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**SUMMER VILLAGE OF LARKSPUR  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**SUMMER VILLAGE OF LARKSPUR**

**DECEMBER 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF COUNCIL OF SUMMER VILLAGE OF LARKSPUR

#### *Report on the Consolidated Financial Statements*

I have audited the accompanying consolidated statements of the Summer Village of Larkspur, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, 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 Consolidated Financial Statements.*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

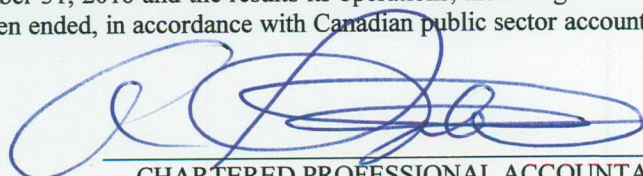
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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 consolidated financial statements present fairly, in all material respects, the financial position of the Summer Village of Larkspur as at December 31, 2016 and the results its operations, the 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 21, 2017



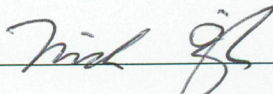
CHARTERED PROFESSIONAL ACCOUNTANT

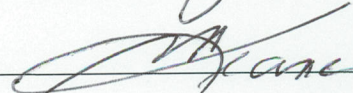


**SUMMER VILLAGE OF LARKSPUR  
CONSOLIDATED FINANCIAL POSITION  
DECEMBER 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 529,963	\$ 462,577
Taxes and grants in place of taxes (Note 3)	1,521	4,393
Goods and services tax receivable	2,535	1,379
	534,019	468,349
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	24,186	23,164
Prepaid taxes	-	20
Deferred revenue (Note 4 and Note 12)	201,372	146,083
	225,558	169,267
<b>NET FINANCIAL ASSETS</b>	308,461	299,082
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule 2)	619,789	639,232
Prepaid expense	787	1,394
	620,576	640,626
<b>ACCUMULATED SURPLUS (Schedule 1, Note 5 )</b>	<b>\$ 929,037</b>	<b>\$ 939,708</b>
CONTINGENCIES (Note 9 )		RESTATED NOTE 12

APPROVED BY COUNCIL

 MAYOR

 COUNCILLOR



**SUMMER VILLAGE OF LARKSPUR**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2016**

	BUDGET	2016	2015
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 40,350	\$ 42,725	\$ 34,622
Other revenues	5,000	6,155	5,905
Government transfers for operating (Schedule 4)	11,996	4,964	6,258
Investment income	4,000	3,724	4,142
Penalties and costs of taxes	400	220	623
Licenses and permits	100	200	100
<b>TOTAL REVENUE</b>	<b>61,846</b>	<b>57,988</b>	<b>51,650</b>
<b>EXPENSES</b>			
Administration	43,582	39,145	31,917
Amortization	-	19,443	19,357
Parks and recreation	4,300	5,398	3,386
Legislative	3,400	4,123	3,390
Waste management	2,000	500	500
Culture	500	50	75
Roads, streets, walks and lighting	3,000	-	2,357
Fire and bylaws enforcement	2,000	-	-
<b>TOTAL EXPENSES</b>	<b>58,782</b>	<b>68,659</b>	<b>60,982</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>3,064</b>	<b>(10,671)</b>	<b>(9,332)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	-	-	3,750
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>3,064</b>	<b>(10,671)</b>	<b>(5,582)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>939,708</b>	<b>939,708</b>	<b>945,290</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 942,772</b>	<b>\$ 929,037</b>	<b>\$ 939,708</b>

RESTATED  
NOTE 12



**SUMMER VILLAGE OF LARKSPUR**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET**  
**FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2016**

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	BUDGET	2016	2015
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>3,064</u>	\$ <u>(10,671)</u>	\$ <u>(5,582)</u>
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	-	(4,295)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>-</u>	<u>19,443</u>	<u>19,357</u>
USE OF PREPAID ASSETS	<u>-</u>	<u>607</u>	<u>(840)</u>
INCREASE IN NET FINANCIAL ASSETS	3,064	9,379	8,640
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>299,082</u>	<u>299,082</u>	<u>290,442</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u><u>302,146</u></u>	\$ <u><u>308,461</u></u>	\$ <u><u>299,082</u></u>
			RESTATED NOTE 12



**SUMMER VILLAGE OF LARKSPUR  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2016**

	2016	2015
<b>OPERATING</b>		
Cash received from rate payers	\$ 133,923	\$ 112,218
Cash received from government transfers	60,253	20,315
Cash received from investments	3,724	4,142
Cash paid for expenses	(48,742)	(30,036)
Cash paid for requisitions	(81,772)	(73,913)
	67,386	32,726
<b>CAPITAL</b>		
Purchases of tangible capital assets	-	(4,295)
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	67,386	28,431
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	462,577	434,146
<b>CASH AND EQUIVALENTS, END OF YEAR (Note 2)</b>	\$ 529,963	\$ 462,577



**SUMMER VILLAGE OF LARKSPUR  
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
YEAR ENDED DECEMBER 31, 2016**

SCHEDULE 1

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2016	2015
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 44,523	\$ 255,953	\$ 639,232	\$ 939,708	\$ 945,290
Excess (deficiency) of revenues over expenses	(10,671)	-	-	(10,671)	(5,582)
Transfer to unrestricted surplus	208,029	(208,029)	-	-	-
Amortization expense	19,443	-	(19,443)	-	-
Change in accumulated surplus	216,801	(208,029)	(19,443)	(10,671)	(5,582)
<b>BALANCE, END OF YEAR</b>	261,324	47,924	619,789	929,037	939,708

6.



**SUMMER VILLAGE OF LARKSPUR  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2016**

SCHEDULE 2

	LAND	BUILDING	ENGINEERED STRUCTURES	MACHINERY & EQUIPMENT	2016	2015
<b>COST:</b>						
Balance, beginning of year	\$ 201,596	\$ 11,675	\$ 709,519	\$ 12,379	\$ 935,169	\$ 930,874
Acquisition of tangible capital assets	-	-	-	-	-	4,295
Balance, end of year	201,596	11,675	709,519	12,379	935,169	935,169
<b>ACCUMULATED AMORTIZATION:</b>						
Balance, beginning of year		4,046	281,088	10,803	295,937	276,580
Annual amortization	-	467	17,738	1,238	19,443	19,357
Balance, end of year	-	4,513	298,826	12,041	315,380	295,937

<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$ 201,596	\$ 7,162	\$ 410,693	\$ 338	\$ 619,789	\$ 639,232
<b>2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	201,596	7,629	428,431	1,576	639,232	



**SUMMER VILLAGE OF LARKSPUR  
SCHEDULE OF PROPERTY AND OTHER TAXES  
YEAR ENDED DECEMBER 31, 2016**

	<b>SCHEDULE 3</b>		
	<b>BUDGET</b>	<b>2016</b>	<b>2015</b>
<b>TAXATION</b>			
Real property taxes	\$ 121,878	\$ 124,243	\$ 108,291
Linear property taxes	244	254	244
	122,122	124,497	108,535
<b>REQUISITION</b>			
Alberta School Foundation Fund	81,772	81,772	73,913
<b>NET MUNICIPAL TAXES</b>	<b>\$ 40,350</b>	<b>\$ 42,725</b>	<b>\$ 34,622</b>



**SUMMER VILLAGE OF LARKSPUR  
SCHEDULE OF GOVERNMENT TRANSFERS  
YEAR ENDED DECEMBER 31, 2016**

	<b>SCHEDULE 4</b>		
	<b>BUDGET</b>	<b>2016</b>	<b>2015</b>
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 11,996	\$ 4,964	\$ 6,258
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	-	-	3,750
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 11,996</b>	<b>\$ 4,964</b>	<b>\$ 10,008</b>

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT  
YEAR ENDED DECEMBER 31, 2016**

	<b>SCHEDULE 5</b>		
	<b>BUDGET</b>	<b>2016</b>	<b>2015</b>
<b>EXPENSES</b>			
Contracted and general services	\$ 40,557	\$ 29,198	\$ 23,375
Amortization of tangible capital assets	-	19,443	19,357
Salaries wages and benefits	16,000	18,075	16,075
Materials goods and utilities	2,225	1,943	2,175
<b>TOTAL EXPENDITURE</b>	<b>\$ 58,782</b>	<b>\$ 68,659</b>	<b>\$ 60,982</b>



# SUMMER VILLAGE OF LARKSPUR

## NOTES TO THE FINANCIAL STATEMENTS

### DECEMBER 31, 2016

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Summer Village of Larkspur are the representatives 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 Canada.

Significant aspects of the accounting policies adopted by the Summer Village are as follows:

(a) **Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations of all of the organizations that are owned or controlled by the Summer Village Council for the administration of their financial affairs and resources.

(b) **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services and/or the legal obligation to pay.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) **Investments**

Investments are recorded at amortized cost.

(e) **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.



# SUMMER VILLAGE OF LARKSPUR

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED DECEMBER 31, 2016

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#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (f) Tax Revenue

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

##### (g) 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.

##### (h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

##### (i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Buildings	50 years
Engineered structures - roads	10-20 years
Machinery and equipment	5-10 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

#### 2. CASH

	2016	2015
Unrestricted Cash	\$ 482,039	\$ 206,624
Restricted Cash	<u>47,924</u>	<u>255,953</u>
	<u>\$ 529,963</u>	<u>\$ 462,577</u>



**SUMMER VILLAGE OF LARKSPUR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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**3. TAXES AND GRANTS IN PLACE OF TAXES**

	2016	2015
Current taxes	\$ 833	\$ 4,393
Arrears	<u>688</u>	<u>-</u>
	<u>\$ 1,521</u>	<u>\$ 4,393</u>

**4. DEFERRED REVENUE**

	2016	2015
Municipal Sustainability Grant - Capital	\$ 184,016	\$ 135,776
Federal Gas Tax Fund	<u>17,356</u>	<u>10,307</u>
	<u>\$ 201,372</u>	<u>\$ 146,083</u>

**5. ACCUMULATED SURPLUS**

	2016	2015
Unrestricted surplus	\$ 261,324	\$ 44,523
Restricted surplus		
Tax rate stabilization	-	240,551
Assessment appeal	-	6,000
Emergency reserve	47,924	4,100
Roads	-	3,000
Election	-	2,002
Parks and Recreation	<u>-</u>	<u>300</u>
Total restricted surplus	47,924	255,953
Equity in tangible capital assets	<u>619,789</u>	<u>639,232</u>
	<u>\$ 929,037</u>	<u>\$ 939,708</u>



**SUMMER VILLAGE OF LARKSPUR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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**6. DEBT LIMITS**

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

	2016	2015
Total debt limit	\$ 86,982	\$ 77,475
Total debt	<u>-</u>	<u>-</u>
Amount total debt limit unused	<u>\$ 86,982</u>	<u>77,475</u>
Debt servicing limit	\$ 14,497	12,913
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 14,497</u>	<u>12,913</u>

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.

**7. EQUITY IN TANGIBLE CAPITAL ASSETS**

	Net 2016	Net 2015
Tangible capital assets (Schedule 2)	\$ 935,169	\$ 935,169
Accumulated amortization (Schedule 2)	<u>(315,380)</u>	<u>(295,937)</u>
	<u>\$ 619,789</u>	<u>\$ 639,232</u>



# SUMMER VILLAGE OF LARKSPUR

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED DECEMBER 31, 2016

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#### 8. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	2016			2015
	Salary	Benefits & Allowances	Total	Total
Mayor:				
Nick Tywoniuk	\$ 850	\$ 344	\$ 1,194	874
Councillors:				
Gerry Keane	850	379	1,229	803
K. Schauenberg	1,075	625	1,700	1,713
Village Administrator	15,300	528	15,828	14,282

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including travel allowance.

#### 9. CONTINGENCIES

The Summer Village of Larkspur is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Summer Village of Larkspur could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

#### 10. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash, taxes and grants in place of taxes, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, prepaid taxes and deferred revenue. It is management's opinion that the Summer Village is not exposed to significant interest or current risks arising from these financial instruments.

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

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

#### 11. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements. The budgeted figures have been presented for information purposes and are unaudited.



**SUMMER VILLAGE OF LARKSPUR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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**12. PRIOR PERIOD ADJUSTMENTS**

The Summer Village has restated its 2015 comparative figures adjust revenue from government grants and transfers relating to capital acquisitions have been included in income. These adjustments are as follows:

	<u>2015</u>
<b>Adjustments to opening accumulated surplus:</b>	
As previously reported	\$ 54,830
Adjustments to unrestricted funds	<u>10,307</u>
As restated	<u>\$ 44,523</u>
	<u>2015</u>
Adjustments to excess of revenues over expenses:	
As previously reported	\$ 4,725
Overstated income reported in year	<u>10,307</u>
As restated	<u><u>\$ (5,582)</u></u>