

Alberta Beach
Consolidated Financial Statements
December 31, 2018

Alberta Beach

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MANAGEMENT'S REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of Alberta Beach.

These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Alberta Beach maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and Alberta Beach's assets are appropriately accounted for and adequately safeguarded.

The elected Council of Alberta Beach are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets annually with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Doyle & Company, Chartered Professional Accountants, the external auditors, in accordance with Canadian public sector accounting standards on behalf of the Council, residents and ratepayers of Alberta. Doyle & Company has full and free access to Alberta Beach's Council.


Kathy Skwarchuk

Chief Administrative Officer

Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
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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, 2018, 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, 2018, 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

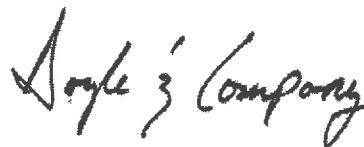
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 7.

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 12.

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

Edmonton, Alberta
April 23, 2019



Chartered Professional Accountants

Alberta Beach
Consolidated Statement of Financial Position
As at December 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	1,838,134	1,871,424
Receivables		
Taxes and grants in place of taxes (Note 4)	99,480	118,080
Trade and other receivables (Note 5)	67,850	100,630
Supplies for resale inventory	7,887	6,306
	2,013,351	2,096,440
LIABILITIES		
Accounts payable and accrued liabilities	42,579	25,253
Deposit liabilities	14,092	10,600
Deferred revenue (Note 6)	472,887	633,996
	529,558	669,849
NET FINANCIAL ASSETS	1,483,793	1,426,591
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	5,763,112	5,298,873
Prepaid expenses	37,621	38,371
	5,800,733	5,337,244
ACCUMULATED SURPLUS (Schedule 1, Note 10)	7,284,526	6,763,835

Commitments - Note 13

Alberta Beach
Consolidated Statement of Operations
For the year ended December 31, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
REVENUE			
Net municipal taxes (Schedule 3)	1,811,545	1,810,571	1,765,047
Campground user fees	253,800	253,408	250,554
Other user fees and sale of goods	5,700	14,993	9,704
Sales to other governments	11,300	18,075	18,232
Franchise fees	56,000	58,103	59,116
Government transfers for operating (Schedule 4)	51,045	53,727	159,899
Local government transfers	2,000	14,850	48,066
Licenses and permits	1,000	5,793	1,105
Fines	50,370	46,683	50,773
Penalties and costs of taxes	41,000	45,663	41,370
Investment income	6,000	11,885	4,860
Rental	87,880	84,199	52,305
Other	62,000	13,712	42,439
	2,439,640	2,431,662	2,503,470
EXPENSES			
Legislative	84,279	82,348	84,881
Administration	486,100	472,568	486,359
Bylaws enforcement	146,598	144,417	131,459
Roads, streets, walks, lighting	125,100	122,801	380,615
Water supply & distribution	50,356	47,456	38,924
Wastewater treatment and disposal	562,963	563,262	555,398
Waste management	92,400	109,549	120,868
Fire department	104,275	111,553	90,008
Public works	443,800	427,069	303,643
Planning & development	25,700	24,687	41,888
Campground	102,600	104,872	95,870
Ambulance	9,800	9,570	9,249
Recreation & facilities	104,500	117,430	97,151
Alberta Beach boat launch and wharf	58,000	1,920	1,096
	2,396,471	2,339,502	2,437,409
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	43,169	92,160	66,061
OTHER			
Amortization of tangible capital assets	(65,000)	(322,113)	(274,900)
Government transfers for capital (Schedule 4)	504,748	750,644	268,598
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	482,917	520,691	59,759
ACCUMULATED SURPLUS, BEGINNING OF YEAR		6,763,835	6,704,076
ACCUMULATED SURPLUS, END OF YEAR		7,284,526	6,763,835

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, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	482,917	520,691	59,759
Acquisition of tangible capital assets	-	(848,046)	(137,413)
Proceeds on disposal of tangible capital assets	-	62,930	49,567
Amortization of tangible capital assets	65,000	322,113	274,900
(Gain) loss on sale of tangible capital assets	-	(1,236)	(2,060)
Prepaid expenses	-	750	(528)
	65,000	(463,489)	184,466
INCREASE (DECREASE) IN NET ASSETS	547,917	57,202	244,225
NET FINANCIAL ASSETS , BEGINNING OF YEAR	1,426,591	1,426,591	1,182,366
NET FINANCIAL ASSETS, END OF YEAR	1,974,508	1,483,793	1,426,591

The accompanying notes form part of these financial statements

Alberta Beach
Consolidated Statement of Cash Flows
For the year ended December 31, 2018

	2018	2017
	\$	\$
OPERATING		
Excess (shortfall) of revenue over expenditures	520,691	59,759
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	322,113	274,900
(Gain) loss on sale of tangible capital assets.	(1,236)	(2,060)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	18,600	(25,317)
Decrease (increase) in trade and other receivables	32,780	15,605
Decrease (increase) in supplies for resale inventory	(1,581)	1,619
(Decrease) increase in accounts prepaid expenses	750	(528)
(Increase) decrease in payables and accrued liabilities	17,326	(53,590)
(Increase) decrease in deposit liabilities	3,492	4,400
(Increase) decrease in deferred revenue	(161,109)	266,009
Cash provided by operating transactions	751,826	540,797
CAPITAL		
Proceeds on sale of tangible capital assets	62,930	49,567
Acquisition of tangible capital assets	(848,046)	(137,413)
Cash applied to capital transactions	(785,116)	(87,846)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	1,592	871
CHANGE IN CASH EQUIVALENTS DURING THE YEAR	(31,698)	453,822
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR	1,818,215	1,364,393
CASH AND CASH EQUIVALENTS, END OF YEAR	1,786,517	1,818,215
Cash and cash equivalents consist of:		
Cash and temporary investments (Note 3)	1,838,134	1,871,424
Less: restricted portion of cash and temporary investments (Note 3)	(51,617)	(53,209)
	1,786,517	1,818,215

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, 2018

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$
Balance, Beginning of Year	403,182	1,061,780	5,298,873	6,763,835	6,704,076
Excess (deficiency) of revenue over expenses	520,691	-	-	520,691	59,759
Restricted funds used for tangible capital assets	(50,000)	50,000	-	-	-
Current years funds used for tangible capital assets	(848,046)	-	848,046	-	-
Disposal of tangible capital assets	93,216	-	(93,216)	-	-
Annual amortization expenses	322,113	-	(322,113)	-	-
Accumulated amortization on disposed tangible capital assets	(31,522)	-	31,522	-	-
Change in accumulated surplus	6,452	50,000	464,239	520,691	59,759
Balance, End of Year	409,634	1,111,780	5,763,112	7,284,526	6,763,835

The accompanying notes form part of these financial statements

Alberta Beach

Schedule of Tangible Capital Assets - Schedule 2

For the year ended December 31, 2018

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018	2017
							\$	\$
COST:								
Balance, Beginning of Year	1,349,990	575,674	2,712,613	4,058,662	825,253	335,345	9,857,537	9,769,869
Acquisition of tangible capital assets	-	54,765	46,636	649,244	87,701	9,700	848,046	137,413
Disposal of tangible capital assets	-	-	-	-	(69,966)	(23,250)	(93,216)	(49,745)
Balance, End of Year	1,349,990	630,439	2,759,249	4,707,906	842,988	321,795	10,612,367	9,857,537
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	417,918	707,808	2,603,942	555,457	273,539	4,558,664	4,286,002
Annual amortization	-	29,964	54,738	176,654	42,979	17,778	322,113	274,900
Accumulated amortization on disposals	-	-	-	-	(12,272)	(19,250)	(31,522)	(2,238)
Balance, End of Year	-	447,882	762,546	2,780,596	586,164	272,067	4,849,255	4,558,664
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,349,990	182,557	1,996,703	1,927,310	256,824	49,728	5,763,112	5,298,873
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,349,990	157,756	2,004,805	1,454,720	269,796	61,806	5,298,873	5,298,873

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, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
TAXATION			
Real property taxes	2,043,406	2,041,799	1,975,676
Linear property taxes	25,779	25,779	24,852
Local improvement taxes	-	-	-
Sewer revitalization levy	245,700	245,700	246,000
	2,314,885	2,313,278	2,246,528
REQUISITIONS			
Alberta School Foundation Fund	465,221	464,519	444,800
Designated Industrial	-	69	-
Lac Ste Anne Foundation	38,119	38,119	36,681
	503,340	502,707	481,481
NET MUNICIPAL TAXES	1,811,545	1,810,571	1,765,047

The accompanying notes form part of these financial statements

Alberta Beach
Schedule of Government Transfers - Schedule 4
For the year ended December 31, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
<u>TRANSFERS FOR OPERATING</u>			
Provincial Government - MSI Grant	21,387	25,169	118,622
Provincial Government - FCSS Grant	24,058	24,058	24,058
Provincial Government - STEP Grant	5,600	4,500	6,150
Revenue deferred from prior period	-	-	11,069
	51,045	53,727	159,899
<u>TRANSFERS FOR CAPITAL</u>			
Provincial Government	504,748	750,644	268,598
TOTAL GOVERNMENT TRANSFERS	555,793	804,371	428,497

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, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	836,479	848,503	731,061
Contracted and general services	1,050,169	563,026	837,030
Materials, goods, and utilities	775,387	315,990	274,937
Transfers to local boards and agencies	613,585	611,983	594,381
Amortization of tangible capital assets	65,000	322,113	274,900
TOTAL EXPENSES	3,340,620	2,661,615	2,712,309

The accompanying notes form part of these financial statements

Alberta Beach
Schedule of Consolidated Segmented Disclosure - Schedule 6

For the year ended December 31, 2018

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2018 \$
REVENUE							
Net municipal taxes	1,564,940	-	-	-	-	245,700	1,810,640
Government transfers	29,169	6,800	700,380	-	24,058	-	760,407
User fees and sales of goods	14,375	39,211	3,182	-	253,408	2,265	312,441
Investment income	11,885	-	-	-	-	-	11,885
Other revenue	117,344	46,700	48,630	-	11,850	-	224,524
	1,737,713	92,711	752,192	-	289,316	247,965	3,119,897
EXPENSES							
Salaries, wages and benefits	365,154	98,588	289,760	-	-	50,000	803,502
Contracted and general services	171,787	137,311	32,781	24,552	114,845	67,534	548,810
Materials, goods and utilities	17,975	29,641	177,829	135	82,650	6,627	314,857
Transfers to local boards and agencies	-	-	-	-	14,877	596,106	610,983
Balance, End of Year	554,916	265,540	500,370	24,687	212,372	720,267	2,278,152
EXCESS (SHORTFALL) OF REVENUE OVER							
EXPENSES BEFORE AMORTIZATION	1,182,797	(172,829)	251,822	(24,687)	76,944	(472,302)	841,745
Amortization	4,409	21,047	277,528	-	19,129	-	322,113
NET REVENUE	1,178,388	(193,876)	(25,706)	(24,687)	57,815	(472,302)	519,632

The accompanying notes form part of these financial statements

Alberta Beach
Notes to the Consolidated Financial Statements
December 31, 2018

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, 2018

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, 2018

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, 2018

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

	2018	2017
	\$	\$
Unrestricted cash	1,786,517	1,818,215
Restricted cash	51,617	53,209
	1,838,134	1,871,424

Restricted funds were received from the provincial government for various approved projects (Note 6).

Council has designated funds of \$1,111,776 (2017 - \$1,061,780) included in the above amounts for operating and capital reserves. See (Note 10) for details.

Alberta Beach
Notes to the Consolidated Financial Statements
December 31, 2018

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2018	2017
	\$	\$
Current taxes and grants in place of taxes	80,474	91,432
Arrears taxes	19,006	26,648
	99,480	118,080

5. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Trade and other receivables	47,329	86,609
GST receivable	24,684	22,384
	72,013	108,993
Less: Allowance for doubtful accounts	4,163	8,363
	67,850	100,630

6. DEFERRED REVENUE

	2018	2017
	\$	\$
Municipal Sustainability Initiative (MSI) - Capital	250,943	412,501
Basic Municipal Transportation Grant (BMTG)	14,380	14,291
Donation for Trail System	1,000	1,000
LSA Recreation and Cultural Grant	2,500	1,500
Alberta Community Partnership Grant (ACP)	152,447	151,495
Wharf Transfer Agreement	51,617	53,209
	472,887	633,996

Included in deferred revenue is \$51,617 (2017 - \$53,209) which is restricted for the use of the redevelopment of the Alberta Beach boat launch and wharf.

Alberta Beach

Notes to the Consolidated Financial Statements

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7. 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:

	2018	2017
	\$	\$
Total Debt Limit	3,647,493	3,755,205
Total Debt	-	-
Amount of debt limit unused	3,647,493	3,755,205
Debt Service Limit	607,916	625,868
Debt Service	-	-
Amount of debt service limit unused	607,916	625,868

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.

8. TANGIBLE CAPITAL ASSETS

	2018	2017
	\$	\$
Net Book Value		
Land	1,349,990	1,349,990
Land improvements	182,557	157,756
Buildings	1,996,703	2,004,805
Engineering structures	1,927,310	1,454,720
Machinery and equipment	256,824	295,261
Vehicles	49,728	36,341
	5,763,112	5,298,873

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
	\$	\$
Tangible capital assets (Schedule 2)	10,612,367	9,857,537
Accumulated amortization (Schedule 2)	(4,849,255)	(4,558,664)
	5,763,112	5,298,873

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10. ACCUMULATED SURPLUS

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

	2018	2017
	\$	\$
Unrestricted surplus	409,638	403,182
Restricted surplus		
Operating reserves		
Tax rate stabilization	187,907	187,911
Insurance proceeds - Hayland	44,537	44,537
Capital reserves		
Administrative - equipment	6,803	6,803
Building replacement	28,623	28,623
General capital	733,083	683,083
Parks and recreation	34,494	34,494
Police	25,164	25,164
Public works	40,960	40,960
Waste management	10,205	10,205
	1,111,776	1,061,780
Equity in tangible capital assets	5,763,112	5,298,873
	7,284,526	6,763,835

11. 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, 2018

12. 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	2018			2017
		Salary (1)	Benefits & Allowances (2)	Total	Total
		\$	\$	\$	\$
Mayor					
J. Benedict	12	14,067	-	14,067	19,254
Deputy Mayor					
A. Duncan	12	13,242	-	13,242	17,241
Councillors					
T. Elwood	-	-	-	-	12,713
J. Valiquette	12	10,239	-	10,239	2,919
D. Weber	12	11,014	-	11,014	2,819
Bill Love	-	-	-	-	10,873
Bud Love	12	10,589	-	10,589	3,121
D. McNair	-	-	-	-	11,004
Chief Administrative Officer					
K. Skwarchuk	12	114,655	-	114,655	112,479

- (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.

13. 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 \$231,436 (2017 - \$229,271).

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 \$32,843 (2017 - \$24,764), 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 \$14,612 (2017 - \$14,160).

Alberta Beach
Notes to the Consolidated Financial Statements
December 31, 2018

14. RELATED PARTY TRANSACTIONS

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

	2018	2017
	\$	\$
Service fees	231,436	229,272
Debentures	331,826	326,126
	563,262	555,398

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.

15. 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.

16. COMPARATIVE FIGURES

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

17. BUDGET FIGURES

Budget figures for 2018, as approved by Council, are included in the financial statements for information purposes and are unaudited.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.