

SUMMER VILLAGE OF YELLOWSTONE
Consolidated Financial Statements
Year Ended December 31, 2017

SUMMER VILLAGE OF YELLOWSTONE
Index to Consolidated Financial Statements
Year Ended December 31, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Changes in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Consolidated Schedule of Property and Other Taxes (<i>Schedule 1</i>)	6
Consolidated Schedule of Government Transfers (<i>Schedule 2</i>)	6
Consolidated Schedule of Consolidated Expenditures by Object (<i>Schedule 3</i>)	6
Consolidated Schedule of Segmented Disclosure (<i>Schedule 4</i>)	7
Consolidated Schedule of Changes in Accumulated Surplus (<i>Schedule 5</i>)	8
Notes to Consolidated Financial Statements	9 - 16

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of Yellowstone

We have audited the accompanying consolidated financial statements of Summer Village of Yellowstone, which comprise the consolidated statement of financial position as at December 31, 2017 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 Yellowstone as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 20, 2018

Seniuk & Company

**Seniuk and Company
Chartered Accountants**

SUMMER VILLAGE OF YELLOWSTONE
Consolidated Statement of Financial Position
December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 526,908	\$ 488,151
Taxes and grants in place of taxes <i>(Note 3)</i>	22,020	22,420
Grants and receivables from other governments <i>(Note 4)</i>	172,326	66,674
Trade and other receivables	1,654	313
	\$ 722,908	\$ 577,558
LIABILITIES		
Accounts payable	\$ 64,006	\$ 14,553
Deferred income <i>(Note 6)</i>	202,414	188,074
	266,420	202,627
NET FINANCIAL ASSET (DEBT)	456,488	374,931
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 5)</i>	575,696	596,662
	575,696	596,662
ACCUMULATED SURPLUS	\$ 1,032,184	\$ 971,593

On behalf of Council

_____ *Mayor*

_____ *CAO*

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF YELLOWSTONE
Consolidated Statement of Operations
Year Ended December 31, 2017

	Budget (Unaudited) 2017	Actual 2017	Actual 2016
REVENUE			
Net municipal taxes (Schedule 1)	\$ 275,610	\$ 275,082	\$ 233,121
User fees and sale of goods	100	425	225
Government transfers for operating (Schedule 2)	63,285	126,859	21,544
Investment income	250	788	1,542
Penalties and costs of taxes	5,000	8,986	4,619
Franchise fees	2,000	2,591	2,023
Fines	-	589	-
Other	-	58,859	462
Total revenue	346,245	474,179	263,536
EXPENSES			
Administration and legislative	106,061	103,340	107,926
Police services	9,700	8,871	9,366
Fire service	14,600	13,326	14,634
Bylaw service	2,000	2,000	2,000
Roads, streets, walks and lighting	88,256	71,982	63,650
Wastewater treatment and disposal (Note 12)	198,686	149,573	425,406
Waste management	29,905	30,398	25,293
Family and community support	6,580	3,809	7,102
Land use planning, zoning and development	6,150	6,842	4,420
Parks and recreation	2,863	2,481	1,889
Total operating expenses	464,801	392,622	661,686
Excess (deficiency) of revenue over expenses before other	(118,556)	81,557	(398,150)
OTHER			
Government transfers for capital	118,556	2,771	426,167
Amortization	-	(23,737)	(24,300)
	118,556	(20,966)	401,867
EXCESS OF REVENUE OVER EXPENSES	-	60,591	3,717
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	971,593	967,876
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 1,032,184	\$ 971,593

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF YELLOWSTONE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2017

	2017	2016
Excess (Shortfall) of Revenues Over Expenses	\$ 60,591	\$ 3,717
Acquisition of tangible capital assets	(2,771)	(20,624)
Amortization of tangible capital assets	23,737	24,300
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	81,557	7,393
Net financial assets (debt), beginning of year	374,931	367,538
NET ASSETS - END OF YEAR	\$ 456,488	\$ 374,931

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF YELLOWSTONE
Consolidated Statement of Cash Flows
Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 60,591	\$ 3,717
Item not affecting cash:		
Amortization	23,737	24,300
	84,328	28,017
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	400	(10,480)
Trade and other receivables	(1,341)	1,261
Grants and receivables from other governments	(105,652)	253,589
Accounts payable	49,453	(167,949)
Deferred grant revenue	14,340	(317,874)
	(42,800)	(241,453)
Cash flow from (used by) operating activities	41,528	(213,436)
INVESTING ACTIVITY		
Purchase of capital assets	(2,771)	(20,624)
INCREASE (DECREASE) IN CASH FLOW	38,757	(234,060)
Cash - beginning of year	488,151	722,211
CASH - END OF YEAR (Note 2)	\$ 526,908	\$ 488,151

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF YELLOWSTONE
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2017

(Schedule 1)

	Budget (Unaudited) 2017	2017	2016
TAXATION			
Real property tax	\$ 273,250	\$ 272,722	\$ 269,571
Linear property taxes	3,052	3,052	3,090
Special assessments	94,545	94,545	55,437
	370,847	370,319	328,098
REQUISITIONS			
Alberta School Foundation	87,809	87,809	87,552
Seniors' housing requisition	7,428	7,428	7,425
	95,237	95,237	94,977
NET MUNICIPAL TAXES	\$ 275,610	\$ 275,082	\$ 233,121

Consolidated Schedule of Government Transfers
Year Ended December 31, 2017

(Schedule 2)

	Budget (Unaudited) 2017	Actual 2017	Actual 2016
TRANSFERS FOR OPERATING			
Provincial Government	\$ 63,285	\$ 126,859	\$ 21,544
	63,285	126,859	21,544
TRANSFERS FOR CAPITAL			
Provincial Government	118,556	2,771	426,167
TOTAL GOVERNMENT TRANSFERS	\$ 181,841	\$ 129,630	\$ 447,711

Consolidated Schedule of Consolidated Expenditures by Object
Year Ended December 31, 2017

(Schedule 3)

	Budget (Unaudited) 2017	Actual 2017	Actual 2016
EXPENSES			
Salaries, wages & benefits	\$ 13,700	\$ 13,709	\$ 13,699
Contracted and general services	423,908	357,811	631,589
Materials, goods and utilities	26,630	20,539	15,335
Transfer to local boards and agencies	563	563	1,063
Total Consolidated Expenditures by Object	\$ 464,801	\$ 392,622	\$ 661,686

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF YELLOWSTONE

Consolidated Schedule of Segmented Disclosure

Year Ended December 31, 2017

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 275,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,082
Government transfers - operating	8,497	-	75,236	-	2,493	37,071	-	123,297
User fees and sale of goods	425	-	-	3,562	-	-	-	3,987
Investment income	788	-	-	-	-	-	-	788
Other revenues	71,025	-	-	-	-	-	-	71,025
	355,817	-	75,236	3,562	2,493	37,071	-	474,179
EXPENSES								
Contract & general services	87,068	22,197	55,480	8,842	5,227	179,971	-	358,785
Salaries & wages	13,709	-	-	-	-	-	-	13,709
Materials, goods & utilities	2,562	-	16,502	-	-	-	-	19,064
Transfers to local boards	-	-	-	-	1,063	-	-	1,063
	103,339	22,197	71,982	8,842	6,290	179,971	-	392,621
Excess (deficiency) of revenue over expenses before other	252,478	(22,197)	3,254	(5,280)	(3,797)	(142,900)	-	81,558
OTHER								
Amortization	(15,860)	-	(2,296)	-	(4,481)	(1,100)	-	(23,737)
Government transfers - capital	-	-	2,771	-	-	-	-	2,771
	(15,860)	-	475	-	(4,481)	(1,100)	-	(20,966)
EXCESS OF REVENUE OVER EXPENSES	\$ 236,618	\$ (22,197)	\$ 3,729	\$ (5,280)	\$ (8,278)	\$ (144,000)	\$ -	\$ 60,592

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF YELLOWSTONE

**Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2017**

(Schedule 5)

	Unrestricted Surplus	Operating Reserve	Capital Reserves	Equity in Tangible Capital Assets	Total 2017	Total 2016
BALANCE, BEGINNING OF YEAR	\$ 14,535	\$ 79,192	\$ 281,204	\$ 596,662	\$ 971,593	\$ 967,876
Excess (deficiency) of revenues over expenses	60,591	-	-	-	60,591	3,717
Current year funds used for tangible capital assets	(2,771)	-	-	2,771	-	-
Annual amortization expense	23,737	-	-	(23,737)	-	-
Net transfers to/from reserves	(65,519)	-	65,519	-	-	-
	16,038	-	65,519	(20,966)	60,591	3,717
BALANCE, END OF YEAR	\$ 30,573	\$ 79,192	\$ 346,723	\$ 575,696	\$ 1,032,184	\$ 971,593

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF YELLOWSTONE
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Yellowstone 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 Yellowstone (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.

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.

(continues)

SUMMER VILLAGE OF YELLOWSTONE
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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

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.

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.

(*continues*)

SUMMER VILLAGE OF YELLOWSTONE
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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

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.

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	10 - 25 years
Buildings	50 years
Machinery and equipment	5 - 20 years
Motor vehicles	10 years
Engineered structures	10 - 75 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.

SUMMER VILLAGE OF YELLOWSTONE
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash	\$ 360,340	\$ 247,005
Temporary investments	105,888	105,888
Restricted cash	60,680	135,258
	\$ 526,908	\$ 488,151

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

Included in cash are restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 6)

3. TAXES AND GRANTS IN PLACE OF TAXES

Taxes and grants in place of taxes are comprised of:

	2017	2016
Current taxes and grants in place of taxes	\$ 19,095	\$ 17,878
Arrears taxes and grants in place of taxes	2,925	4,542
	\$ 22,020	\$ 22,420

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2017	2016
Municipal Sustainability Initiative - Capital	\$ 138,792	\$ 46,778
Federal Gas Tax Fund	24,148	12,119
Subtotal	162,940	58,897
Goods and Services Tax refundable	9,386	7,777
	\$ 172,326	\$ 66,674

SUMMER VILLAGE OF YELLOWSTONE
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 272,094	\$ -	\$ 272,094	\$ 272,094
Land improvements	65,850	46,861	18,989	21,979
Engineered structures	335,229	166,390	168,839	179,371
Buildings	130,761	38,129	92,632	95,247
Machinery and equipment	41,806	29,921	11,885	15,614
Motor vehicles	11,000	4,895	6,105	7,205
Assets under construction	5,152	-	5,152	5,152
	\$ 861,892	\$ 286,196	\$ 575,696	\$ 596,662

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.

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2017	2016
Municipal Sustainability Initiative - Capital	\$ 199,467	\$ 132,512
Basic Municipal Transportation Grant	-	49,523
Federal Gas Tax Fund Grant	1,479	2,778
Sub-total	200,946	184,813
Prepaid Taxes	1,468	3,261
	\$ 202,414	\$ 188,074

Municipal Sustainability Initiative - Capital

The Municipal Sustainability Initiative - Capital is restricted to eligible capital projects as approved under the funding agreement. Funds from this grant are being deferred for a future capital project. Unexpended funds (less grants receivable) related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2).

Basic Municipal Transportation Grant

The Basic Municipal Transportation Grant is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in future years. Unexpended funds related to the advance are supported by restricted cash held exclusively for these projects (refer to Note 2).

(continues)

SUMMER VILLAGE OF YELLOWSTONE
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

6. DEFERRED REVENUE *(continued)*

2017 2016

Federal Gas Tax Fund

The Federal Gas Tax Fund is restricted to eligible capital projects as approved under the funding agreement. Unexpended funds related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2).

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 Yellowstone be disclosed as follows:

	2017	2016
Total debt limit	\$ 711,269	\$ 384,644
Total debt	-	-
Amount of debt limit unused	711,269	384,644
Debt servicing limit	118,545	64,107
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 118,545	\$ 64,107

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. SEGMENTED DISCLOSURE

The Summer Village of Yellowstone 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 YELLOWSTONE
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

9. 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:

			2017	2016
	Salary (1)	Benefits & allowances (2)	Total	Total
A. Solesbury - Councillor	\$ 3,650	\$ -	\$ 3,650	\$ 6,900
R. Purdy - Councillor	4,484	-	4,484	5,425
B. Shewaga - Councillor	4,275	-	4,275	4,875
D. Bauer - Councillor	2,150	-	2,150	-
Chief Administrative Office	45,864	-	45,864	45,864
	\$ 60,423	\$ -	\$ 60,423	\$ 63,064

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 are for the Chief Administrative Officer and her staff.
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.

10. 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.

11. CONTINGENT LIABILITIES

The Summer Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the municipality could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

SUMMER VILLAGE OF YELLOWSTONE
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

12. COMMITMENTS

The Summer Village has the following commitments:

- a) The Summer Village is part of the North 43 Lagoon Commission to provide wastewater services to participating municipalities. The North 43 Lagoon Commission is currently constructing a regional wastewater collection and transmission system between participating municipalities. All participating municipalities are committed to contribute their proportionate share of construction costs as per the agreement terms. Government grants have been secured to cover the costs. The Summer Village's current share of construction costs at 11.25% is \$17,795 (2016 - \$403,906).
- b) The Summer Village is part of the West Inter-Lake District (WILD) Regional Water Services Commission to provide water supply services to participating municipalities. The WILD Regional Water Services Commission has received funding approval for the Phase II design and construction costs. All participating municipalities are committed to contribute their proportionate share of construction costs as per the agreement terms. The Summer Village's share of costs was \$25,713 in 2017. It is unknown at this time what future costs will be.

13. RELATED PARTY TRANSACTIONS

The Summer Village made purchases of \$14,165 (2016 - \$NIL) from the Chief Administration Office for work done on the North 43 Lagoon sewer forcemain project. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

15. COMPARATIVE FIGURES

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

16. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited.