,355	1,812,319	1,930,992
<b>Expenses</b>			
Council	59,030	58,124	49,835
Administration	401,885	385,701	354,546
Police	254,500	214,568	209,248
Fire	91,500	89,363	93,349
Public works	327,050	313,165	281,387
Roads, streets, walks, lighting	94,500	115,829	123,090
Wastewater treatment and disposal	261,427	261,427	220,644
Water supply and distribution	1,816	1,816	1,816
Waste management	93,300	91,647	84,178
Planning and development	17,500	16,186	13,056
Campground	86,850	75,550	64,005
Parks, recreation and culture	221,297	227,954	232,243
	1,910,655	1,851,330	1,727,397
<b>(Deficiency) Excess of Revenues Over Expenses</b>	(113,300)	(39,011)	203,595
<b>Other Revenue (Expenses)</b>			
Government transfers for capital	1,084,000	828,576	261,683
Amortization of tangible capital assets	-	(297,139)	(291,108)
Gain on sale of tangible capital assets	-	826	6,826
	1,084,000	532,263	(22,599)
<b>Excess of Revenues Over Expenses</b>	970,700	493,252	180,996
<b>Accumulated Surplus, Beginning of Year</b>	5,641,961	5,641,961	5,460,965
<b>Accumulated Surplus, End of Year</b>	\$ 6,612,661	\$ 6,135,213	\$ 5,641,961

# ALBERTA BEACH

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2012

	Budget Unaudited	<b>2012</b>	2011
<b>Excess of Revenues Over Expenses</b>	\$ 970,700	<b>\$ 493,252</b>	\$ 180,996
<b>Changes in Non-Financial Assets</b>			
Proceeds on sale of tangible capital assets	-	<b>31,000</b>	39,563
Acquisition of tangible capital assets	(970,700)	<b>(734,397)</b>	(392,697)
Amortization of tangible capital assets	-	<b>297,139</b>	291,108
Gain on sale of tangible capital assets	-	<b>(826)</b>	(6,826)
Prepaid expenses	-	<b>29,793</b>	16,061
	(970,700)	<b>(377,291)</b>	(52,791)
<b>Increase in Net Financial Assets</b>	-	<b>115,961</b>	128,205
<b>Net Financial Assets, Beginning of Year</b>	1,087,366	<b>1,087,366</b>	959,161
<b>Net Financial Assets, End of Year</b>	\$ 1,087,366	<b>\$ 1,203,327</b>	\$ 1,087,366

**ALBERTA BEACH**

**STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2012**

	2012	2011
<b>Cash Provided By (Used For)</b>		
<b>Operating Activities</b>		
Excess of revenues over expenses	\$ 493,252	\$ 180,996
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	297,139	291,108
Gain on sale of tangible capital assets	(826)	(6,826)
	789,565	465,278
Net change in non-cash working capital		
Taxes receivable	(15,308)	44,122
Trade and other receivables	10,018	(38,759)
Government transfers receivable	152,688	(75,263)
Inventory	(1,250)	(1,083)
Prepaid expenses	29,793	16,061
Payables and accrued liabilities	80,897	(159,452)
Deferred revenue	(250,788)	185,205
	795,615	436,109
<b>Capital Activities</b>		
Proceeds on sale of tangible capital assets	31,000	39,563
Acquisition of tangible capital assets	(734,397)	(392,697)
	(703,397)	(353,134)
<b>Increase in Cash</b>	<b>92,218</b>	<b>82,975</b>
<b>Cash, Beginning of Year</b>	<b>1,231,600</b>	<b>1,148,625</b>
<b>Cash, End of Year</b>	<b>\$ 1,323,818</b>	<b>\$ 1,231,600</b>
<b>Represented By</b>		
Cash	\$ 3,068,851	\$ 3,105,697
Less restricted portion	1,745,033	1,874,097
	\$ 1,323,818	\$ 1,231,600

**ALBERTA BEACH**

**CHANGE IN ACCUMULATED SURPLUS  
YEAR ENDED DECEMBER 31, 2012**

Schedule 1

				2012	2011
	Unrestricted Surplus	Restricted Surplus Note 4	Equity in Tangible Capital Assets	<u>Total</u>	<u>Total</u>
<b>Balance, Beginning of Year</b>	\$ 77,957	\$ 1,070,701	\$ 4,493,303	<b>\$ 5,641,961</b>	\$ 5,460,965
Excess of revenues over expenses	493,252	-	-	<b>493,252</b>	180,996
Unrestricted funds designated for future use	(85,000)	85,000	-	-	-
Current funds used for tangible capital assets	(734,397)	-	734,397	-	-
Disposal of tangible capital assets	30,174	-	(30,174)	-	-
Annual amortization expense	297,139	-	(297,139)	-	-
	<u>1,168</u>	<u>85,000</u>	<u>407,084</u>	<b><u>493,252</u></b>	<u>180,996</u>
<b>Balance, End of Year</b>	<b>\$ 79,125</b>	<b>\$ 1,155,701</b>	<b>\$ 4,900,387</b>	<b>\$ 6,135,213</b>	<b>\$ 5,641,961</b>



# ALBERTA BEACH

## TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2012

Schedule 2

				2012	2011
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, End of Year
<b>Cost</b>					
Land	\$ 1,349,990	\$ -	\$ -	<b>\$ 1,349,990</b>	\$ 1,349,990
Land improvements	553,801	-	-	<b>553,801</b>	553,801
Engineered structures	3,623,212	-	-	<b>3,623,212</b>	3,623,212
Buildings	920,999	688,553	-	<b>1,609,552</b>	920,999
Machinery and equipment	671,835	45,844	33,158	<b>684,521</b>	671,835
Vehicles	324,397	-	-	<b>324,397</b>	324,397
	<u>7,444,234</u>	<u>734,397</u>	<u>33,158</u>	<b><u>8,145,473</u></b>	<u>7,444,234</u>
<b>Accumulated Amortization</b>					
Land	-	-	-	-	-
Land improvements	251,899	29,135	-	<b>281,034</b>	251,899
Engineered structures	1,737,495	174,385	-	<b>1,911,880</b>	1,737,495
Buildings	494,909	17,806	-	<b>512,715</b>	494,909
Machinery and equipment	310,568	47,000	2,984	<b>354,584</b>	310,568
Vehicles	156,060	28,813	-	<b>184,873</b>	156,060
	<u>2,950,931</u>	<u>297,139</u>	<u>2,984</u>	<b><u>3,245,086</u></b>	<u>2,950,931</u>
<b>Net Book Value</b>					
Land				<b>\$ 1,349,990</b>	\$ 1,349,990
Land improvements				<b>272,767</b>	301,902
Engineered structures				<b>1,711,332</b>	1,885,717
Buildings				<b>1,096,837</b>	426,090
Machinery and equipment				<b>329,937</b>	361,267
Vehicles				<b>139,524</b>	168,337
				<b><u>\$ 4,900,387</u></b>	<u>\$ 4,493,303</u>

**ALBERTA BEACH**

**PROPERTY TAXES LEVIED  
YEAR ENDED DECEMBER 31, 2012**

Schedule 3

	Budget Unaudited	<b>2012</b>	2011
<b>Taxation</b>			
Real property taxes	\$ 1,849,400	\$ <b>1,848,030</b>	\$ 1,751,799
Linear property taxes	21,657	<b>21,657</b>	24,004
Local improvement taxes	69,735	<b>69,536</b>	69,536
	<u>1,940,792</u>	<u><b>1,939,223</b></u>	<u>1,845,339</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	481,726	<b>481,726</b>	429,739
Lac Ste. Anne Foundation	46,646	<b>46,646</b>	47,193
Requisition underlevy	374	<b>374</b>	-
	<u>528,746</u>	<u><b>528,746</b></u>	<u>476,932</u>
<b>Net Municipal Property Taxes</b>	<u>\$ 1,412,046</u>	<u>\$ <b>1,410,477</b></u>	<u>\$ 1,368,407</u>

**EXPENDITURES BY OBJECT  
YEAR ENDED DECEMBER 31, 2012**

Schedule 4

	Budget Unaudited	<b>2012</b>	2011
Salaries, wages and benefits	\$ 811,030	\$ <b>781,610</b>	\$ 708,937
Contracted and general services	493,097	<b>490,298</b>	451,148
Purchases from other governments	111,900	<b>108,700</b>	84,925
Materials, goods and utilities	219,900	<b>195,994</b>	219,809
Transfers to local board and agencies	274,728	<b>274,728</b>	262,578
Amortization of tangible capital assets	-	<b>297,139</b>	291,108
	<u>\$ 1,910,655</u>	<u>\$ <b>2,148,469</b></u>	<u>\$ 2,018,505</u>

# **ALBERTA BEACH**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012**

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### **1. Significant Accounting Policies**

The financial statements are the representations of the management of Alberta Beach prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by Alberta Beach are as follows:

#### **Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in cash flows of Alberta Beach.

The schedule of taxes levied includes requisitions for education that are not part of the municipal reporting entity.

#### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Revenue is recorded as it is earned and measurable and is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

#### **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.

#### **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.

#### **Deferred Revenue**

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

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# ALBERTA BEACH

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

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### Significant Accounting Policies (continued)

#### Requisition Over-levies and Under-levies

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 the property tax revenue is increased.

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

#### 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.

#### 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	10 – 25
Engineered Structures	10 – 75
Buildings	25 – 50
Machinery and Equipment	5 – 20
Vehicles	10

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.

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## 2. Cash

	<u>2012</u>	<u>2011</u>
Unrestricted cash	<b>\$ 1,323,818</b>	\$ 1,231,600
Restricted cash (see Note 3)	<b><u>1,745,033</u></b>	<u>1,874,097</u>
	<b><u>\$ 3,068,851</u></b>	<b><u>\$ 3,105,697</u></b>

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# ALBERTA BEACH

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

### 3. Deferred Revenue

	2012	2011
Government transfers	<u>\$ 1,945,517</u>	<u>\$ 2,325,369</u>

Included in deferred revenue is an amount of \$1,745,033 (2011 – \$1,874,097) whose use of these funds is restricted for the use of the redevelopment of the Alberta Beach boat launch and wharf.

### 4. Restricted Surplus

	2012	2011
Tax rate stabilization	\$ 292,907	\$ 207,907
Administrative	12,431	12,431
Building replacement	28,623	28,623
Police	25,164	25,164
Public works	40,960	40,960
Waste management	10,205	10,205
Parks and recreation	34,494	34,494
General capital	<u>710,917</u>	<u>710,917</u>
	<u>\$ 1,155,701</u>	<u>\$ 1,070,701</u>

### 5. Debt Limits

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

	2012	2011
Total debt limit	\$ 2,718,479	\$ 2,896,488
Total debt	<u>-</u>	<u>-</u>
Debt limit available	<u>\$ 2,718,479</u>	<u>\$ 2,896,488</u>
Total debt service limit	\$ 453,080	\$ 482,748
Total debt service	<u>-</u>	<u>-</u>
Debt service limit available	<u>\$ 453,080</u>	<u>\$ 482,748</u>

# ALBERTA BEACH

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

### 6. 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:

	<u>2012</u>			<u>2011</u>
	<u>Salary</u>	<u>Benefits &amp; Allowances</u>	<u>Total</u>	<u>Total</u>
Councillors				
L. Hudon	\$ 9,726	\$ -	\$ 9,726	\$ 9,440
D. Ford	8,851	-	8,851	9,240
B. Love	9,248	-	9,248	6,153
D. McNair	10,199	-	10,199	9,038
J. Ferland	10,199	-	10,199	8,938
K. Kliss	-	-	-	611
	<u>\$ 48,223</u>	<u>\$ -</u>	<u>\$ 48,223</u>	<u>\$ 43,420</u>
Chief Administrative Officer	\$ 95,254	\$ 5,184	\$ 100,438	\$ 96,460

Salary includes honoraria paid to the Councillors and salary paid to the Chief Administrative Officer.

### 7. Financial Instruments

Alberta Beach's financial instruments consist of cash, receivables, payables and accrued liabilities. It is management's opinion that Alberta Beach is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Alberta Beach 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 Alberta Beach provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers minimizes the credit risk.

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

### 8. Commitment

Alberta Beach, as part of its Master Agreement with the Tri Village Regional Sewer Services Commission, 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.

# ALBERTA BEACH

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

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### 9. Related Party Transactions

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

	<u>2012</u>	<u>2011</u>
Service fees	\$ 105,867	\$ 97,805
Debentures	<u>155,560</u>	<u>122,839</u>
	<u>\$ 261,427</u>	<u>\$ 220,644</u>

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### 10. Budget Figures

Budget figures for 2012, as approved by Council, are included in the financial statements for information purposes and are unaudited.

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