

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Financial Statements
Year Ended December 31, 2018

SUMMER VILLAGE OF ISLAND LAKE
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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of Island Lake

Opinion

We have audited the consolidated financial statements of Summer Village of Island Lake (the Summer Village), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets and cash flows for the year 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 the Summer Village as at December 31, 2018, and the results of its operations 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 Summer Village in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 the 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 Summer Village'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 liquidate the Summer Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Summer Village's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 omissions, misrepresentations, or the 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 Summer Village'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 Summer Village'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 consolidated 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 Summer Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Edmonton, Alberta
April 16, 2019

Seniuk & Company
**Seniuk and Company,
Chartered Accountants**

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Statement of Financial Position
December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 622,936	\$ 648,867
Taxes and grants in place of taxes <i>(Note 4)</i>	9,841	12,279
Grants and receivables from other governments <i>(Note 5)</i>	13,913	14,893
Interest receivable	4,103	794
	\$ 650,793	\$ 676,833
LIABILITIES		
Accounts payable	\$ 27,447	\$ 30,813
Deferred income <i>(Note 6)</i>	576	149
	28,023	30,962
NET FINANCIAL ASSETS	622,770	645,871
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 7)</i>	1,294,203	1,227,666
Prepaid expenses	-	-
	1,294,203	1,227,666
ACCUMULATED SURPLUS	\$ 1,916,973	\$ 1,873,537

On behalf of the Summer Village of Island Lake

_____ Councillor

_____ Councillor

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Statement of Operations
Year Ended December 31, 2018

	Budget (Unaudited) 2018	Actual 2018	Actual 2017
REVENUE			
Net municipal taxes (Schedule 1)	\$ 225,531	\$ 225,355	\$ 214,204
User fees and sale of goods	500	1,045	1,002
Government transfers for operating (Schedule 2)	31,058	21,065	65,307
Investment income	2,000	10,310	3,184
Penalties and costs of taxes	6,500	8,679	6,915
Licenses and permits	2,000	2,266	3,983
Other	100	-	197
Total revenue	267,689	268,720	294,792
EXPENSES			
Administration and legislative	124,010	123,147	129,937
Fire service	6,604	6,639	9,148
Bylaw enforcement	750	786	704
Roads, streets, walks and lighting	30,000	33,605	83,802
Waste management	42,000	41,101	40,940
Family and community support	8,083	8,083	4,235
Land use planning, zoning and development	8,500	5,824	6,022
Parks and recreation	55,400	72,277	47,702
Libraries, museums and halls	2,315	2,312	2,464
Total operating expenses	277,662	293,774	324,954
Excess (deficiency) of revenue over expenses before other	(9,973)	(25,054)	(30,162)
OTHER			
Government transfers for capital (Schedule 2)	210,000	193,950	80,579
Amortization	-	(125,460)	(116,160)
	210,000	68,490	(35,581)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	200,027	43,436	(65,743)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	1,873,537	1,939,280
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 1,916,973	\$ 1,873,537

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2018

	2018	2017
Excess (Shortfall) of Revenues Over Expenses	\$ 43,436	\$ (65,743)
Acquisition of tangible capital assets	(191,998)	-
Amortization of tangible capital assets	125,461	116,160
	(66,537)	116,160
(INCREASE) DECREASE IN NET DEBT	(23,101)	50,417
Net financial assets (debt), beginning of year	645,871	595,454
NET ASSETS - END OF YEAR	\$ 622,770	\$ 645,871

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Consolidated Statement of Cash Flows
Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 43,436	\$ (65,743)
Item not affecting cash:		
Amortization	125,461	116,160
	168,897	50,417
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	2,438	26,766
Grants and receivables from other governments	980	34,920
Interest receivable	(3,309)	(612)
Accounts payable	(3,366)	(11,876)
Deferred income	427	149
	(2,830)	49,347
Cash flow from operating activities	166,067	99,764
INVESTING ACTIVITY		
Purchase of capital assets	(191,998)	-
INCREASE (DECREASE) IN CASH FLOW	(25,931)	99,764
Cash - beginning of year	648,867	549,103
CASH - END OF YEAR (Note 2)	\$ 622,936	\$ 648,867

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE**Consolidated Schedule of Property and Other Taxes****(Schedule 1)****Year Ended December 31, 2018**

	Budget 2018	Actual 2018	Actual 2017
TAXATION			
Real property tax	\$ 493,372	\$ 492,962	\$ 472,191
Linear property taxes	2,150	2,150	5,891
	495,522	495,112	478,082
REQUISITIONS			
Alberta School Foundation	244,731	244,731	239,347
Seniors' housing requisition	25,260	25,026	24,531
	269,991	269,757	263,878
NET MUNICIPAL TAXES	\$ 225,531	\$ 225,355	\$ 214,204

Consolidated Schedule of Government Transfers**(Schedule 2)****Year Ended December 31, 2018**

	Budget 2018	2018	2017
TRANSFERS FOR OPERATING			
Provincial Government	\$ 31,058	\$ 21,065	\$ 65,307
TRANSFERS FOR CAPITAL			
Provincial Government	210,000	193,950	80,579
TOTAL GOVERNMENT TRANSFERS	\$ 241,058	\$ 215,015	\$ 145,886

Consolidated Schedule of Expenditures by Object**(Schedule 3)****Year Ended December 31, 2018**

	Budget 2018	2018	2017
EXPENSES			
Salaries, wages & benefits	\$ 14,000	\$ 19,631	\$ 15,091
Contracted and general services	223,964	233,359	285,432
Materials, goods and utilities	19,300	20,389	17,732
Transfer to local boards and agencies	20,398	20,395	6,699
Total Consolidated Expenditures by Object	\$ 277,662	\$ 293,774	\$ 324,954

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE

**Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2018**

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 225,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,355
Government transfers for operating	11,587	-	3,012	-	6,466	-	-	21,065
User fees and sales of goods	1,045	-	-	-	-	-	-	1,045
Investment income	10,310	-	-	-	-	-	-	10,310
Other revenues	8,679	-	-	2,267	-	-	-	10,946
	256,976	-	3,012	2,267	6,466	-	-	268,721
EXPENSES								
Contract & general services	115,630	7,425	33,605	5,824	29,773	41,101	-	233,358
Salaries & wages	19,632	-	-	-	-	-	-	19,632
Materials, goods & utilities	737	-	-	-	19,652	-	-	20,389
Transfers to local boards	-	-	-	10,000	10,395	-	-	20,395
	135,999	7,425	33,605	15,824	59,820	41,101	-	293,774
Excess (deficiency) of revenue over expenses before other	120,977	(7,425)	(30,593)	(13,557)	(53,354)	(41,101)	-	(25,053)
OTHER EXPENSE/INCOME								
Amortization	-	(3,586)	(113,046)	-	(5,585)	(3,244)	-	(125,461)
Government transfers for capital	-	-	193,950	-	-	-	-	193,950
	-	(3,586)	80,904	-	(5,585)	(3,244)	-	6
EXCESS OF REVENUE (DEFICIENCY) OVER EXPENSES	\$ 120,977	\$ (11,011)	\$ 50,311	\$ (13,557)	\$ (58,939)	\$ (44,345)	\$ -	\$ 43,436

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE**Consolidated Schedule of Changes in Accumulated Surplus****(Schedule 5)****Year Ended December 31, 2018**

	Unrestricted Surplus	Equity in Tangible Capital Assets	2018 Total	2017 Total
BALANCE, BEGINNING OF YEAR	\$ 645,872	\$ 1,227,665	\$ 1,873,537	\$ 1,939,280
Excess (deficiency) of revenues over expenses	43,436	-	43,436	(65,743)
Current year funds used for tangible capital assets	(191,998)	191,998	-	-
Annual amortization expense	125,460	(125,460)	-	-
	(23,102)	66,538	43,436	(65,743)
BALANCE, END OF YEAR	\$ 622,770	\$ 1,294,203	\$ 1,916,973	\$ 1,873,537

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Island Lake are the representations of management prepared in accordance with Canadian 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 the Summer Village are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Summer Village of Island Lake (the "Summer Village"). The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Summer Village and are; therefore, accountable to 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 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.

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 receipt of goods or 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.

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SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Tax Revenue

Annually, the Summer Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Summer Village Council in accordance with legislation and Summer Village Council approved policies to raise the tax revenue required to meet the Summer Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Summer Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

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.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. 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.

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

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SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Inventories for Resale

Land 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 the respective function.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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.

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 Changes in Net Financial Assets (Debt) for the year.

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SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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:

Land improvements	25 years
Buildings	20 - 25 years
Machinery and equipment	10 - 20 years
Engineered structures	15 - 40 years

One-half of 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.

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.

Cultural and Historical Tangible Capital Assets

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

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 operating leases and the related lease payments are charged to expenses as incurred.

2. CASH AND TEMPORARY INVESTMENTS

	2018	2017
Cash	\$ 222,936	\$ 528,867
Temporary investments	400,000	120,000
	\$ 622,936	\$ 648,867

Temporary investments are short term deposits with original maturities of 1 year or less.

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

3. TEMPORARY INVESTMENTS

	2018 Cost	2018 Market value	2017 Cost	2017 Market value
Short term note due April 2018	\$ -	\$ -	\$ 20,000	\$ 20,000
Short term note due February 2018	-	-	100,000	100,000
Short term note due May 2019	100,000	100,000	-	-
Short term note due October 2019	100,000	100,000	-	-
Short term note due October 2019	100,000	100,000	-	-
Long term note due May 2020	100,000	100,000	-	-
	\$ 400,000	\$ 400,000	\$ 120,000	\$ 120,000

Temporary investments have effective interest rates of 2.1 % (2017 – 0.7%) and mature in one to two years.

4. TAXES AND GRANTS IN PLACE OF TAXES

Taxes and grants in place of taxes are comprised of:

	2018	2017
Current taxes and grants in place of taxes	\$ 9,140	\$ 10,843
Arrears taxes and grants in place of taxes	700	1,436
	\$ 9,840	\$ 12,279

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2018	2017
Goods and Services Tax refundable	\$ 13,913	\$ 14,893

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2018	2017
Prepaid property taxes	\$ 576	\$ 149

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 7,251	\$ -	\$ 7,251	\$ 7,251
Land improvements	127,124	27,567	99,557	104,642
Buildings	158,566	77,802	80,764	84,850
Machinery and equipment	20,315	20,315	-	-
Engineered structures	1,920,796	814,165	1,106,631	1,030,923
	\$ 2,234,052	\$ 939,849	\$ 1,294,203	\$ 1,227,666

The net book value of the tangible capital assets at year end also represents the amount of equity in tangible capital assets.

Equity in tangible capital assets equals the tangible capital assets balance.

8. 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 Island Lake be disclosed as follows:

	2018	2017
Total debt limit	\$ 403,080	\$ 442,187
Total debt	-	-
Amount of debt limit unused	403,080	442,187
Debt servicing limit	67,180	73,698
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 67,180	\$ 73,698

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.

9. SEGMENTED DISCLOSURE

The Summer Village of Island Lake 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 4).

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

10. 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:

			2018	2017
	Salary (1)	Benefits & allowances (2)	Total	Total
Binder, D - Councillor	\$ 2,850	\$ -	\$ 2,850	\$ 1,150
Newton, C. - Councillor	2,100	-	2,100	5,993
Montague, J. - Councillor	3,480	-	3,480	6,055
Yontz, R. - Councillor	-	-	-	2,569
Chief Administrative Officer	66,851	-	66,851	68,020
Designated Officers	5,824	-	5,824	6,022
	\$ 81,105	\$ -	\$ 81,105	\$ 89,809

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. Administrative services are paid via contract for the Chief Administrative Officer and Designated Officers.
2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

11. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy and long term debt.

It is management's opinion that the Summer Village is not exposed to significant interest or currency risks arising from these financial instruments.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

Fair value

The Summer Village's carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Summer Village for debt with similar terms.

SUMMER VILLAGE OF ISLAND LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

13. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.