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**SUMMER VILLAGE OF SOUTH BAPTISTE  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

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## AUDITOR'S REPORT


### TO THE MAYOR AND COUNCIL OF SUMMER VILLAGE OF SOUTH BAPTISTE

I have audited the consolidated statement of financial position of the Summer Village of South Baptiste as at December 31, 2006, and the consolidated statement of revenues, expenditures and changes in fund balances and the statement of cash flows for the year then ended. These financial statements are the responsibility of the municipal administration. 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 municipal administration, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Summer Village as at December 31, 2006 and the results of operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

EDMONTON, ALBERTA  
February 17, 2007



CERTIFIED MANAGEMENT ACCOUNTANT

**SUMMER VILLAGE OF SOUTH BAPTISTE**

**DECEMBER 31, 2006**

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**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2006**

	2006	2005
<b>FINANCIAL ASSETS</b>		
Cash	\$ 132,885	\$ 85,594
Taxes receivable (Note 2)	1,546	101
Trade and other receivable	1,377	3,263
	<u>\$ 135,808</u>	<u>\$ 88,958</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 7,113	\$ 1,093
Prepaid taxes	820	20
	<u>7,933</u>	<u>1,113</u>
<b>MUNICIPAL EQUITY</b>		
OPERATING FUND	78,511	60,479
RESERVES (Note 3 and Schedule 1)	49,364	27,366
	<u>127,875</u>	<u>87,845</u>
	<u>\$ 135,808</u>	<u>\$ 88,958</u>

APPROVED BY COUNCIL

  
MAYOR

  
COUNCILLOR

**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2006**

<b>REVENUE</b>	<b>BUDGET</b>	<b>2006</b>	<b>2005</b>
Net taxes available for municipal purposes (Schedule 2)	\$ 46,871	\$ 46,698	\$ 49,038
Provincial government transfers	28,531	21,998	29,555
Other revenues	4,175	4,256	4,159
Return on investments	1,300	3,483	1,480
Penalties and costs on taxes	100	845	400
Planning and development	-	-	270
	<b>80,977</b>	<b>77,280</b>	<b>84,902</b>
<b>OPERATING EXPENDITURES</b>			
Administration	18,675	17,979	17,644
Roads streets walks lighting	42,405	9,167	35,054
Council and legislative	4,538	3,688	5,154
Waste management	1,542	3,142	-
Ambulance	1,970	1,971	1,591
Fire and bylaws enforcement	3,053	1,303	1,312
Recreation and parks	-	-	1,687
	<b>72,183</b>	<b>37,250</b>	<b>62,442</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>8,794</b>	<b>40,030</b>	<b>22,460</b>
<b>Net inter fund transfers</b>			
Transfer (to) from reserves	-	21,998	(6,149)
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<b>8,794</b>	<b>18,032</b>	<b>16,311</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>60,479</b>	<b>60,479</b>	<b>44,168</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 69,273</b>	<b>\$ 78,511</b>	<b>\$ 60,479</b>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2006**

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	2006	2005
<b>OPERATING</b>		
Cash received from tax payers	\$ 53,040	\$ 57,384
Cash received from Provincial government transfers	21,998	29,555
Cash received from investments	3,483	1,480
Expenses paid	(31,230)	(64,684)
<hr/>		
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	47,291	23,735
<b>NET CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	85,594	61,859
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<b>NET CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	\$ 132,885	\$ 85,594
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**SUMMER VILLAGE OF SOUTH BAPTISTE  
 SCHEDULE OF RESERVES  
 YEAR ENDED DECEMBER 31, 2006**

Schedule 1

	2006	2005
Balance, beginning of year	\$ 27,366	\$ 21,217
Add:		
Transfer (to) from operating fund	-	(32,357)
Transfer from operating fund	21,998	38,506
	21,998	6,149
<b>Balance, end of year</b>	<b>\$ 49,364</b>	<b>\$ 27,366</b>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
 SCHEDULE OF PROPERTY TAX LEVIED  
 YEAR ENDED DECEMBER 31, 2006**

Schedule 2

	BUDGET	2006	2005
<b>TAXATION</b>			
Real property taxes	\$ 84,492	\$ 83,474	\$ 85,167
Linear property taxes	1,100	888	1,106
	85,592	84,362	86,273
<b>REQUISITION</b>			
Alberta School Foundation Fund	36,608	36,608	36,288
Greater North Foundation	2,113	1,056	947
	38,721	37,664	37,235
<b>NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES</b>	<b>\$ 46,871</b>	<b>\$ 46,698</b>	<b>\$ 49,038</b>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
 SCHEDULE OF GOVERNMENT TRANSFERS  
 YEAR ENDED DECEMBER 31, 2006**

Schedule 3

	BUDGET	2006	2005
<b>Provincial Transfers</b>			
Shared - cost agreements and grants	\$ 28,531	\$ 21,998	\$ 29,555
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 28,531</b>	<b>\$ 21,998</b>	<b>\$ 29,555</b>

**SUMMER VILLAGE OF SOUTH BAPTISTE  
 SCHEDULE OF OPERATING EXPENDITURES BY OBJECT  
 YEAR ENDED DECEMBER 31, 2006**

Schedule 4

	BUDGET	2006	2005
<b>EXPENDITURES</b>			
Contracted and general services	\$ 63,999	\$ 33,495	\$ 58,908
Salaries wages and benefits	2,925	2,342	1,921
Materials goods supplies and utilities	3,760	1,413	1,064
Tax discounts and cancellations	1,750	-	547
<b>TOTAL EXPENDITURES</b>	<b>\$ 72,434</b>	<b>\$ 37,250</b>	<b>\$ 62,440</b>

# SUMMER VILLAGE OF SOUTH BAPTISTE NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

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## 1. SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements have prepared in accordance with accounting principles generally accepted for Alberta municipalities. Significant aspects of these accounting policies are as follows.

### (a) Financial Statement Presentation

The combined financial statements consist of tax supported and self-supporting activities or entries whose operations and assets are under the control of the municipal council.

The schedule of taxes levied also includes operating requisitions for many educational, health care, social and other external organizations that are not controlled by the municipal council.

The statements exclude trust assets that are administered for the benefit of external parties.

### (b) Fund Accounting

For reporting purposes, established funds consist of the operating capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

The operating and capital funds are further segregated by functions which relate to specific areas of activity.

Gross recoveries represent internal operating charges between functions for the provision of goods or services are excluded from the financial statement.

### (c) Accrual Basis of Accounting

The accrual basis of accounting is followed in the financial statements presentation.

### (d) Government Transfers

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, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

### (e) Taxes and Grants in lieu Receivables

Current taxes and grants in lieu receivables consist of current tax levies which remain outstanding at December 31. Tax arrears and grants in lieu receivables consist of taxes that remain outstanding after December 31 of the year in which they were imposed.

**SUMMER VILLAGE OF SOUTH BAPTISTE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006**

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(f) Allowances for Operating

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

(g) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operational expenditures. Transfers to and/or from operating reserves are reflected as an adjustment to the operating fund.

(h) Adjustments to Accumulated Surplus

Council may authorize appropriations from accumulated surplus to fund current year operating expenditures. Such appropriations are recorded as an adjustment in the Statement of Changes in Fund Balances.

Adjustments related to operations of prior periods are recorded as an "adjustment to prior years" on the Statement of Accumulated Surplus.

(i) Excess Collections and Under-Levies

Excess collections and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the excess collection is accrued as a liability and shown as an "other" operating expenditure. In situations where the actual levy is less than the requisition amount, the under-levy accrued as an "other asset" and reflected as "other operating revenue".

Requisition tax rates in the subsequent year are adjusted for any excess collections or under levies of the prior year. amounts previously accrued for excess collections are included in "other" operating revenue while prior year accruals for under-levies are included in "other" operating expenditures.

(j) Financial instruments

It is management's opinion that the Summer Village is not exposed to significant interest, currency or credit.

**SUMMER VILLAGE OF SOUTH BAPTISTE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006**

**2. TAXES RECEIVABLE**

	2006	2005
<b>Current:</b>		
Current taxes	\$ 1,546	\$ 101
<b>Non- current:</b>		
Tax arrears	<u>-</u>	<u>-</u>
	<u>\$ 1,546</u>	<u>\$ 101</u>

**3. RESERVES**

Reserves for operating change as follows:

	<u>December 31, 2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2006</u>
Operating Reserves:				
Contingency Operating Reserve	\$ 24,762	\$ -	\$ -	\$ 24,762
Centennial Grant Reserve	1,363	-	-	1,363
Sponsorship grant Reserve	1,000	-	-	1,000
New Deal for Communities Reserve	-	4,231	-	4,231
FireSmart Reserve	-	8,300	-	8,300
SIP Grant Reserve	<u>241</u>	<u>9,467</u>	<u>-</u>	<u>9,708</u>
	<u>\$ 27,366</u>	<u>\$ 21,998</u>	<u>\$ -</u>	<u>\$ 49,364</u>

**4. 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:

	<u>2006 Total</u>	<u>2005 Total</u>
Mayor:		
Tom Dolan	475	505
Councillors:		
Pat Moric	475	446
Ron Wasel	425	801
Village Administrator	12,196	12,372

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

**SUMMER VILLAGE OF SOUTH BAPTISTE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006**

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**5. DEBT LIMITS**

Section 271 of the Municipal Government Act requires that debt and debt limits as defined by regulation for the Village will be disclosed as follows:

Total debt limit	\$ 115,920
Total debt	<u>-</u>
Amount total debt limit exceeded (under)	\$ <u>(115,920)</u>
Service on debt limit	\$ 19,320
Service on debt	<u>-</u>
Amount service on debt limit exceeded (under)	\$ <u>(19,320)</u>