

**Alberta Beach**  
**Consolidated Financial Statements**  
**December 31, 2019**

# Alberta Beach

## CONTENTS

	<u>Page</u>
<b>MANAGEMENT'S REPORT</b>	1
<b>AUDITOR'S REPORT</b>	2 - 3
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Schedule of Changes in Accumulated Surplus - Schedule 1	8
Schedule of Tangible Capital Assets - Schedule 2	9
Schedule of Property and Other Taxes - Schedule 3	10
Schedule of Government Transfers - Schedule 4	11
Schedule of Consolidated Expenditures by Object - Schedule 5	12
Schedule of Consolidated Segmented Disclosure - Schedule 6	13
Notes to Consolidated Financial Statements	14 - 23

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of Alberta Beach is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly Alberta Beach's financial position as at December 31, 2019 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirement on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Alberta Beach Council carries out its responsibilities for review of the consolidated financial statements principally through its meeting with management. This Council meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Council with and without the presence of management. The Alberta Beach Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Doyle & Company, Chartered Professional Accountants, independent external auditors appointed by Alberta Beach. The accompanying independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.

Kathy Skwarchuk

Chief Administrative Officer

Allan J. Grykuliak, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
Jason Bondarevich, CPA, CA\*  
\*Operates as a professional Corporation

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council

#### Opinion

We have audited the consolidated financial statements of **Alberta Beach**, which comprise the consolidated statement of financial position as at December 31, 2019, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Alberta Beach as at December 31, 2019, the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

## INDEPENDENT AUDITOR'S REPORT - continued

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

#### Debt Limit Regulation

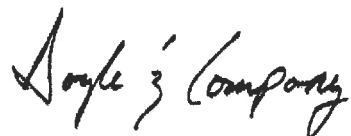
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 8.

#### Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 14.

The engagement partner on the audit resulting in this independent auditor's report is Allen Lee, CPA, CMA.

Edmonton, Alberta  
May 19, 2020



Chartered Professional Accountants

**Alberta Beach**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2019**

	2019	2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 3)	1,489,605	1,365,247
Restricted cash (Note 4)	188,113	472,887
Receivables		
Taxes and grants in place of taxes (Note 5)	139,123	99,480
Trade and other receivables (Note 6)	75,114	67,850
Supplies for resale inventory	8,969	7,887
	<b>1,900,924</b>	<b>2,013,351</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	30,449	42,579
Deposit liabilities	22,892	14,092
Deferred revenue (Note 7)	188,113	472,887
	<b>241,454</b>	<b>529,558</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,659,470</b>	<b>1,483,793</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	6,190,609	5,763,112
Prepaid expenses	42,471	37,621
	<b>6,233,080</b>	<b>5,800,733</b>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 11)</b>	<b>7,892,550</b>	<b>7,284,526</b>

Subsequent Event - Note 13

Commitments - Note 15

**Alberta Beach**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2019**

	2019 Budget (Unaudited) \$	2019 Actual \$	2018 Actual \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	1,853,936	1,851,833	1,810,571
Campground user fees	254,400	236,784	253,408
Other user fees and sale of goods	12,350	15,088	14,993
Sales to other governments	18,500	17,677	18,075
Franchise fees	58,000	67,360	58,103
Government transfers for operating (Schedule 4)	100,827	105,470	53,727
Local government transfers	10,000	12,000	14,850
Licenses and permits	1,000	8,285	5,793
Fines	47,220	48,334	46,683
Penalties and costs of taxes	35,000	41,740	45,663
Investment income	10,000	26,321	11,885
Rental	109,680	114,133	84,199
Other	1,001	1,488	13,712
	<b>2,511,914</b>	<b>2,546,513</b>	<b>2,431,662</b>
<b>EXPENSES</b>			
Legislative	89,921	88,325	82,348
Administration	649,699	531,535	472,568
Bylaws enforcement	150,685	134,823	144,417
Roads, streets, walks, lighting	666,095	129,781	122,801
Water supply & distribution	59,184	59,184	47,456
Wastewater treatment and disposal	562,697	562,698	563,262
Waste management	112,100	109,143	109,549
Fire department	108,600	107,998	111,553
Public works	430,200	361,909	427,069
Planning & development	22,600	22,364	24,687
Campground	106,900	98,266	104,872
Ambulance	7,200	7,582	9,570
Assessment services	21,660	21,660	-
Recreation & facilities	105,708	102,222	117,430
Alberta Beach boat launch and wharf	51,600	1,300	1,920
	<b>3,144,849</b>	<b>2,338,790</b>	<b>2,339,502</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>(632,935)</b>	<b>207,723</b>	<b>92,160</b>
<b>OTHER</b>			
Amortization of tangible capital assets	(65,000)	(338,336)	(322,113)
Government transfers for capital (Schedule 4)	540,095	360,128	750,644
Other capital funds for road repairs	-	378,509	-
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>(157,840)</b>	<b>608,024</b>	<b>520,691</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>7,284,526</b>	<b>6,763,835</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b>7,892,550</b>	<b>7,284,526</b>

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, 2019**

	2019 Budget (Unaudited) \$	2019 Actual \$	2018 Actual \$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<b>(157,840)</b>	<b>608,024</b>	<b>520,691</b>
Acquisition of tangible capital assets	-	(816,306)	(848,046)
Proceeds on disposal of tangible capital assets	-	52,651	62,930
Amortization of tangible capital assets	65,000	338,336	322,113
(Gain) loss on sale of tangible capital assets	-	(2,178)	(1,236)
Prepaid expenses	-	(4,850)	750
	<b>65,000</b>	<b>(432,347)</b>	<b>(463,489)</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(92,840)</b>	<b>175,677</b>	<b>57,202</b>
<b>NET FINANCIAL ASSETS , BEGINNING OF YEAR</b>	<b>-</b>	<b>1,483,793</b>	<b>1,426,591</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>-</b>	<b>1,659,470</b>	<b>1,483,793</b>

The accompanying notes form part of these financial statements



**Alberta Beach**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2019**

	2019	2018
	\$	\$
<b>OPERATING</b>		
Excess of revenue over expenditures	608,024	520,691
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	338,336	322,113
(Gain) loss on sale of tangible capital assets.	(2,180)	(1,236)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(39,643)	18,600
Decrease (increase) in trade and other receivables	(7,264)	32,780
Decrease (increase) in supplies for resale inventory	(1,082)	(1,581)
Decrease (increase) in accounts prepaid expenses	(4,850)	750
Increase (decrease) in payables and accrued liabilities	(12,130)	17,326
Increase (decrease) in deposit liabilities	8,800	3,492
Increase (decrease) in deferred revenue	(284,774)	(161,109)
<b>Cash provided by operating transactions</b>	<b>603,237</b>	<b>751,826</b>
<b>CAPITAL</b>		
Proceeds on sale of tangible capital assets	52,653	62,930
Acquisition of tangible capital assets	(816,306)	(848,046)
<b>Cash applied to capital transactions</b>	<b>(763,653)</b>	<b>(785,116)</b>
<b>INVESTING</b>		
Decrease (increase) in restricted cash or cash equivalents	284,774	1,592
<b>CHANGE IN CASH EQUIVALENTS DURING THE YEAR</b>	<b>124,358</b>	<b>(31,698)</b>
<b>CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR</b>	<b>1,365,247</b>	<b>1,396,945</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,489,605</b>	<b>1,365,247</b>

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, 2019

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019 \$	2018 \$
<b>Balance, Beginning of Year</b>	409,638	1,111,776	5,763,112	7,284,526	6,763,835
Excess (deficiency) of revenue over expenses	608,024	-	-	608,024	520,691
Unrestricted funds designated for future use	(180,527)	180,527	-	-	-
Current years funds used for tangible capital assets	(816,306)	-	816,306	-	-
Disposal of tangible capital assets	53,130	-	(53,130)	-	-
Annual amortization expenses	338,336	-	(338,336)	-	-
Accumulated amortization on disposed tangible capital assets	(2,657)	-	2,657	-	-
<b>Change in accumulated surplus</b>	-	180,527	427,497	608,024	520,691
<b>Balance, End of Year</b>	409,638	1,292,303	6,190,609	7,892,550	7,284,526

The accompanying notes form part of these financial statements

# Alberta Beach

## Schedule of Tangible Capital Assets - Schedule 2

For the year ended December 31, 2019

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019	2018
							\$	\$
<b>COST:</b>								
Balance, Beginning of Year	1,349,990	630,439	2,759,249	4,707,906	842,988	321,795	10,612,367	9,857,537
Acquisition of tangible capital assets	-	-	-	738,637	77,669	-	816,306	848,046
Disposal of tangible capital assets	-	-	-	-	(53,130)	-	(53,130)	(93,216)
Balance, End of Year	1,349,990	630,439	2,759,249	5,446,543	867,527	321,795	11,375,543	10,612,367
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	447,882	762,546	2,780,596	586,164	272,067	4,849,255	4,558,664
Annual amortization	-	29,964	57,483	204,357	29,370	17,162	338,336	322,113
Accumulated amortization on disposals	-	-	-	-	(2,657)	-	(2,657)	(31,522)
Balance, End of Year	-	477,846	820,029	2,984,953	612,877	289,229	5,184,934	4,849,255
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,349,990</b>	<b>152,593</b>	<b>1,939,220</b>	<b>2,461,590</b>	<b>254,650</b>	<b>32,566</b>	<b>6,190,609</b>	<b>5,763,112</b>
<b>2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,349,990</b>	<b>182,557</b>	<b>1,996,703</b>	<b>1,927,310</b>	<b>256,824</b>	<b>49,728</b>	<b>5,763,112</b>	

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, 2019

	2019 Budget (Unaudited) \$	2019 Actual \$	2018 Actual \$
<b>TAXATION</b>			
Real property taxes	2,086,224	2,084,857	2,041,799
Linear property taxes	25,818	25,818	25,779
Sewer revitalization levy	245,700	245,700	245,700
	<b>2,357,742</b>	<b>2,356,375</b>	<b>2,313,278</b>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	465,221	476,630	464,519
Designated Industrial	-	160	69
Lac Ste Anne Foundation	38,585	38,585	38,119
Requisition Underlevy	-	(10,833)	-
	<b>503,806</b>	<b>504,542</b>	<b>502,707</b>
<b>NET MUNICIPAL TAXES</b>	<b>1,853,936</b>	<b>1,851,833</b>	<b>1,810,571</b>

The accompanying notes form part of these financial statements

# Alberta Beach

## Schedule of Government Transfers - Schedule 4

For the year ended December 31, 2019

	2019 Budget (Unaudited) \$	2019 Actual \$	2018 Actual \$
<b><u>TRANSFERS FOR OPERATING</u></b>			
Provincial Government - MSI Grant	25,169	25,774	25,169
Provincial Government - FCSS Grant	24,058	24,058	24,058
Provincial Government - STEP Grant	-	-	4,500
Revenue deferred from prior period	51,600	55,638	-
	<b>100,827</b>	<b>105,470</b>	<b>53,727</b>
<b><u>TRANSFERS FOR CAPITAL</u></b>			
Provincial Government - MSI Grant	540,095	360,128	750,644
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>640,922</b>	<b>465,598</b>	<b>804,371</b>

# Alberta Beach

## Schedule of Consolidated Expenditures by Object - Schedule 5

For the year ended December 31, 2019

	2019 Budget (Unaudited) \$	2019 Actual \$	2018 Actual \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	860,043	790,841	848,503
Contracted and general services	1,269,813	622,863	563,026
Materials, goods, and utilities	396,496	306,588	315,990
Transfers to local boards and agencies	618,497	618,498	611,983
Amortization of tangible capital assets	65,000	338,336	322,113
<b>TOTAL EXPENSES</b>	<b>3,209,849</b>	<b>2,677,126</b>	<b>2,661,615</b>

# Alberta Beach

## Schedule of Consolidated Segmented Disclosure - Schedule 6

For the year ended December 31, 2019

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2019 \$
<b>REVENUE</b>							
Net municipal taxes	1,606,133	-	-	-	-	245,700	1,851,833
Government transfers	30,774	6,800	738,637	-	25,358	-	801,569
User fees and sales of goods	11,733	37,553	3,059	-	237,034	1,672	291,051
Investment income	26,321	-	-	-	-	-	26,321
Other revenue	140,648	50,415	57,751	62,894	2,668	-	314,376
	<b>1,815,609</b>	<b>94,768</b>	<b>799,447</b>	<b>62,894</b>	<b>265,060</b>	<b>247,372</b>	<b>3,285,150</b>
<b>EXPENSES</b>							
Salaries, wages and benefits	379,990	87,935	268,012	-	-	54,904	790,841
Contracted and general services	181,678	133,824	40,119	77,238	109,062	66,398	608,319
Materials, goods and utilities	23,986	28,644	183,558	994	77,848	6,102	321,132
Transfers to local boards and agencies	-	-	-	-	14,877	603,621	618,498
Balance, End of Year	585,654	250,403	491,689	78,232	201,787	731,025	2,338,790
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE AMORTIZATION</b>							
	1,229,955	(155,635)	307,758	(15,338)	63,273	(483,653)	946,360
Amortization	4,506	20,809	292,836	-	20,185	-	338,336
<b>NET REVENUE</b>	<b>1,225,449</b>	<b>(176,444)</b>	<b>14,922</b>	<b>(15,338)</b>	<b>43,088</b>	<b>(483,653)</b>	<b>608,024</b>

The accompanying notes form part of these financial statements

# Alberta Beach

## Notes to the Consolidated Financial Statements

December 31, 2019

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### DESCRIPTION OF OPERATIONS

Alberta Beach is a local government authority providing municipal services. Alberta Beach is empowered through bylaws and policies approved by Council and pursuant to the Municipal Government Act.

#### 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 Chartered Professional Accountants of Canada. 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) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and cash instruments with a maturity date of less than 90 days deposited in a Canadian financial institution.

##### (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.



**Alberta Beach**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(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 Resale**

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) Tax Revenue**

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

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

**(h) 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.

**(i) 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 Consolidated Financial Statements**  
**December 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(j) 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.

**i) 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.

**ii) 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.

**iii) Cultural and Historical Tangible Capital Assets**

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

**(k) Financial Instruments**

**i) Measurement of financial instruments**

Alberta Beach initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Alberta Beach subsequently measures all of its financial assets and liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and temporary investments, taxes and grants in place of taxes, and trade and other receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deposit liabilities, and deferred revenue.

**Alberta Beach**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(k) Financial Instruments - continued**

**ii) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would be reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

**2. MEASUREMENT UNCERTAINTY**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

**3. CASH AND TEMPORARY INVESTMENTS**

Council has designated funds of \$1,114,401 (2018 - \$1,111,776) for operating and capital reserves. See (Note 11) for details.

**4. RESTRICTED CASH**

Restricted cash received from various funding agencies can only be used for expenses according to the funders agreements. See Note 7 for details.

**Alberta Beach**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**5. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Current taxes and grants in place of taxes	<b>108,466</b>	80,474
Arrears taxes	30,657	19,006
	<b>139,123</b>	99,480

**6. TRADE AND OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade and other receivables	<b>36,811</b>	47,329
GST receivable	31,633	24,684
Requisition under levy	10,833	-
	<b>79,277</b>	72,013
Less: Allowance for doubtful accounts	4,163	4,163
	<b>75,114</b>	67,850

**7. DEFERRED REVENUE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Municipal Sustainability Initiative (MSI) - Capital	<b>19,059</b>	250,943
Basic Municipal Transportation Grant (BMTG)	14,598	14,380
Donation for Trail System	1,000	1,000
LSA Recreation and Cultural Grant	3,500	2,500
Federal Gas Tax Fund (FGTF)	-	-
Alberta Community Partnership Grant (ACP)	98,871	152,447
Wharf Transfer Agreement	51,085	51,617
	<b>188,113</b>	472,887

Funds have been set aside for the above deferred revenue amount. See note 4.

# Alberta Beach

## Notes to the Consolidated Financial Statements

December 31, 2019

### 8. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Alberta Beach be disclosed as follow:

	2019	2018
	\$	\$
Total Debt Limit	3,819,770	3,647,493
Total Debt	-	-
Amount of debt limit unused	3,819,770	3,647,493
Debt Service Limit	636,628	607,916
Debt Service	-	-
Amount of debt service limit unused	636,628	607,916

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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.

### 9. TANGIBLE CAPITAL ASSETS

	2019	2018
	\$	\$
<b>Net Book Value</b>		
Land	1,349,990	1,349,990
Land improvements	152,593	182,557
Buildings	1,939,220	1,996,703
Engineering structures	2,461,590	1,927,310
Machinery and equipment	254,650	256,824
Vehicles	32,566	49,728
	6,190,609	5,763,112

### 10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
	\$	\$
Tangible capital assets (Schedule 2)	11,375,543	10,612,367
Accumulated amortization (Schedule 2)	(5,184,934)	(4,849,255)
	6,190,609	5,763,112

# Alberta Beach

## Notes to the Consolidated Financial Statements

December 31, 2019

### 11. ACCUMULATED SURPLUS

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

	2019	2018
	\$	\$
Unrestricted surplus	409,638	409,638
Internally restricted surplus		
Operating reserves		
Economic development - 100 Year	2,625	-
Tax rate stabilization	187,907	187,907
Insurance proceeds - Hayland	44,537	44,537
Capital reserves		
Administrative - equipment	6,803	6,803
Building replacement	28,623	28,623
General capital	910,985	733,083
Parks and recreation	34,494	34,494
Police	25,164	25,164
Public works	40,960	40,960
Waste management	10,205	10,205
	1,292,303	1,111,776
Equity in Tangible Capital Assets (TCA)	6,190,609	5,763,112
	7,892,550	7,284,526

### 12. SEGMENTED DISCLOSURE

Alberta Beach 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 6).

# Alberta Beach

## Notes to the Consolidated Financial Statements

December 31, 2019

### 13. SUBSEQUENT EVENT

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus) which was declared a pandemic by the World Health Organization. This has an impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as the Alberta Health Services regarding travel, isolation/quarantine orders, closure of municipal facilities, cancellation or postponement of programs, and deferral of property tax and utility payments. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Alberta Beach as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of facility closures, program and service disruptions, and isolation/quarantine measures that are currently or maybe put in place by Canada and other countries to fight the virus.

### 14. 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:

		2019		2018	
	Months	Salary (1)	Benefits & Allowances (2)	Total	
		\$	\$	\$	
Mayor					
J. Benedict	12	14,850	-	14,850	14,067
Deputy Mayor					
A. Duncan	12	12,253	-	12,253	13,242
Councillors					
J. Valiquette	12	10,067	-	10,067	10,239
D. Weber	12	13,492	-	13,492	11,014
Bud Love	12	10,567	-	10,567	10,589
Chief Administrative Officer					
K. Skwarchuk	12	120,428	-	120,428	114,655

(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.

**Alberta Beach**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**15. COMMITMENTS**

Alberta Beach is also responsible for 63.43% of the annual operating costs of Tri Village Regional Sewer Services Commission. The operating costs this year were \$231,172 (2018 - \$231,436).

Alberta Beach is part of the West Inter Lake District (WILD) Regional Water Services Commission and is committed to debenture principal and interest payments in the amount of \$12,381.97 each June and December until the debenture matures in 2039. This debenture was issued as part of the funding of phase 1 of the pipeline construction project from the Town of Stony Plain to the Village of Wabamun. The debenture payment this year was \$40,923 (2018 - \$32,843), the payments include principal and interest.

Alberta Beach is also responsible for 16.4% of the annual operating costs of West Inter Lake District (WILD) Regional Water Services Commission. The operating costs this year were \$18,261 (2018 - \$14,612).

**16. RELATED PARTY TRANSACTIONS**

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

	<b>2019</b>	<b>2018</b>
	\$	\$
Service fees	<b>231,172</b>	231,436
Debentures	<b>331,526</b>	331,826
	<b>562,698</b>	563,262

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.



**Alberta Beach**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**17. FINANCIAL INSTRUMENTS**

**Credit Risk**

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

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. Alberta Beach is exposed to interest rate risk on its bank account balances and any of its fixed and/or floating interest rate financial instruments.

**Liquidity Risk**

Liquidity risk is the risk that Alberta Beach will encounter difficulty in meeting its obligations associated with financial liabilities. Alberta Beach manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfil its financial obligations.

**18. COMPARATIVE FIGURES**

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

**19. BUDGET FIGURES**

Budget figures for 2019, as approved by Council, are included in the financial statements for information purposes and are unaudited.

**20. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.