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**SUMMER VILLAGE OF LARKSPUR  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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**SUMMER VILLAGE OF LARKSPUR**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE COUNCIL OF SUMMER VILLAGE OF LARKSPUR

Report on the Audit of the Financial Statements

#### *Opinion*

I have audited the financial statements of Summer Village of Larkspur (the Entity), which comprise the statement of financial position as at December 31, 2018, and the results of its operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Summer Village of Larkspur as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### *Basis for Opinion*

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

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or 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 Responsibilities for the Audit of the Financial Statements*

My 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or override of internal control.

- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I will 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

*Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation
- In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account the Entity's debt limit can be found in Note 6.

EDMONTON, ALBERTA  
APRIL 15, 2019



AL SCHERBARTH PROFESSIONAL CORPORATION

**SUMMER VILLAGE OF LARKSPUR  
CONSOLIDATED FINANCIAL POSITION  
DECEMBER 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 395,522	\$ 400,057
Receivables		
Taxes receivable (Note 3)	-	221
Good and services tax receivable	4,442	7,201
	<u>399,964</u>	<u>407,479</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4,340	40,865
Prepaid taxes	785	175
Deferred revenue (Note 4)	34,621	32,642
	<u>39,746</u>	<u>73,682</u>
<b>NET FINANCIAL ASSETS</b>	360,218	333,797
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets	725,524	747,836
Prepaid expense	587	589
	<u>726,111</u>	<u>748,425</u>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<u>\$ 1,086,329</u>	<u>\$ 1,082,222</u>

APPROVED BY COUNCIL

\_\_\_\_\_ MAYOR

\_\_\_\_\_ COUNCILLOR

**SUMMER VILLAGE OF LARKSPUR  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2018**

	BUDGET	2018	2017
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 54,492	\$ 58,859	\$ 52,313
Government transfers for operating (Schedule 4)	7,138	16,378	4,498
Other revenues	6,100	4,603	5,935
Investment income	2,100	1,873	3,790
Penalties and costs of taxes	150	224	180
Licenses and permits	-	150	300
ALARIE insurance allocation	-	-	8,491
Gain on sale of assets	-	-	500
<b>TOTAL REVENUE</b>	<b>69,980</b>	<b>82,087</b>	<b>76,007</b>
<b>EXPENSES</b>			
Administration	46,360	55,622	53,269
Parks and recreation	4,500	25,252	19,647
Amortization	-	22,312	19,495
Roads, streets, walks and lighting	2,000	6,175	-
Legislative	3,400	5,113	5,087
Waste management	1,000	500	500
Culture	-	-	611
Fire and bylaws enforcement	2,000	-	-
<b>TOTAL EXPENSES</b>	<b>59,260</b>	<b>114,974</b>	<b>98,609</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>10,720</b>	<b>(32,887)</b>	<b>(22,602)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	61,287	36,994	175,786
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>72,007</b>	<b>4,107</b>	<b>153,184</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>1,082,222</b>	<b>1,082,222</b>	<b>929,038</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 1,154,229</b>	<b>\$ 1,086,329</b>	<b>\$ 1,082,222</b>

**SUMMER VILLAGE OF LARKSPUR  
CONSOLIDATED STATEMENT OF CHANGE IN NET  
FINANCIAL ASSETS  
YEAR ENDED DECEMBER 31, 2018**

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	BUDGET	2018	2017
EXCESS OF REVENUE OVER EXPENSES	\$ 72,007	\$ 4,107	\$ 153,184
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	-	(147,541)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>-</u>	<u>22,312</u>	<u>19,495</u>
	<u>-</u>	<u>22,312</u>	<u>(128,046)</u>
USE OF PREPAID ASSETS	<u>-</u>	<u>2</u>	<u>198</u>
INCREASE IN NET FINANCIAL ASSETS	72,007	26,421	25,336
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>333,797</u>	<u>333,797</u>	<u>308,461</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 405,804</u>	<u>\$ 360,218</u>	<u>\$ 333,797</u>

**SUMMER VILLAGE OF LARKSPUR  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>OPERATING</b>		
Excess of revenues over expenditures	\$ 4,107	\$ 153,184
Amortization	22,312	19,495
(Gain) on disposal of assets	-	(500)
Non-cash changes to operations (net change):		
Decrease (increase) in taxes receivable	221	1,300
Decrease (increase) in Goods and services tax receivable	2,759	(4,666)
Increase (decrease) in accounts payable and accrued liabilities	(36,525)	16,679
Increase (decrease) in prepaid taxes	610	175
Increase (decrease) in deferred revenue	1,979	(168,730)
Decrease (increase) in prepaid expenses	2	198
<b>Cash provided by operating transactions</b>	<b>(4,535)</b>	<b>17,135</b>
<b>CAPITAL</b>		
Purchases of tangible capital assets	-	(147,541)
Proceeds on disposal capital property - equipment	-	500
<b>Cash provided by capital transactions</b>	<b>-</b>	<b>(147,041)</b>
<b>CHANGE IN CASH DURING YEAR</b>	<b>(4,535)</b>	<b>(129,906)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>400,057</b>	<b>529,963</b>
<b>CASH, END OF YEAR (Note 2)</b>	<b>\$ 395,522</b>	<b>\$ 400,057</b>



**SUMMER VILLAGE OF LARKSPUR  
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
 YEAR ENDED DECEMBER 31, 2018**

SCHEDULE 1

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2018	2017
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 286,462	\$ 47,924	\$ 747,836	\$ 1,082,222	\$ 929,038
Excess (deficiency) of revenues over expenses	4,107	-	-	4,107	153,184
Annual amortization expense	22,312	-	(22,312)	-	-
<b>BALANCE, END OF YEAR</b>	<b>312,881</b>	<b>47,924</b>	<b>725,524</b>	<b>1,086,329</b>	<b>1,082,222</b>

**SUMMER VILLAGE OF LARKSPUR  
 SCHEDULE OF TANGIBLE CAPITAL ASSETS  
 YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE 2**

	<b>LAND</b>	<b>BUILDING</b>	<b>ENGINEERED STRUCTURES</b>	<b>MACHINERY &amp; EQUIPMENT</b>	<b>2018</b>	<b>2017</b>
<b>COST:</b>						
Balance, beginning of year	\$ 201,596	\$ 11,675	\$ 853,878	\$ 15,061	\$ 1,082,210	\$ 935,169
Acquisition of tangible capital assets	-	-	-	-	-	147,541
Disposal of capital assets	-	-	-	-	-	(500)
Balance, end of year	201,596	11,675	853,878	15,061	1,082,210	1,082,210

**ACCUMULATED AMORTIZATION:**

Balance, beginning of year		4,980	318,367	11,027	334,374	315,379
Disposals	-	-	-	-	-	(500)
Annual amortization	-	467	21,347	498	22,312	19,495
Balance, end of year	-	5,447	339,714	11,525	356,686	334,374

**NET BOOK VALUE OF  
TANGIBLE CAPITAL ASSETS**

	\$ 201,596	\$ 6,228	\$ 514,164	\$ 3,536	\$ 725,524	\$ 747,836
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**SUMMER VILLAGE OF LARKSPUR  
 SCHEDULE OF PROPERTY AND OTHER TAXES  
 YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE 3**

	<b>BUDGET</b>	<b>2018</b>	<b>2017</b>
<b>TAXATION</b>			
Real property taxes	\$ 141,351	\$ 145,635	\$ 135,375
Linear property taxes	194	277	259
	141,545	145,912	135,634
<b>REQUISITION</b>			
Alberta School Foundation Fund	87,053	87,053	83,321
<b>NET MUNICIPAL TAXES</b>	<b>\$ 54,492</b>	<b>\$ 58,859</b>	<b>\$ 52,313</b>

**SUMMER VILLAGE OF LARKSPUR  
SCHEDULE OF GOVERNMENT TRANSFERS  
YEAR ENDED DECEMBER 31, 2018**

	SCHEDULE 4		
	BUDGET	2018	2017
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 7,138	\$ 16,378	\$ 4,998
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	-	36,994	175,786
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 7,138	\$ 53,372	\$ 180,784

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT  
YEAR ENDED DECEMBER 31, 2018**

	SCHEDULE 5		
	BUDGET	2018	2017
<b>EXPENSES</b>			
Contracted and general services	\$ 36,750	\$ 69,233	\$ 56,362
Amortization of tangible capital assets	-	22,312	19,495
Salaries wages and benefits	19,600	21,050	20,850
Materials goods and utilities	2,910	2,379	1,902
<b>TOTAL EXPENDITURE</b>	\$ 59,260	\$ 114,974	\$ 98,609

# SUMMER VILLAGE OF LARKSPUR

## NOTES TO THE FINANCIAL STATEMENTS

### DECEMBER 31, 2018

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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.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipality reporting entity.

(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  
DECEMBER 31, 2018**

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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.

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

**(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**

	2018	2017
Unrestricted cash	\$ 312,977	\$ 319,492
Restricted Cash	<u>82,545</u>	<u>80,565</u>
	<u>\$ 395,522</u>	<u>\$ 400,057</u>

Restricted cash includes funds held for internally restricted funds in the amount of \$47,924 (2017 - \$47,924) and funds held for future projects under the Municipal Sustainability Initiative in the amount of \$34,621 (2017 - \$32,642) as described in Note 4.

**SUMMER VILLAGE OF LARKSPUR  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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**3. TAXES RECEIVABLE**

	<b>2018</b>	<b>2017</b>
Current taxes	\$ -	\$ 221
Arrears	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 221</u>

**4. DEFERRED REVENUE**

	<b>2018</b>	<b>2017</b>
Municipal Sustainability Grant - Capital	<u>\$ 34,621</u>	<u>\$ 32,642</u>

Funding in the amount of \$34,621 was received from the Municipal Sustainability Initiative. This funding is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2019.

**5. 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:

	<b>2018</b>	<b>2017</b>
Total debt limit	\$ 123,131	\$ 114,011
Total debt	<u>-</u>	<u>-</u>
Amount total debt limit unused	<u>\$ 123,131</u>	<u>114,011</u>
Debt servicing limit	\$ 20,522	19,002
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 20,522</u>	<u>19,002</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.

**SUMMER VILLAGE OF LARKSPUR  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**6. EQUITY IN TANGIBLE CAPITAL ASSETS**

	Net 2018	Net 2017
Tangible capital assets (Schedule 2)	\$ 1,082,210	\$ 1,082,210
Accumulated amortization (Schedule 2)	<u>(356,686)</u>	<u>(334,374)</u>
	<u>\$ 725,524</u>	<u>\$ 747,836</u>

**7. ACCUMULATED SURPLUS**

	2018	2017
Unrestricted surplus	\$ 312,881	\$ 286,462
Restricted surplus - Emergency reserve	47,924	47,924
Equity in tangible capital assets	<u>725,524</u>	<u>747,836</u>
	<u>\$ 1,086,329</u>	<u>\$ 1,082,222</u>

**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:

	2018			2017
	Salary	Benefits Allowances	Total	Total
Councillors:				
Nick Tywioniuk	\$ 1,600	\$ 505	\$ 2,105	\$ 1,906
Gerry Keane	1,600	635	2,235	1,485
Greg Dreschler	1,050	723	1,773	935
K. Schauenberg	-	-	-	761
Village Administrator	\$ 17,400	\$ 498	\$ 17,898	\$ 17,995

- (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



**SUMMER VILLAGE OF LARKSPUR  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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**9. FINANCIAL INSTRUMENTS**

The Summer Village's financial instruments consist of cash, taxes and grants in place of taxes, accounts receivable, 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.

**10. APPROVAL OF FINANCIAL STATEMENTS**

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