

**VILLAGE OF HALKIRK**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

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**To the Members of Council:**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the Village of Halkirk which comprise the statement of financial position as at December 31, 2016, and the consolidated statements of operations, change 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 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 purposes 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 the Village of Halkirk as at December 31, 2016, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Stettler, Alberta  
April 11, 2017

Chapman and Co.  
Professional Accountants LLP

**VILLAGE OF HALKIRK  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016**

	2016 \$	2015 \$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	364,827	384,624
Receivables		
Taxes and grants in place of taxes (note 3)	11,638	13,392
Trade and other receivables (note 5)	482,552	270,677
Land for resale inventory (note 1f)	6,000	-
Investments (notes 1d & 4)	<u>10</u>	<u>10</u>
	<u><u>865,027</u></u>	<u><u>668,703</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	50,685	36,565
Deposit liabilities	1,500	1,500
Deferred revenue (notes 1b & 6)	<u>472,314</u>	<u>310,441</u>
	<u><u>524,499</u></u>	<u><u>348,506</u></u>
<b>NET FINANCIAL ASSETS</b>	<u><u>340,528</u></u>	<u><u>320,197</u></u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 8)	2,123,758	2,147,494
Prepaid expenses	<u>5,756</u>	<u>3,289</u>
	<u><u>2,129,514</u></u>	<u><u>2,150,783</u></u>
<b>ACCUMULATED SURPLUS (note 10)</b>	<u><u>2,470,042</u></u>	<u><u>2,470,980</u></u>
Commitments - see note 13		

**VILLAGE OF HALKIRK  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget \$ (Unaudited)	2016 \$	2015 \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	88,365	87,330	85,204
User fees and sales of goods	185,850	187,307	180,384
Government transfers for operating (Schedule 4)	71,570	70,863	68,141
Investment income	800	1,525	761
Penalties and cost on taxes	2,400	3,671	7,738
Concession and franchises	1,400	1,208	1,386
Other revenue	<u>11,400</u>	<u>11,180</u>	<u>11,256</u>
<b>Total Revenue</b>	<u><b>361,785</b></u>	<u><b>363,084</b></u>	<u><b>354,870</b></u>
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	22,600	11,840	11,040
Administration	82,895	79,753	83,860
Protection Services	28,600	36,515	22,315
Roads, streets, walks, lighting	30,675	21,120	23,085
Water supply and distribution	60,650	78,480	47,239
Wastewater treatment and disposal	4,600	4,467	5,962
Waste management	7,800	6,188	7,989
Family and community support	5,175	6,765	6,132
Subdivision land development	1,000	150	150
Parks and recreation	48,020	36,415	44,830
Cemetaries	6,600	5,273	3,938
Natural gas operations	47,370	45,441	51,925
Amortization of tangible capital assets	-	122,420	127,469
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>200</u>
<b>Total Expenses</b>	<u><b>345,985</b></u>	<u><b>454,827</b></u>	<u><b>436,134</b></u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<u><b>15,800</b></u>	<u><b>(91,743)</b></u>	<u><b>(81,264)</b></u>
<b>OTHER</b>			
Contributed assets	-	45,480	-
Government transfers for capital (Schedule 4)	<u>76,159</u>	<u>45,325</u>	<u>34,540</u>
	<u>76,159</u>	<u>90,805</u>	<u>34,540</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>91,959</b>	<b>(938)</b>	<b>(46,724)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u><b>2,470,980</b></u>	<u><b>2,470,980</b></u>	<u><b>2,517,704</b></u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><b>2,562,939</b></u>	<u><b>2,470,042</b></u>	<u><b>2,470,980</b></u>

**VILLAGE OF HALKIRK  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget \$ (Unaudited)	2016 \$	2015 \$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>91,959</u>	<u>(938)</u>	<u>(46,724)</u>
Acquisition of tangible capital assets	(107,300)	(53,204)	(37,652)
Contributed tangible capital assets	-	(45,480)	-
Amortization of tangible capital assets	-	122,420	127,469
Loss on sale of tangible capital assets	<u>-</u>	<u>-</u>	<u>200</u>
	<u>(107,300)</u>	<u>23,736</u>	<u>90,017</u>
Acquisition of prepaid expenses	-	(5,756)	(3,289)
Use of prepaid expenses	<u>-</u>	<u>3,289</u>	<u>2,923</u>
	<u>-</u>	<u>(2,467)</u>	<u>(366)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(15,341)	20,331	42,927
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>320,197</u>	<u>320,197</u>	<u>277,270</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>304,856</u>	<u>340,528</u>	<u>320,197</u>

**VILLAGE OF HALKIRK  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 \$	2015 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	(938)	(46,724)
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	122,420	127,469
Loss on disposal of tangible capital assets	-	200
Tangible capital assets received as contributions	(45,480)	-
Non-cash changes to operations (net change):		
Decrease in taxes and grants in place of taxes	1,754	25,724
Increase in trade and other receivables	(211,875)	(106,876)
Increase in prepaid expenses	(2,467)	(366)
Increase in land held for sale	(6,000)	-
Increase (decrease) in accounts payable and accrued liabilities	14,120	(10,239)
Increase in deferred revenue	<u>161,873</u>	<u>146,719</u>
Cash provided by operating transactions	<u>33,407</u>	<u>135,907</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<u>(53,204)</u>	<u>(37,652)</u>
Cash applied to capital transactions	<u>(53,204)</u>	<u>(37,652)</u>
<b>INVESTING</b>		
Decrease (increase) in restricted cash and temporary investments	<u>(5,968)</u>	<u>(32,375)</u>
Cash provided (applied) to investing transactions	<u>(5,968)</u>	<u>(32,375)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(25,765)	65,880
<b>CASH AND CASH EQUIVALENT, BEGINNING OF YEAR</b>	<u>189,316</u>	<u>123,436</u>
<b>CASH AND CASH EQUIVALENT, END OF YEAR (note 2)</b>	<u>163,551</u>	<u>189,316</u>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (note 2)	364,827	384,624
Less: restricted portion of cash and temporary investments (note 2)	<u>(201,276)</u>	<u>(195,308)</u>
	<u>163,551</u>	<u>189,316</u>



**VILLAGE OF HALKIRK  
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Schedule 1)**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016 \$	2015 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<u>207,045</u>	<u>116,441</u>	<u>2,147,494</u>	<u>2,470,980</u>	<u>2,517,704</u>
Excess (shortfall) of revenues over expenses	(938)	-	-	(938)	(46,724)
Unrestricted funds designated for future use	(27,050)	27,050	-	-	-
Current year funds used for tangible capital assets	(53,204)	-	53,204	-	-
Contributed tangible capital assets	(45,480)	-	45,480	-	-
Annual amortization expense	<u>122,420</u>	-	<u>(122,420)</u>	-	-
Change in accumulated surplus	<u>(4,252)</u>	<u>27,050</u>	<u>(23,736)</u>	<u>(938)</u>	<u>(46,724)</u>
<b>BALANCE, END OF YEAR</b>	<u><u>202,793</u></u>	<u><u>143,491</u></u>	<u><u>2,123,758</u></u>	<u><u>2,470,042</u></u>	<u><u>2,470,980</u></u>

**VILLAGE OF HALKIRK  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016 \$	2015 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	50,211	26,478	732,266	3,678,028	348,049	72,405	4,907,437	4,870,285
Acquisition of tangible capital assets	-	11,200	-	11,550	68,849	7,085	98,684	37,652
Disposal of tangible capital assets	-	-	-	-	-	-	-	(500)
<b>BALANCE, END OF YEAR</b>	<u>50,211</u>	<u>37,678</u>	<u>732,266</u>	<u>3,689,578</u>	<u>416,898</u>	<u>79,490</u>	<u>5,006,121</u>	<u>4,907,437</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	20,830	399,855	2,061,819	246,159	31,280	2,759,943	2,632,774
Annual amortization	-	937	14,253	78,995	21,708	6,527	122,420	127,469
Accumulated amortization on disposals	-	-	-	-	-	-	-	(300)
<b>BALANCE, END OF YEAR</b>	<u>-</u>	<u>21,767</u>	<u>414,108</u>	<u>2,140,814</u>	<u>267,867</u>	<u>37,807</u>	<u>2,882,363</u>	<u>2,759,943</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>50,211</u>	<u>15,911</u>	<u>318,158</u>	<u>1,548,764</u>	<u>149,031</u>	<u>41,683</u>	<u>2,123,758</u>	<u>2,147,494</u>
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>50,211</u>	<u>5,648</u>	<u>332,411</u>	<u>1,616,209</u>	<u>101,890</u>	<u>41,125</u>	<u>2,147,494</u>	

**VILLAGE OF HALKIRK  
SCHEDULE OF PROPERTY AND OTHER TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Schedule 3)**

	Budget (Unaudited)	2016 \$	2015 \$
<b>TAXATION</b>			
Real property taxes	110,280	109,240	106,504
Linear property taxes	<u>2,520</u>	<u>2,523</u>	<u>2,430</u>
	<u>112,800</u>	<u>111,763</u>	<u>108,934</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	21,055	21,053	20,502
Seniors Lodge	<u>3,380</u>	<u>3,380</u>	<u>3,228</u>
	<u>24,435</u>	<u>24,433</u>	<u>23,730</u>
<b>NET MUNICIPAL TAXES</b>	<u><u>88,365</u></u>	<u><u>87,330</u></u>	<u><u>85,204</u></u>

**VILLAGE OF HALKIRK  
SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Schedule 4)**

	Budget (Unaudited)	2016 \$	2015 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	30,770	30,958	32,341
Other Local Governments	<u>40,800</u>	<u>39,905</u>	<u>35,800</u>
	<u>71,570</u>	<u>70,863</u>	<u>68,141</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	22,159	21,325	34,540
Other Local Governments	<u>54,000</u>	<u>24,000</u>	<u>-</u>
	<u>76,159</u>	<u>45,325</u>	<u>34,540</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u><u>147,729</u></u>	<u><u>116,188</u></u>	<u><u>102,681</u></u>

**VILLAGE OF HALKIRK**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Schedule 5)**

<b>CONSOLIDATED EXPENSES BY OBJECT</b>	Budget (Unaudited)	2016 \$	2015 \$
Salaries, wages and benefits	77,650	80,697	67,810
Contracted and general services	138,950	115,645	102,613
Materials, goods and utilities	115,100	121,733	127,501
Provisions for allowances	3,000	3,462	-
Transfers to local boards and agencies	10,685	10,301	10,008
Bank charges and short-term interest	600	569	533
Amortization of tangible capital assets	-	122,420	127,469
Loss on disposal of tangible capital assets	-	-	200
	<u>345,985</u>	<u>454,827</u>	<u>436,134</u>

**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. Significant Accounting Policies**

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

**a) Reporting Entity**

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

The schedule of taxes levied also includes operating requisitions for external organizations that are not a 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.

**b) 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 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.

**c) 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures 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.

**d) Investments**

Investments are recorded at cost. 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.

**e) 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.

**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. Significant Accounting Policies - continued**

**f) 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 their respective function.

**g) Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

**h) 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.

**i) 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 Change in Net Financial Assets for the year.

**i) 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:

	<u>YEARS</u>
Land improvements	20-25
Buildings	15-50
Engineered structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	10-75
Machinery and equipment	5-25
Vehicles	10-25

Full year of the annual amortization is charged in the year of acquisition and zero in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**ii) Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at the fair value at the date of receipt and also recorded as revenue.

**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**2. Cash and Temporary Investments**

	2016 \$	2015 \$
Cash	328,327	348,124
Guaranteed investment certificates	<u>36,500</u>	<u>36,500</u>
	<u>364,827</u>	<u>384,624</u>

Guaranteed investment certificate has a maturity of one year or less with an interest rate of 0.75%.

Council has designated funds of \$143,491 (2015 - \$116,441) included in the above amounts for future operating and capital reserves.

Included in cash and guaranteed investment certificates is a restricted amount of \$57,785 (2015 - \$78,867) received from grants and held for specified projects (Note 6).

**3. Taxes and Grants in Place of Taxes Receivables**

	2016 \$	2015 \$
Current taxes and grants in place of taxes	7,311	2,609
Arrears tax	<u>7,124</u>	<u>10,783</u>
	14,435	13,392
Less: allowance for doubtful accounts	<u>(2,797)</u>	<u>-</u>
	<u>11,638</u>	<u>13,392</u>

**4. Investments**

	2016 \$	2015 \$
Alberta Municipal Finance Corp - shares	<u>10</u>	<u>10</u>

**5. Trade and Other Receivables**

	2016 \$	2015 \$
Trade and other receivables are comprised of the following:		
GST receivable	2,113	1,040
Water and sewer accounts receivable	36,301	27,664
Grants receivable	414,529	231,574
Other receivables	<u>29,609</u>	<u>10,399</u>
	<u>482,552</u>	<u>270,677</u>

**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>6. Deferred Revenue</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Deferred revenue is comprised of the following:		
Municipal Sustainability Initiative Program - Capital	322,314	208,582
Federal Gas Tax Fund	150,000	100,000
Municipal Sponsorship Grant	<u>-</u>	<u>1,859</u>
	<u><b>472,314</b></u>	<u><b>310,441</b></u>

Included in the above figure are \$414,529 (2015 - \$231,574) of grants which are in accounts receivable.

Municipal Sustainability Initiative Program - Capital and Federal Gas Tax Fund are restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2017.

**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 Village be disclosed as follows:

	<b>2016</b>	<b>2015</b>
	\$	\$
Total debt limit	544,626	532,305
Total debt	<u>-</u>	<u>-</u>
Amount under total debt limit	<u><b>544,626</b></u>	<u><b>532,305</b></u>
Service on debt limit	90,771	88,718
Service on debt	<u>-</u>	<u>-</u>
Amount under service on debt limit	<u><b>90,771</b></u>	<u><b>88,718</b></u>

The debt limit is calculated at 1.5 times revenue of the municipality 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 future 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.



**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>8. Tangible Capital Assets</b>	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Net Book Value</b>		
Land	50,211	50,211
Land improvements	15,911	5,648
Buildings	318,158	332,411
Engineering structures		
Roadway system	539,646	572,398
Water distribution system	688,844	711,776
Wastewater treatment system	296,594	307,158
Natural gas	23,680	24,877
Machinery, equipment and furnishings	149,031	101,890
Vehicles	<u>41,683</u>	<u>41,125</u>
	<u><u>2,123,758</u></u>	<u><u>2,147,494</u></u>
<b>9. Equity in Tangible Capital Fund</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Tangible capital assets (Schedule 1)	5,006,121	4,907,437
Accumulated amortization (Schedule 1)	<u>(2,882,363)</u>	<u>(2,759,943)</u>
	<u><u>2,123,758</u></u>	<u><u>2,147,494</u></u>
<b>10. Accumulated Surplus</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Unrestricted surplus	202,793	207,045
Restricted surplus		
Operating		
Fire	4,000	4,000
General equipment replacement	90,803	70,803
Water and lagoon	22,300	19,300
Recreation, parks and culture	11,164	11,164
Gas	15,224	11,174
Equity in tangible capital assets	<u>2,123,758</u>	<u>2,147,494</u>
	<u><u>2,470,042</u></u>	<u><u>2,470,980</u></u>

**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**11. Salary and Benefits Disclosure**

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

	Salaries \$	Benefits & Allowances \$	2016 \$	2015 \$
Councilor 1	2,850	-	2,850	2,175
Councilor 2	2,775	-	2,775	2,475
Councilor 3	450	-	450	675
Chief Administrative Officer	34,620	2,452	37,072	35,410

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

2. Benefits and allowances include employer's share of all employee benefits and contributions or payments made on behalf of employees.

**12. Financial Instruments**

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

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

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**13. Commitments**

The Village has committed to pay their portion of the Phase 1 Shirley McClellan Regional Water Services Commissions debenture. The Village's portion of the debenture to be repaid at December 31, 2016 is approximately \$5,426 with semi-annual payments of \$149 including interest at 3.0757%.

**14. Approval of Financial Statements**

Council and management have approved these financial statements.