

**VILLAGE OF HALKIRK
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the accompanying consolidated financial statements of the Village of Halkirk which comprise the statement of financial position as at December 31, 2020, 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.

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, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of opinion.

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.

In preparing these financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting if required.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, where due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Matters

- Debt limit regulation - In accordance with Alberta Regulation 255/2000 we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 6.
- Supplementary Accounting Principles and Standards Regulation - In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 10.

Stettler, Alberta
April 14, 2021

RWA LLP
Chartered Professional Accountants

**VILLAGE OF HALKIRK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	706,513	725,963
Receivables		
Taxes and grants in place of taxes (note 3)	10,639	5,958
Trade and other receivables (note 4)	737,053	833,239
Land for resale inventory (note 1e)	<u>6,000</u>	<u>6,000</u>
	<u>1,460,205</u>	<u>1,571,160</u>
LIABILITIES		
Accounts payable and accrued liabilities	25,139	29,425
Accounts payable - capital	5,614	-
Deferred revenue (notes 1b & 5)	<u>880,532</u>	<u>1,006,640</u>
	<u>911,285</u>	<u>1,036,065</u>
NET FINANCIAL ASSETS	<u>548,920</u>	<u>535,095</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	2,212,100	1,955,374
Prepaid expenses	<u>2,612</u>	<u>968</u>
	<u>2,214,712</u>	<u>1,956,342</u>
	-	
ACCUMULATED SURPLUS (note 9)	<u>2,763,632</u>	<u>2,491,437</u>
Commitments - see note 12		

**VILLAGE OF HALKIRK
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget \$ (Unaudited)	2020 \$	2019 \$
REVENUE			
Net municipal taxes (Schedule 3)	89,000	88,657	86,835
User fees and sales of goods	187,100	188,092	184,514
Government transfers for operating (Schedule 4)	87,950	70,230	72,749
Investment income	6,000	5,173	10,732
Penalties and cost on taxes	3,500	5,396	3,512
Concession and franchises	4,000	4,040	4,184
Other revenue	<u>11,500</u>	<u>11,357</u>	<u>11,436</u>
Total Revenue	<u>389,050</u>	<u>372,945</u>	<u>373,962</u>
EXPENSES			
Operating			
Legislative	14,200	9,602	9,935
Administration	95,100	95,262	76,941
Protection Services	34,000	33,999	25,123
Roads, streets, walks, lighting	49,000	31,790	27,924
Water supply and distribution	55,450	40,740	60,990
Wastewater treatment and disposal	6,000	3,673	7,474
Waste management	7,800	9,586	7,109
Family and community support	8,200	7,530	7,990
Planning and development	31,600	5,909	8,994
Parks and recreation	52,200	31,226	37,117
Cemeteries	4,200	2,655	4,295
Natural gas operations	51,300	47,885	46,418
Amortization of tangible capital assets	-	175,198	123,816
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>1,508</u>
Total Expenses	<u>409,050</u>	<u>495,055</u>	<u>445,634</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>(20,000)</u>	<u>(122,110)</u>	<u>(71,672)</u>
OTHER			
Donations from local organizations	1,000	6,406	-
Government transfers for capital (Schedule 4)	<u>745,000</u>	<u>387,899</u>	<u>82,539</u>
	<u>746,000</u>	<u>394,305</u>	<u>82,539</u>
EXCESS OF REVENUE OVER EXPENSES	726,000	272,195	10,867
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,491,437</u>	<u>2,491,437</u>	<u>2,480,570</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>3,217,437</u>	<u>2,763,632</u>	<u>2,491,437</u>

**VILLAGE OF HALKIRK
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget \$ (Unaudited)	2020 \$	2019 \$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	<u>726,000</u>	<u>272,195</u>	<u>10,867</u>
Acquisition of tangible capital assets	(746,000)	(431,924)	(91,843)
Proceeds on disposal of tangible capital assets	-	-	5,750
Amortization of tangible capital assets	-	175,198	123,816
Gain on sale of tangible capital assets	<u>-</u>	<u>-</u>	<u>1,508</u>
	<u>(746,000)</u>	<u>(256,726)</u>	<u>39,231</u>
Acquisition of prepaid expenses	-	(2,612)	(968)
Use of prepaid expenses	<u>-</u>	<u>968</u>	<u>876</u>
	<u>-</u>	<u>(1,644)</u>	<u>(92)</u>
INCREASE IN NET ASSETS	(20,000)	13,825	50,006
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>535,095</u>	<u>535,095</u>	<u>485,089</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>515,095</u></u>	<u><u>548,920</u></u>	<u><u>535,095</u></u>

**VILLAGE OF HALKIRK
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$	2019 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	272,195	10,867
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	175,198	123,816
Loss on disposal of tangible capital assets	-	1,508
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(4,681)	1,429
Decrease (increase) in trade and other receivables	96,186	(9,788)
Increase in prepaid expenses	(1,644)	(92)
Increase (decrease) in accounts payable and accrued liabilities	(4,286)	233
Increase (decrease) in deferred revenue	<u>(126,108)</u>	<u>158,379</u>
Cash provided by operating transactions	<u>406,860</u>	<u>286,352</u>
CAPITAL		
Acquisition of tangible capital assets	(431,924)	(91,843)
Increase in accounts payable - capital	5,614	-
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>5,750</u>
Cash applied to capital transactions	<u>(426,310)</u>	<u>(86,093)</u>
INVESTING		
Decrease (increase) in restricted cash and temporary investments	15,026	(141,719)
Decrease in investments	<u>-</u>	<u>10</u>
Cash provided (applied) to investing transactions	<u>15,026</u>	<u>(141,709)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(4,424)	58,550
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	<u>336,916</u>	<u>278,366</u>
CASH AND CASH EQUIVALENT, END OF YEAR (note 2)	<u><u>332,492</u></u>	<u><u>336,916</u></u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (note 2)	706,513	725,963
Less: restricted portion of cash and temporary investments (note 2)	<u>(374,021)</u>	<u>(389,047)</u>
	<u><u>332,492</u></u>	<u><u>336,916</u></u>

**VILLAGE OF HALKIRK
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Schedule 1)**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020 \$	2019 \$
BALANCE, BEGINNING OF YEAR	<u>350,006</u>	<u>186,057</u>	<u>1,955,374</u>	<u>2,491,437</u>	<u>2,480,570</u>
Excess of revenues over expenses	272,195	-	-	272,195	10,867
Unrestricted funds designated for future use	(16,875)	16,875	-	-	-
Restricted funds used for operations	26,330	(26,330)	-	-	-
Current year funds used for tangible capital assets	(431,924)	-	431,924	-	-
Annual amortization expense	<u>175,198</u>	<u>-</u>	<u>(175,198)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>24,924</u>	<u>(9,455)</u>	<u>256,726</u>	<u>272,195</u>	<u>10,867</u>
BALANCE, END OF YEAR	<u><u>374,930</u></u>	<u><u>176,602</u></u>	<u><u>2,212,100</u></u>	<u><u>2,763,632</u></u>	<u><u>2,491,437</u></u>

**VILLAGE OF HALKIRK
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2020 \$	2019 \$
COST:								
BALANCE, BEGINNING OF YEAR	52,317	47,671	804,305	3,742,290	469,190	79,490	5,195,263	5,117,936
Acquisition of tangible capital assets	-	4,224	147,965	231,386	48,349	-	431,924	24,304
Disposal of tangible capital assets	-	-	-	-	-	-	-	(14,516)
Write down of tangible capital assets	-	-	-	-	(14,718)	-	(14,718)	-
Construction-in-progress	-	-	-	-	-	-	-	67,539
BALANCE, END OF YEAR	<u>52,317</u>	<u>51,895</u>	<u>952,270</u>	<u>3,973,676</u>	<u>502,821</u>	<u>79,490</u>	<u>5,612,469</u>	<u>5,195,263</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	25,576	457,407	2,377,893	321,625	57,388	3,239,889	3,123,331
Annual amortization	-	1,647	19,160	103,802	44,060	6,529	175,198	123,816
Accumulated amortization on disposals	-	-	-	-	(14,718)	-	(14,718)	(7,258)
BALANCE, END OF YEAR	<u>-</u>	<u>27,223</u>	<u>476,567</u>	<u>2,481,695</u>	<u>350,967</u>	<u>63,917</u>	<u>3,400,369</u>	<u>3,239,889</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>52,317</u>	<u>24,672</u>	<u>475,703</u>	<u>1,491,981</u>	<u>151,854</u>	<u>15,573</u>	<u>2,212,100</u>	<u>1,955,374</u>
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>52,317</u>	<u>22,095</u>	<u>346,898</u>	<u>1,364,397</u>	<u>147,565</u>	<u>22,102</u>	<u>1,955,374</u>	

**VILLAGE OF HALKIRK
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Schedule 3)**

	Budget (Unaudited)	2020 \$	2019 \$
TAXATION			
Real property taxes	111,860	111,471	110,586
Linear property taxes	<u>2,680</u>	<u>2,719</u>	<u>2,633</u>
	<u>114,540</u>	<u>114,190</u>	<u>113,219</u>
REQUISITIONS			
Alberta School Foundation Fund	21,790	21,783	21,463
Seniors Lodge	<u>3,750</u>	<u>3,750</u>	<u>4,921</u>
	<u>25,540</u>	<u>25,533</u>	<u>26,384</u>
NET MUNICIPAL TAXES	<u>89,000</u>	<u>88,657</u>	<u>86,835</u>

**VILLAGE OF HALKIRK
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Schedule 4)**

	Budget (Unaudited)	2020 \$	2019 \$
TRANSFERS FOR OPERATING:			
Provincial Government	50,150	30,315	34,809
Other Local Governments	<u>37,800</u>	<u>39,915</u>	<u>37,940</u>
	<u>87,950</u>	<u>70,230</u>	<u>72,749</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	725,000	319,899	82,539
Other Local Governments	<u>20,000</u>	<u>68,000</u>	<u>-</u>
	<u>745,000</u>	<u>387,899</u>	<u>82,539</u>
TOTAL GOVERNMENT TRANSFERS	<u>832,950</u>	<u>458,129</u>	<u>155,288</u>

**VILLAGE OF HALKIRK
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2020
(Schedule 5)**

	Budget (Unaudited)	2020 \$	2019 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	91,400	98,454	76,597
Contracted and general services	162,900	85,872	104,701
Materials, goods and utilities	140,850	122,131	126,267
Provisions for allowances	2,000	1,137	849
Transfers to local boards and agencies	11,800	12,069	11,806
Bank charges and short-term interest	100	194	90
Amortization of tangible capital assets	-	175,198	123,816
Loss on disposal of tangible capital assets	-	-	1,508
	<u>409,050</u>	<u>495,055</u>	<u>445,634</u>

VILLAGE OF HALKIRK
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020
(Schedule 6)

	General Government	Protective Services	Transportation Services	Utility Services	Recreation & Culture	Subdivision & Development	Community Services	Total
REVENUE:								
Net municipal taxes	88,657	-	-	-	-	-	-	88,657
Operating government transfers	26,175	19,115	-	-	20,000	-	4,940	70,230
User fees and sales of goods	1,695	4,150	-	167,857	13,540	-	850	188,092
Investment income	5,173	-	-	-	-	-	-	5,173
Penalties	5,396	-	-	-	-	-	-	5,396
Franchise and other revenues	15,397	-	-	-	-	-	-	15,397
	<u>142,493</u>	<u>23,265</u>	<u>-</u>	<u>167,857</u>	<u>33,540</u>	<u>-</u>	<u>5,790</u>	<u>372,945</u>
EXPENSES:								
Contract and general services	24,311	13,969	5,651	26,499	15,262	-	180	85,872
Salaries and wages	63,738	7,263	10,316	6,064	7,672	100	3,301	98,454
Goods and supplies	16,382	12,768	15,823	68,029	8,292	583	254	122,131
Transfers to local boards	1,222	-	-	1,292	-	3,105	6,450	12,069
Other expenses	1,331	-	-	-	-	-	-	1,331
	<u>106,984</u>	<u>34,000</u>	<u>31,790</u>	<u>101,884</u>	<u>31,226</u>	<u>3,788</u>	<u>10,185</u>	<u>319,857</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	<u>35,509</u>	<u>(10,735)</u>	<u>(31,790)</u>	<u>65,973</u>	<u>2,314</u>	<u>(3,788)</u>	<u>(4,395)</u>	<u>53,088</u>
Amortization	<u>(30,806)</u>	<u>(16,035)</u>	<u>(71,823)</u>	<u>(37,826)</u>	<u>(18,708)</u>	<u>-</u>	<u>-</u>	<u>(175,198)</u>
NET REVENUE (DEFICIT)	<u>4,703</u>	<u>(26,770)</u>	<u>(103,613)</u>	<u>28,147</u>	<u>(16,394)</u>	<u>(3,788)</u>	<u>(4,395)</u>	<u>(122,110)</u>

**VILLAGE OF HALKIRK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 Chartered Professional Accountants of Canada. 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) 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, 2020**

1. Significant Accounting Policies - continued

e) 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.

f) Tax Revenue

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

g) 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.

h) 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	1-25
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, 2020**

2. Cash and Temporary Investments

	2020	2019
	\$	\$
Cash	<u>706,513</u>	<u>725,963</u>

Council has designated funds of \$176,602 (2019 - \$186,057) included in the above amounts for future operating and capital reserves.

Included in cash is a restricted amount of \$197,419 (2019 - \$202,990) received from grants and held for specified projects (Note 5).

3. Taxes and Grants in Place of Taxes Receivables

	2020	2019
	\$	\$
Current taxes and grants in place of taxes	12,523	5,910
Arrears tax	<u>1,076</u>	<u>2,197</u>
	13,599	8,107
Less: allowance for doubtful accounts	<u>(2,960)</u>	<u>(2,149)</u>
	<u>10,639</u>	<u>5,958</u>

4. Trade and Other Receivables

Trade and other receivables are comprised of the following:

	2020	2019
	\$	\$
GST receivable	16,623	3,156
Water and sewer accounts receivable	23,142	22,488
Grants receivable	683,113	803,650
Other receivables	15,141	4,641
Allowance for doubtful accounts	<u>(966)</u>	<u>(696)</u>
	<u>737,053</u>	<u>833,239</u>

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5. Deferred Revenue	2020	2019
	\$	\$
Deferred revenue is comprised of the following:		
Municipal Operating Support Transfer	16,341	-
ACP - Local Land Use Planner	20,440	20,440
Family and Community Support and Services	345	-
Municipal Sustainability Initiative Program - Capital	640,901	578,200
Gas Tax Fund	147,911	350,000
County of Paintearth No. 18	-	48,000
Municipal Stimulus Program	50,000	-
Paintearth Waste Management	<u>4,594</u>	<u>10,000</u>
	<u>880,532</u>	<u>1,006,640</u>

Included in the above figure are \$683,113 (2019 - \$803,650) of grants which are in accounts receivable.

Municipal Sustainability Initiative Program - Capital, Federal Gas Tax Fund, ACP - Local Land Use Planner and Paintearth Waste Management are restricted to eligible capital projects, as approved under the funding agreement. Municipal Operating Support Transfer, Family and Community Support and Services, Municipal Stimulus Program are restricted to eligible operating projects, as approved under the funding agreement. Completion date of the above grants is unknown.

6. 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:

	2020	2019
	\$	\$
Total debt limit	559,418	560,943
Total debt	<u>-</u>	<u>-</u>
Amount under total debt limit	<u>559,418</u>	<u>560,943</u>
Service on debt limit	93,236	93,491
Service on debt	<u>-</u>	<u>-</u>
Amount under service on debt limit	<u>93,236</u>	<u>93,491</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.

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7. Tangible Capital Assets	2020	2019
	\$	\$
Net Book Value		
Land	52,317	52,317
Land improvements	24,672	22,095
Buildings	475,703	346,898
Engineering structures		
Roadway system	598,084	435,475
Water distribution system	620,666	643,930
Wastewater treatment system	254,337	264,901
Natural gas	18,894	20,091
Machinery, equipment and furnishings	151,854	147,565
Vehicles	<u>15,573</u>	<u>22,102</u>
	<u>2,212,100</u>	<u>1,955,374</u>
8. Equity in Tangible Capital Fund	2020	2019
	\$	\$
Tangible capital assets (Schedule 1)	5,612,469	5,195,263
Accumulated amortization (Schedule 1)	<u>(3,400,369)</u>	<u>(3,239,889)</u>
	<u>2,212,100</u>	<u>1,955,374</u>
9. Accumulated Surplus	2020	2019
	\$	\$
Unrestricted surplus	374,930	350,006
Restricted surplus		
Operating		
Fire	4,000	4,000
General equipment replacement	87,674	114,003
Water and lagoon	40,300	28,300
Recreation, parks and culture	11,164	11,164
Gas	33,464	28,590
Equity in tangible capital assets	<u>2,212,100</u>	<u>1,955,374</u>
	<u>2,763,632</u>	<u>2,491,437</u>

**VILLAGE OF HALKIRK
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10. 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 \$	2020 \$	2019 \$
Councilor 1	2,500	-	2,500	2,200
Councilor 2	2,100	-	2,100	2,025
Councilor 3	4,100	-	4,100	3,520
Chief Administrative Officer (part year)	36,049	2,507	38,556	39,166
Chief Administrative Officer (part year)	14,168	981	15,149	-

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.

11. Financial Instruments

The Village's financial instruments consist of cash and temporary investments, accounts receivable, 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.

12. Commitments

The Village is a member of the Shirley McClellan Regional Water Services Commission. The commission has obtained debenture funding and repayment of this debenture will be funded by its member communities. The Villages's total payments on this debenture during 2020 were \$308 (2019 - \$5,387). At December 31, 2020, the Village's share of the remaining principal balance is estimated at \$4,642. Payments for 2021 are expected to total \$308 for the year including interest. The amount outstanding can fluctuate based on the other members of the commission and the Village's share of water usage.

**VILLAGE OF HALKIRK
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14. Segmented Disclosure

The Village 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 6).

15. COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary, however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

16. Approval of Financial Statements

Council and management have approved these financial statements.