

**SUMMER VILLAGE OF ISLAND LAKE**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2015**

**SUMMER VILLAGE OF ISLAND LAKE**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council of Summer Village of Island Lake

We have audited the accompanying consolidated financial statements of Summer Village of Island Lake, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, changes 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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Summer Village of Island Lake as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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Independent Auditor's Report to the Members of Council of Summer Village of Island Lake *(continued)*

Other Matter

As part of our audit of the 2015 financial statements, we also audited the adjustments described in Note 14 that were applied to amend the 2014 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Edmonton, Alberta  
May 9, 2016

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

**SUMMER VILLAGE OF ISLAND LAKE**  
**Consolidated Statement of Financial Position**  
**December 31, 2015**

	2015	2014 <i>Restated</i>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 25,979	\$ 387,252
Term deposits	400,000	-
Current taxes and grants in place of taxes (Note 3)	42,981	35,385
Grants and receivables from other governments (Note 4)	162,639	147,922
Interest receivable	660	-
	<b>\$ 632,259</b>	<b>\$ 570,559</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 18,886	\$ 34,046
Deferred income (Note 5)	102,559	-
	<b>121,445</b>	<b>34,046</b>
<b>NET FINANCIAL ASSETS</b>	<b>510,814</b>	<b>536,513</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Notes 6, 14)	1,235,798	1,253,685
Prepaid expenses	-	-
	<b>1,235,798</b>	<b>1,253,685</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 1,746,612</b>	<b>\$ 1,790,198</b>

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, 2015**

	Budget	Actual	Actual Restated
	2015	2015	2014
<b>REVENUE</b>			
Net municipal taxes (Schedule 1)	\$ 188,937	\$ 182,715	\$ 188,901
User fees and sale of goods	500	880	785
Government transfers for operating (Schedule 2)	11,388	11,388	10,101
Investment income	6,900	794	453
Penalties and costs of taxes	3,500	10,299	6,953
Licenses and permits	4,500	2,179	7,067
Other	-	-	1,784
<b>Total revenue</b>	<b>215,725</b>	<b>208,255</b>	<b>216,044</b>
<b>EXPENSES</b>			
Administration and legislative	80,650	83,889	71,877
Fire service	7,000	8,051	14,137
Roads, streets, walks and lighting	30,000	29,329	42,833
Waste management	42,000	42,030	21,121
Land use planning, zoning and development	750	460	1,195
Parks and recreation	41,000	43,101	61,629
Libraries, museums and halls	4,300	3,559	4,177
<b>Total operating expenses</b>	<b>205,700</b>	<b>210,419</b>	<b>216,969</b>
<b>Excess (deficiency) of revenue over expenses before other</b>	<b>10,025</b>	<b>(2,164)</b>	<b>(925)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 2)	23,172	51,460	161,005
Amortization (Note 14)	-	(92,882)	(88,961)
	23,172	(41,422)	72,044
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>33,197</b>	<b>(43,586)</b>	<b>71,119</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>-</b>	<b>1,790,198</b>	<b>1,719,079</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 1,746,612</b>	<b>\$ 1,790,198</b>

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, 2015**

	2015	2014
<b>Excess (Shortfall) of Revenues Over Expenses, as previously reported</b>	\$ -	\$ 77,756
Prior period adjustments <i>(Note 14)</i>	-	(6,637)
<b>Excess (Shortfall) of Revenues Over Expenses</b>	<b>(43,586)</b>	71,119
Acquisition of tangible capital assets	<b>(74,995)</b>	(99,650)
Amortization of tangible capital assets	<b>92,882</b>	88,961
	<b>17,887</b>	(10,689)
Use of prepaids	-	\$ 25,133
<b>(INCREASE) DECREASE IN NET DEBT</b>	<b>(25,699)</b>	85,563
Net financial assets (debt), beginning of year	<b>536,513</b>	450,950
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 510,814</b>	\$ 536,513

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, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (43,586)	\$ 71,119
Item not affecting cash:		
Amortization	92,883	88,961
	<b>49,297</b>	<b>160,080</b>
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	(7,596)	(12,918)
Grants and receivables from other governments	(14,717)	(104,530)
Interest receivable	(660)	2,375
Accounts payable	(15,161)	109
Deferred income	102,559	-
Prepaid expenses	-	25,133
	<b>64,425</b>	<b>(89,831)</b>
Cash flow from operating activities	<b>113,722</b>	<b>70,249</b>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(74,995)	(99,650)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>38,727</b>	<b>(29,401)</b>
Cash - beginning of year	<b>387,252</b>	<b>416,653</b>
<b>CASH - END OF YEAR (Note 2)</b>	<b>\$ 425,979</b>	<b>\$ 387,252</b>

The accompanying notes form an integral part of these financial statements



**SUMMER VILLAGE OF ISLAND LAKE**  
**Consolidated Schedule of Property and Other Taxes**  
**Year Ended December 31, 2015**

*(Schedule 1)*

	Budget 2015	Actual 2015	Actual 2014
<b>TAXATION</b>			
Real property tax	\$ 442,465	\$ 436,067	\$ 430,255
Linear property taxes	2,289	2,636	2,743
	444,754	438,703	432,998
<b>REQUISITIONS</b>			
Alberta School Foundation	232,817	232,817	221,704
Seniors' housing requisition	23,000	23,171	22,393
	255,817	255,988	244,097
<b>NET MUNICIPAL TAXES</b>	\$ 188,937	\$ 182,715	\$ 188,901

**Consolidated Schedule of Government Transfers**  
**Year Ended December 31, 2015**

*(Schedule 2)*

	Budget		
	2015	2015	2014
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 11,388	\$ 11,388	\$ 10,101
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	23,172	51,460	161,005
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 34,560	\$ 62,848	\$ 171,106

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF ISLAND LAKE**  
**Consolidated Schedule of Expenditures by Object**  
**Year Ended December 31, 2015**

*(Schedule 3)*

	Budget 2015	2015	2014
<b>EXPENSES</b>			
Salaries, wages & benefits	\$ 3,600	\$ 4,999	\$ 3,602
Contracted and general services	180,800	183,709	193,855
Materials, goods and utilities	17,000	18,152	15,335
Transfer to local boards and agencies	4,300	3,559	4,177
<b>Total Consolidated Expenditures by Object</b>	<b>\$ 205,700</b>	<b>\$ 210,419</b>	<b>\$ 216,969</b>

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, 2015**

**(Schedule 4)**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
<b>REVENUE</b>								
Net municipal taxes	\$ 182,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,713
Government transfers	11,388	-	51,460	-	-	-	-	62,848
User fees and sales of goods	880	-	-	-	-	-	-	880
Investment income	794	-	-	-	-	-	-	794
Other revenues	10,299	-	-	2,180	-	-	-	12,479
	206,074	-	51,460	2,180	-	-	-	259,714
<b>EXPENSES</b>								
Contract & general services	78,152	8,051	29,329	460	25,687	42,030	-	183,709
Salaries & wages	5,000	-	-	-	-	-	-	5,000
Materials, goods & utilities	737	-	-	-	17,414	-	-	18,151
Transfers to local boards	-	-	-	-	3,559	-	-	3,559
	83,889	8,051	29,329	460	46,660	42,030	-	210,419
<b>GROSS PROFIT</b>	122,185	(8,051)	22,131	1,720	(46,660)	(42,030)	-	49,295
<b>OTHER EXPENSE</b>								
Amortization	-	3,586	81,002	-	5,585	2,709	-	92,882
<b>INCOME (LOSS) FROM OPERATIONS</b>	\$ 122,185	\$ (11,637)	\$ (58,871)	\$ 1,720	\$ (52,245)	\$ (44,739)	\$ -	\$ (43,587)

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, 2015**

	Unrestricted Surplus	Equity in Tangible Capital Assets	<b>2015 Total</b>	2014 Total <i>Restated</i>
<b>BALANCE, BEGINNING OF YEAR, as restated</b>	\$ 536,513	\$ 1,253,685	\$ 1,790,198	\$ 1,719,079
Excess (deficiency) of revenues over expenses, (as restated 2014) <i>(Note 14)</i>	(43,586)	-	(43,586)	71,119
Current year funds used for tangible capital assets	(74,995)	74,995	-	-
Annual amortization expense	92,882	(92,882)	-	-
	(25,699)	(17,887)	(43,586)	71,119
<b>BALANCE, END OF YEAR</b>	\$ 510,814	\$ 1,235,798	\$ 1,746,612	\$ 1,790,198

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, 2015**

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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 Canadian Institute of Chartered Accountants. 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, 2015**

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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 unmaturing 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, 2015**

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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, 2015**

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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

	2015	2014
Cash	\$ 25,979	\$ 387,252
Temporary investments	400,000	-
	<b>\$ 425,979</b>	<b>\$ 387,252</b>

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, 2015**

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2015		2014
Current taxes and grants in place of taxes	\$ 26,554	\$	24,218
Arrears taxes and grants in place of taxes	16,427		11,167
	<b>\$ 42,981</b>	\$	<b>35,385</b>

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2015		2014
Municipal Sustainability Initiative - Operating	\$ 11,388	\$	10,101
Municipal Sustainability Initiative - Capital	137,920		124,906
Subtotal	149,308		135,007
Goods and Services Tax refundable	13,331		12,915
	<b>\$ 162,639</b>	\$	<b>147,922</b>

5. DEFERRED REVENUE

Deferred revenue is comprised of:

	2015		2014
Municipal Sustainability Initiative - Capital	\$ 102,559	\$	-

**Municipal Sustainability Initiative - Capital**

The Municipal Sustainability Initiative - Capital is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in the next few years.

**SUMMER VILLAGE OF ISLAND LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2015**

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 7,251	\$ -	\$ 7,251	\$ 7,251
Land improvements	127,124	12,312	114,812	119,897
Buildings	158,566	65,544	93,022	97,108
Machinery and equipment	20,315	20,315	-	-
Engineered structures	1,515,285	494,572	1,020,713	1,029,429
	<b>\$ 1,828,541</b>	<b>\$ 592,743</b>	<b>\$ 1,235,798</b>	<b>\$ 1,253,685</b>

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.

7. 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:

	2015	2014
Total debt limit	\$ 312,383	\$ 324,063
Total debt	-	-
Amount of debt limit unused	312,383	324,063
Debt servicing limit	52,064	54,011
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 52,064	\$ 54,011

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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2015	2014
Tangible capital assets (Note 6)	\$ 1,828,541	\$ 1,753,547
Accumulated amortization (Note 6)	(592,743)	(499,862)
	<b>\$ 1,235,798</b>	<b>\$ 1,253,685</b>

**SUMMER VILLAGE OF ISLAND LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2015**

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).

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:

			2015	2014
		\$		\$
	Salary (1)	Benefits & allowances (2)	Total	Total
Yontz, B. - Councillor	\$ 1,700	\$ -	\$ 1,700	\$ 1,200
Newton, C. - Councillor	1,550	-	1,550	1,200
Montague, J. - Councillor	1,750	-	1,750	1,200
Chief Administrative Officer	42,000	-	42,000	39,600
	\$ 47,000	\$ -	\$ 47,000	\$ 43,200

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

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.

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**SUMMER VILLAGE OF ISLAND LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2015**

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11. FINANCIAL INSTRUMENTS *(continued)*

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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Summer Village manages exposure through its normal operating and financing activities. The Summer Village is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and marketable securities.

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.

14. PRIOR PERIOD ADJUSTMENTS

In the course of our audit accounting errors were discovered. The effects of the Summer Village's restatement on previously reported financial statements for the period ended December 31, 2014 are summarized below:

a) Accounts payable

In the statement of financial position accounts payable was understated by \$6,637 related to unrecorded expenses pertaining to 2014. The previously reported amount of \$27,410 was adjusted and restated to \$34,046.

This net of these adjustments resulted in the previously reported revenue over expenditures amount was understated by \$6,637. The previously reported amount of \$77,756 being restated to \$71,119. The previously reported accumulated surplus amount of \$1,796,833 was adjusted and restated to \$1,790,196.

15. CONTAMINATED SITES LIABILITY

On January 1, 2015 the Summer Village adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the Summer Village.

**SUMMER VILLAGE OF ISLAND LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2015**

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16. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited. It should be noted that the budget is not PSAB compliant in that it does not include an estimate for amortization.