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***VILLAGE OF SPRING LAKE***

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2008**

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# **VILLAGE OF SPRING LAKE**

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## **AUDITOR'S REPORT**

### **To the Mayor and Council of the Village of Spring Lake**

I have audited the consolidated statement of financial position of the Village of Spring Lake as at December 31, 2008 and the consolidated statement of financial activities and the consolidated statement of cash flows for the year then ended. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Village of Spring Lake as at December 31, 2008, and the results of its financial activities and cash flows for the year then ended in accordance with accounting principles for Municipal Governments, as described in Note 1, established by the Canadian Institute of Chartered Accountants.

  
*Professional Corporation*


Edmonton, Alberta  
April 2, 2009

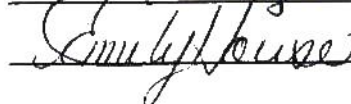
**CHARTERED ACCOUNTANT**

**VILLAGE OF SPRING LAKE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash – Note 2	\$ 497,933	\$ 190,601
Temporary investments – Note 2	2,514	52,435
Taxes receivable	19,975	17,572
Trade and other receivables	13,086	18,520
Prepaid expenses	4,692	4,685
	<u>538,200</u>	<u>283,813</u>
<b>Physical Assets - Note 3</b>	<u>1,231,350</u>	<u>1,213,724</u>
	<u><b>\$ 1,769,550</b></u>	<u><b>\$ 1,497,537</b></u>
<b>LIABILITIES</b>		
Payables and accrued liabilities	\$ 19,612	\$ 13,919
Deposit	942	50,942
Deferred revenue – Note 4	218,353	3,414
Long term debt – Note 5	30,720	38,338
	<u>269,627</u>	<u>106,613</u>
<b>MUNICIPAL EQUITY</b>		
<b>Fund Balances</b>		
Operating fund - Schedule 1	10,630	10,235
Capital fund – Schedule 2	-	-
Reserve fund – Schedule 3	288,663	205,303
	<u>299,293</u>	<u>215,538</u>
<b>Equity in Capital Assets – Schedule 4</b>	<u>1,200,630</u>	<u>1,175,386</u>
	<u><b>1,499,923</b></u>	<u><b>1,390,924</b></u>
	<u><b>\$ 1,769,550</b></u>	<u><b>\$ 1,497,537</b></u>

Approved by Council

 Mayor

 Chief Administrative Officer

# VILLAGE OF SPRING LAKE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES YEAR ENDED DECEMBER 31, 2008

	<u>Budget</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>			
Net municipal property taxes - Schedule 5	\$ 370,332	\$ 365,722	\$ 349,317
Land sales	-	5,601	13,000
Other user fees and sale of goods	-	980	561
Government transfers	-	96,059	163,913
Licenses and permits	3,300	2,653	5,016
Fines	-	166	283
Penalties and costs of taxes	5,000	7,953	8,327
Investment income	1,950	2,943	7,721
Other	1,450	5,342	1,932
Proceeds on sale of capital assets	-	1,030	-
	<u>382,032</u>	<u>488,449</u>	<u>550,070</u>
<b>Expenditures - Schedule 6</b>			
Council	18,500	17,445	15,713
Administration	128,159	154,272	144,831
Fire	11,000	12,468	10,842
Ambulance	33,567	26,853	21,550
Bylaw enforcement	4,000	4,640	6,207
Public works	75,467	97,927	73,754
Roads, streets, walks, lighting	47,750	31,061	221,713
Water supply and distribution	300	-	193
Waste management	45,789	44,165	15,813
Planning and development	3,500	3,357	16,007
Parks, recreation and culture	5,500	4,888	3,820
	<u>373,532</u>	<u>397,076</u>	<u>530,443</u>
<b>Excess of Revenues Over Expenditures</b>	8,500	91,373	19,627
<b>Capital Debt Repaid</b>	<u>(8,500)</u>	<u>(7,618)</u>	<u>(12,598)</u>
<b>Increase in Fund Balances</b>	-	83,755	7,029
<b>Balance, Beginning of Year</b>	<u>215,538</u>	<u>215,538</u>	<u>208,509</u>
<b>Balance, End of Year</b>	\$ <u>215,538</u>	\$ <u>299,293</u>	\$ <u>215,538</u>
<b>Increase Represented By</b>			
Operating fund - Schedule 1	\$ -	\$ 395	\$ 29
Capital fund - Schedule 2	-	-	-
Reserve fund - Schedule 3	-	83,360	7,000
	<u>\$ -</u>	<u>\$ 83,755</u>	<u>\$ 7,029</u>



# VILLAGE OF SPRING LAKE

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>Operating Activities</b>		
Excess of revenues over expenditures	\$ 91,373	\$ 19,627
Net change in non-cash working capital		
Taxes receivable	(2,403)	(7,615)
Trade and other receivables	5,434	5,103
Prepaid expenses	(7)	167
Payables and accrued liabilities	5,693	(10,579)
Deposit	(50,000)	(5,000)
Deferred revenue	214,939	3,414
	<u>265,029</u>	<u>5,117</u>
<b>Investing Activities</b>		
Decrease (increase) in temporary investments	49,921	(52,435)
<b>Financing Activities</b>		
Principal payments on long term debt	<u>(7,618)</u>	<u>(12,598)</u>
<b>Increase (Decrease) in Cash</b>	<b>307,332</b>	<b>(59,916)</b>
<b>Cash, Beginning of Year</b>	<u><b>190,601</b></u>	<u><b>250,517</b></u>
<b>Cash, End of Year</b>	<u><b>\$ 497,933</b></u>	<u><b>\$ 190,601</b></u>

# VILLAGE OF SPRING LAKE

## OPERATING FUND YEAR ENDED DECEMBER 31, 2008

### Schedule 1

	Budget	2008	2007
<b>Revenues</b>			
Property taxes	\$ 527,196	<b>\$ 522,586</b>	\$ 489,382
Education requisition	(156,864)	<b>(156,864)</b>	(140,065)
Net municipal property taxes - Schedule 5	370,332	<b>365,722</b>	349,317
Land sales	-	<b>5,601</b>	13,000
Other user fees and sale of goods	-	<b>980</b>	561
Government transfers	-	<b>19,863</b>	10,591
Licenses and permits	3,300	<b>2,653</b>	5,016
Fines	-	<b>166</b>	283
Penalties and costs of taxes	5,000	<b>7,953</b>	8,327
Investment income	1,950	<b>2,943</b>	7,721
Other	1,450	<b>5,342</b>	1,932
	<u>382,032</u>	<u><b>411,223</b></u>	<u>396,748</u>
<b>Expenditures</b>			
Council	18,500	<b>17,445</b>	15,713
Administration	128,159	<b>142,272</b>	144,831
Fire	11,000	<b>12,468</b>	10,842
Ambulance	33,567	<b>26,853</b>	21,550
Bylaw enforcement	4,000	<b>4,640</b>	6,207
Public works	75,467	<b>83,591</b>	71,326
Roads, streets, walks, lighting	47,750	<b>31,061</b>	13,186
Water supply and distribution	300	-	193
Waste management	45,789	<b>44,165</b>	15,813
Planning and development	3,500	<b>3,357</b>	16,007
Parks, recreation and culture	5,500	<b>4,888</b>	3,820
	<u>373,532</u>	<u><b>370,740</b></u>	<u>319,488</u>
<b>Excess of Revenues Over Expenditures</b>	<u>8,500</u>	<u><b>40,483</b></u>	<u>77,260</u>
<b>Net Interfund Transfers</b>			
To reserve fund - Schedule 3	-	<b>(29,000)</b>	(7,000)
To capital fund - Schedule 2	-	<b>(3,470)</b>	(57,633)
Capital debt repaid	(8,500)	<b>(7,618)</b>	(12,598)
	<u>(8,500)</u>	<u><b>(40,088)</b></u>	<u>(77,231)</u>
<b>Increase in Fund Balance</b>	-	<b>395</b>	29
<b>Balance, Beginning of Year</b>	<u>10,235</u>	<u><b>10,235</b></u>	<u>10,206</u>
<b>Balance, End of Year</b>	<u>\$ 10,235</u>	<u><b>\$ 10,630</b></u>	<u>\$ 10,235</u>

# VILLAGE OF SPRING LAKE

## CAPITAL FUND YEAR ENDED DECEMBER 31, 2008

Schedule 2

	Budget	2008	2007
<b>Revenues</b>			
Government transfers	\$ -	\$ 76,196	\$ 153,322
Proceeds on sale of capital assets	-	1,030	-
	-	<u>77,226</u>	<u>153,322</u>
<b>Expenditures</b>			
Administration	-	12,000	-
Public works	-	14,336	2,428
Roads, streets, walks, lighting	-	-	208,527
	-	<u>26,336</u>	<u>210,955</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	<u>50,890</u>	<u>(57,633)</u>
<b>Net Interfund Transfers</b>			
From operating fund – Schedule 1	-	3,470	57,633
(To) reserve fund – Schedule 3	-	<u>(54,360)</u>	-
	-	<u>(50,890)</u>	<u>57,633</u>
<b>Increase in Fund Balance</b>	-	-	-
<b>Balance, Beginning of Year</b>	-	-	-
<b>Balance, End of Year</b>	\$ -	<u>\$ -</u>	<u>\$ -</u>

## RESERVE FUND YEAR ENDED DECEMBER 31, 2008

Schedule 3

	Budget	2008	2007
<b>Net Interfund Transfers</b>			
From operating fund – Schedule 1	\$ -	\$ 29,000	\$ 7,000
From capital fund – Schedule 2	-	54,360	-
	-	<u>83,360</u>	<u>7,000</u>
<b>Increase in Fund Balance</b>	-	83,360	7,000
<b>Balance, Beginning of Year</b>	205,303	<u>205,303</u>	<u>198,303</u>
<b>Balance, End of Year - Note 6</b>	\$ 205,303	<u>\$ 288,663</u>	<u>\$ 205,303</u>



# VILLAGE OF SPRING LAKE

## EQUITY IN CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2008

Schedule 4

	Budget	2008	2007
<b>Acquisition of Capital Assets</b> – Schedule 2	\$ -	\$ 26,336	\$ 210,955
<b>Disposition of Capital Assets</b> – at cost	-	(8,710)	-
<b>Capital Financing</b>			
Capital debt repaid – Schedule 1	8,500	7,618	12,598
<b>Increase in Fund Balance</b>	8,500	25,244	223,553
<b>Balance, Beginning of Year</b>	1,175,386	1,175,386	951,833
<b>Balance, End of Year</b>	\$ 1,183,886	\$ 1,200,630	\$ 1,175,386

## PROPERTY TAXES LEVIED YEAR ENDED DECEMBER 31, 2008

Schedule 5

	Budget	2008	2007
<b>Taxation</b>			
Real property taxes	\$ 524,918	\$ 520,320	\$ 487,170
Linear property taxes	2,278	2,266	2,212
	527,196	522,586	489,382
<b>Requisitions</b>			
Alberta School Foundation Fund	130,099	130,099	116,178
Separate School	26,765	26,765	23,887
	156,864	156,864	140,065
<b>Net Municipal Property Taxes</b>	\$ 370,332	\$ 365,722	\$ 349,317

# VILLAGE OF SPRING LAKE

## EXPENDITURES BY OBJECT YEAR ENDED DECEMBER 31, 2008

### Schedule 6

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	<u>Budget</u>	<u>2008</u>	<u>2007</u>
Salaries, wages and benefits	\$ 145,418	<b>\$ 149,354</b>	\$ 152,172
Contracted and general services	129,319	<b>137,142</b>	88,724
Purchases from other governments	12,000	<b>12,648</b>	10,842
Materials, goods and utilities	42,728	<b>38,349</b>	39,207
Transfers to local boards and agencies	36,067	<b>29,340</b>	23,757
Interest on long term debt	8,000	<b>3,907</b>	4,786
Capital assets	<u>-</u>	<b><u>26,336</u></b>	<u>210,955</u>
	<b><u>\$ 373,532</u></b>	<b><u>\$ 397,076</u></b>	<b><u>\$ 530,443</u></b>

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**VILLAGE OF SPRING LAKE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

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**1. Significant Accounting Policies**

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

**Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, change in fund balances and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Council for the management of their financial affairs and resources.

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

**Basis of Accounting**

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

**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.

**Fund Accounting**

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from subdivision land sales are recorded as operating fund revenues.

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**VILLAGE OF SPRING LAKE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

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**Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets are recorded as expenditures in the period they are acquired. Capital assets are recorded at cost except for donated assets, which are recorded at estimated fair market value when acquired.

Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital assets' costs.

Capital assets for government purposes are not depreciated.

**Tangible Capital Assets**

Effective January 1, 2008, the Summer Village adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the Summer Village continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the Summer Village has adopted a "Tangible Capital Asset" Policy and is working towards obtaining a complete listing and values for all land, buildings, engineered structures, machinery and equipment and vehicles. The listing is expected to be completed by December 31, 2009.

**Requisition Over-levies and Under-levies**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and the property tax revenue is increased.

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

**Operating Fund**

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

**Capital Fund**

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

**Reserve Fund**

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

**VILLAGE OF SPRING LAKE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

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**Significant Accounting Policies** (continued)

**Equity in Capital Assets**

Equity in capital assets represents the Village's net investment in its capital assets after deducting the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

**Budget Figures**

Budget figures for 2008, as approved by Council, are included in the financial statements for information purposes and are unaudited.

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**2. Cash and Temporary Investments**

Included in cash and temporary investments are amounts of \$288,663 (2007 - \$205,303) designated for funding of reserves, and government transfers of \$218,353 (2007 - \$3,414) that are restricted in their use.

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**3. Capital Assets**

	<u>2008</u>	<u>2007</u>
Buildings	\$ 143,276	\$ 143,276
Engineering structures	870,161	870,161
Machinery and equipment	178,437	160,811
Vehicles	<u>39,476</u>	<u>39,476</u>
	<u>\$ 1,231,350</u>	<u>\$ 1,213,724</u>

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**4. Deferred Revenue**

	<u>2008</u>	<u>2007</u>
Provincial government transfers	<u>\$ 218,353</u>	<u>\$ 3,414</u>

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**VILLAGE OF SPRING LAKE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**5. Long Term Debt**

	<u>2008</u>	<u>2007</u>
Alberta Municipal Financing Corporation		
- debenture payable at \$8,312 per year, including interest at 11%, matures April 15, 2013. The debt is issued on the credit and security of the municipality at large.	\$ 30,720	\$ 35,164
ATB Financial		
- loan payable at \$756 per month including interest at prime, matures May 2008. The bank loan is secured by borrowing by-law passed by the Council of Spring Lake.	<u>-</u>	<u>3,174</u>
	<u>\$ 30,720</u>	<u>\$ 38,338</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,933	\$ 3,379	\$ 8,312
2010	5,475	2,837	8,312
2011	6,078	2,234	8,312
2012	6,746	1,566	8,312
2013	<u>7,488</u>	<u>824</u>	<u>8,312</u>
	<u>\$ 30,720</u>	<u>\$ 10,840</u>	<u>\$ 41,560</u>

**6. Reserves**

	<u>2008</u>	<u>2007</u>
Operating		
Tax rate stabilization	\$ 37,000	\$ 8,000
Capital		
Equipment	59,566	59,566
Public land sale proceeds	119,932	119,932
Roads	<u>72,165</u>	<u>17,805</u>
	<u>251,663</u>	<u>197,303</u>
	<u>\$ 288,663</u>	<u>\$ 205,303</u>

**VILLAGE OF SPRING LAKE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**7. Salary and Benefits Disclosure**

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>2008</u>			<u>2007</u>
	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>	<u>Total</u>
Councillors				
C. MacDonald	\$ 3,573	\$ -	\$ 3,573	\$ 2,733
S. Ledwon	3,153	-	3,153	3,363
J. Roznicki	-	-	-	2,733
D. Dobing	3,573	-	3,573	3,573
S. Hayes	3,573	-	3,573	2,943
A. Hagen	3,679	-	3,679	-
	<u>\$ 17,551</u>	<u>\$ -</u>	<u>\$ 17,551</u>	<u>\$ 15,345</u>
Chief Administrative Officer – 3 (2007 – 2)	<u>\$ 38,910</u>	<u>\$ 255</u>	<u>\$ 39,165</u>	<u>\$ 37,313</u>

Salary includes honoraria paid to the Councillors.

**8. Debt Limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 be disclosed. The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities, which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole. The debt and debt service limits for the Village of Spring Lake are as follows:

	<u>2008</u>	<u>2007</u>
Total debt limit	\$ 618,380	\$ 595,122
Total debt	<u>(30,720)</u>	<u>(38,338)</u>
Debt limit available	<u>\$ 587,660</u>	<u>\$ 556,784</u>
Total debt service limit	\$ 103,063	\$ 99,187
Total debt service	<u>(8,312)</u>	<u>(11,512)</u>
Debt service limit available	<u>\$ 94,751</u>	<u>\$ 87,675</u>

**VILLAGE OF SPRING LAKE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

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**9. Financial Instruments**

The Summer Village's financial instruments consist of cash, receivables, payables and long term debt. It is management's opinion that the Village is not exposed to significant interest, currency or credit risk arising from these financial instruments.

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

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

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