

**VILLAGE OF HALKIRK  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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Management of the Village of Halkirk is responsible for the preparation, accuracy, objectivity and integrity for the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as at December 31, 2021 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards.

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Village council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. The committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

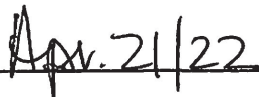
The external auditors have full access to the Audit Committee with and without the presence of management. The Village council has approved the consolidated financial statements.

The consolidated financial statements have been audited by RWA Chartered Professional Accountants LLP, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.



CHIEF ADMINISTRATIVE OFFICER

Date



VILLAGE OF HALKIRK

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## INDEPENDENT AUDITOR'S REPORT

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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, 2021, 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, 2021, 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.

Stettler, Alberta  
April 21, 2022

**RWA LLP**  
Chartered Professional Accountants

**VILLAGE OF HALKIRK  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2021**

	2021 \$	2020 \$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	684,082	706,513
Receivables		
Taxes and grants in place of taxes (note 3)	2,624	10,639
Trade and other receivables (note 4)	582,589	737,053
Land for resale inventory (note 1f)	<u>6,000</u>	<u>6,000</u>
	<u>1,275,295</u>	<u>1,460,205</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	46,138	25,139
Accounts payable - capital	36,750	5,614
Deferred revenue (notes 1b & 5)	<u>683,675</u>	<u>880,532</u>
	<u>766,563</u>	<u>911,285</u>
<b>NET FINANCIAL ASSETS</b>	<u>508,732</u>	<u>548,920</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 8)	2,532,671	2,212,100
Prepaid expenses	<u>2,597</u>	<u>2,612</u>
	<u>2,535,268</u>	<u>2,214,712</u>
<b>ACCUMULATED SURPLUS (note 9)</b>	<u>3,044,000</u>	<u>2,763,632</u>
Commitments - see note 12		

**VILLAGE OF HALKIRK  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget \$ (Unaudited)	2021 \$	2020 \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	97,350	97,156	88,657
User fees and sales of goods	191,700	224,322	188,092
Government transfers for operating (Schedule 4)	169,950	236,326	70,230
Investment income	3,200	2,684	5,173
Penalties and cost on taxes	5,200	3,333	5,396
Concession and franchises	4,500	6,596	4,040
Other revenue	<u>11,500</u>	<u>11,832</u>	<u>11,357</u>
<b>Total Revenue</b>	<u><b>483,400</b></u>	<u><b>582,249</b></u>	<u><b>372,945</b></u>
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	13,600	13,041	9,602
Administration	223,930	120,230	95,262
Protection Services	42,300	43,124	33,999
Roads, streets, walks, lighting	51,700	51,064	31,790
Water supply and distribution	68,350	60,398	40,740
Wastewater treatment and disposal	2,500	2,977	3,673
Waste management	7,000	6,102	9,586
Family and community support	8,920	7,304	7,530
Planning and development	27,300	151,090	5,909
Parks and recreation	49,900	56,804	31,226
Cemeteries	13,500	1,665	2,655
Natural gas operations	52,850	56,505	47,885
Amortization of tangible capital assets	<u>-</u>	<u>167,581</u>	<u>175,198</u>
<b>Total Expenses</b>	<u><b>561,850</b></u>	<u><b>737,885</b></u>	<u><b>495,055</b></u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<u><b>(78,450)</b></u>	<u><b>(155,636)</b></u>	<u><b>(122,110)</b></u>
<b>OTHER</b>			
Donations from local organizations	-	16,994	6,406
Government transfers for capital (Schedule 4)	<u>455,000</u>	<u>419,010</u>	<u>387,899</u>
	<u><b>455,000</b></u>	<u><b>436,004</b></u>	<u><b>394,305</b></u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>376,550</b>	<b>280,368</b>	<b>272,195</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u><b>2,763,632</b></u>	<u><b>2,763,632</b></u>	<u><b>2,491,437</b></u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u><b>3,140,182</b></u></u>	<u><u><b>3,044,000</b></u></u>	<u><u><b>2,763,632</b></u></u>

**VILLAGE OF HALKIRK  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget \$ (Unaudited)	2021 \$	2020 \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>376,550</u>	<u>280,368</u>	<u>272,195</u>
Acquisition of tangible capital assets	(460,000)	(488,152)	(431,924)
Amortization of tangible capital assets	<u>-</u>	<u>167,581</u>	<u>175,198</u>
	<u>(460,000)</u>	<u>(320,571)</u>	<u>(256,726)</u>
Acquisition of prepaid expenses	-	(2,597)	(2,612)
Use of prepaid expenses	<u>-</u>	<u>2,612</u>	<u>968</u>
	<u>-</u>	<u>15</u>	<u>(1,644)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(83,450)	(40,188)	13,825
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>548,920</u>	<u>548,920</u>	<u>535,095</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>465,470</u></u>	<u><u>508,732</u></u>	<u><u>548,920</u></u>



**VILLAGE OF HALKIRK  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021 \$	2020 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	280,368	272,195
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	167,581	175,198
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	8,015	(4,681)
Decrease in trade and other receivables	154,464	96,186
Decrease (increase) in prepaid expenses	15	(1,644)
Increase (decrease) in accounts payable and accrued liabilities	20,999	(4,286)
Decrease in deferred revenue	<u>(196,857)</u>	<u>(126,108)</u>
Cash provided by operating transactions	<u>434,585</u>	<u>406,860</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(488,152)	(431,924)
Increase in accounts payable - capital	<u>31,136</u>	<u>5,614</u>
Cash applied to capital transactions	<u>(457,016)</u>	<u>(426,310)</u>
<b>INVESTING</b>		
Decrease in restricted cash and temporary investments	<u>90,686</u>	<u>15,026</u>
Cash provided to investing transactions	<u>90,686</u>	<u>15,026</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	68,255	(4,424)
<b>CASH AND CASH EQUIVALENT, BEGINNING OF YEAR</b>	<u>332,492</u>	<u>336,916</u>
<b>CASH AND CASH EQUIVALENT, END OF YEAR (note 2)</b>	<u>400,747</u>	<u>332,492</u>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (note 2)	684,082	706,513
Less: restricted portion of cash and temporary investments (note 2)	<u>(283,335)</u>	<u>(374,021)</u>
	<u>400,747</u>	<u>332,492</u>

**VILLAGE OF HALKIRK**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(Schedule 1)**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021 \$	2020 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<u>374,930</u>	<u>176,602</u>	<u>2,212,100</u>	<u>2,763,632</u>	<u>2,491,437</u>
Excess of revenues over expenses	280,368	-	-	280,368	272,195
Unrestricted funds designated for future use	(16,250)	16,250	-	-	-
Restricted funds used for operations	16,200	(16,200)	-	-	-
Restricted funds used for tangible capital assets	-	(42,464)	42,464	-	-
Current year funds used for tangible capital assets	(445,688)	-	445,688	-	-
Annual amortization expense	<u>167,581</u>	<u>-</u>	<u>(167,581)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>2,211</u>	<u>(42,414)</u>	<u>320,571</u>	<u>280,368</u>	<u>272,195</u>
<b>BALANCE, END OF YEAR</b>	<u><u>377,141</u></u>	<u><u>134,188</u></u>	<u><u>2,532,671</u></u>	<u><u>3,044,000</u></u>	<u><u>2,763,632</u></u>

**VILLAGE OF HALKIRK  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021 \$	2020 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	52,317	51,895	952,270	3,973,676	502,821	79,490	5,612,469	5,195,263
Acquisition of tangible capital assets	-	-	174,858	301,728	11,566	-	488,152	431,924
Write down of tangible capital assets	-	-	-	-	-	-	-	(14,718)
<b>BALANCE, END OF YEAR</b>	<u>52,317</u>	<u>51,895</u>	<u>1,127,128</u>	<u>4,275,404</u>	<u>514,387</u>	<u>79,490</u>	<u>6,100,621</u>	<u>5,612,469</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	27,223	476,567	2,481,695	350,967	63,917	3,400,369	3,239,889
Annual amortization	-	1,648	25,454	120,892	17,018	2,569	167,581	175,198
Accumulated amortization on disposals	-	-	-	-	-	-	-	(14,718)
<b>BALANCE, END OF YEAR</b>	<u>-</u>	<u>28,871</u>	<u>502,021</u>	<u>2,602,587</u>	<u>367,985</u>	<u>66,486</u>	<u>3,567,950</u>	<u>3,400,369</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>52,317</u>	<u>23,024</u>	<u>625,107</u>	<u>1,672,817</u>	<u>146,402</u>	<u>13,004</u>	<u>2,532,671</u>	<u>2,212,100</u>
2020 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>	

**VILLAGE OF HALKIRK  
SCHEDULE OF PROPERTY AND OTHER TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Schedule 3)**

	Budget (Unaudited)	2021 \$	2020 \$
<b>TAXATION</b>			
Real property taxes	120,670	118,753	111,471
Linear property taxes	<u>2,220</u>	<u>3,244</u>	<u>2,719</u>
	<u>122,890</u>	<u>121,997</u>	<u>114,190</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	21,790	21,060	21,783
Seniors Lodge	<u>3,750</u>	<u>3,781</u>	<u>3,750</u>
	<u>25,540</u>	<u>24,841</u>	<u>25,533</u>
<b>NET MUNICIPAL TAXES</b>	<u>97,350</u>	<u>97,156</u>	<u>88,657</u>

**VILLAGE OF HALKIRK  
SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Schedule 4)**

	Budget (Unaudited)	2021 \$	2020 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	149,550	195,760	30,315
Other Local Governments	<u>20,400</u>	<u>40,566</u>	<u>39,915</u>
	<u>169,950</u>	<u>236,326</u>	<u>70,230</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	435,000	419,010	319,899
Other Local Governments	<u>20,000</u>	<u>-</u>	<u>68,000</u>
	<u>455,000</u>	<u>419,010</u>	<u>387,899</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>624,950</u>	<u>655,336</u>	<u>458,129</u>

**VILLAGE OF HALKIRK**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(Schedule 5)**

<b>CONSOLIDATED EXPENSES BY OBJECT</b>	Budget (Unaudited)	2021 \$	2020 \$
Salaries, wages and benefits	100,030	97,961	98,454
Contracted and general services	295,100	298,768	85,872
Materials, goods and utilities	145,050	154,172	122,131
Provisions for allowances	9,700	7,547	1,137
Transfers to local boards and agencies	11,870	11,856	12,069
Bank charges and short-term interest	100	-	194
Amortization of tangible capital assets	-	<u>167,581</u>	<u>175,198</u>
	<u>561,850</u>	<u>737,885</u>	<u>495,055</u>

**VILLAGE OF HALKIRK  
SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Schedule 6)**

	General Government	Protective Services	Transportation Services	Utility Services	Recreation & Culture	Subdivision & Development	Community Services	Total
<b>REVENUE:</b>								
Net municipal taxes	97,156	-	-	-	-	-	-	97,156
Operating government transfers	17,255	19,994	5,148	-	42,000	146,989	4,940	236,326
User fees and sales of goods	7,250	24,898	-	174,856	16,708	-	610	224,322
Investment income	2,684	-	-	-	-	-	-	2,684
Penalties	3,333	-	-	-	-	-	-	3,333
Franchise and other revenues	<u>18,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,428</u>
	<u>146,106</u>	<u>44,892</u>	<u>5,148</u>	<u>174,856</u>	<u>58,708</u>	<u>146,989</u>	<u>5,550</u>	<u>582,249</u>
<b>EXPENSES:</b>								
Contract and general services	43,661	22,882	10,779	38,973	38,159	144,143	171	298,768
Salaries and wages	61,538	7,913	12,374	6,703	6,835	-	2,598	97,961
Goods and supplies	20,525	12,330	27,911	79,012	11,810	2,584	-	154,172
Transfers to local boards	1,259	-	-	1,292	-	3,105	6,200	11,856
Other expenses	<u>7,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,547</u>
	<u>134,530</u>	<u>43,125</u>	<u>51,064</u>	<u>125,980</u>	<u>56,804</u>	<u>149,832</u>	<u>8,969</u>	<u>570,304</u>
<b>NET REVENUE (DEFICIT) BEFORE AMORTIZATION</b>	<u>11,576</u>	<u>1,767</u>	<u>(45,916)</u>	<u>48,876</u>	<u>1,904</u>	<u>(2,843)</u>	<u>(3,419)</u>	<u>11,945</u>
Amortization	<u>(4,410)</u>	<u>(13,815)</u>	<u>(2,501)</u>	<u>(121,288)</u>	<u>(25,567)</u>	<u>-</u>	<u>-</u>	<u>(167,581)</u>
<b>NET REVENUE (DEFICIT)</b>	<u><u>7,166</u></u>	<u><u>(12,048)</u></u>	<u><u>(48,417)</u></u>	<u><u>(72,412)</u></u>	<u><u>(23,663)</u></u>	<u><u>(2,843)</u></u>	<u><u>(3,419)</u></u>	<u><u>(155,636)</u></u>

**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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) Valuation of Financial Assets and Liabilities**

The Town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost
Short-term investments	Cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Cost
Accounts payable and accrued liabilities	Cost

**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**1. Significant Accounting Policies - continued**

**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.

**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	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  
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**2. Cash and Temporary Investments**

	2021 \$	2020 \$
Cash	<u>684,082</u>	<u>706,513</u>

Council has designated funds of \$134,188 (2020 - \$176,602) included in the above amounts for future operating and capital reserves.

Included in cash is a restricted amount of \$149,147 (2020 - \$197,419) received from grants and held for specified projects (Note 5).

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

	2021 \$	2020 \$
Current taxes and grants in place of taxes	9,312	12,523
Arrears tax	<u>2,960</u>	<u>1,076</u>
	12,272	13,599
Less: allowance for doubtful accounts	<u>(9,648)</u>	<u>(2,960)</u>
	<u>2,624</u>	<u>10,639</u>

**4. Trade and Other Receivables**

	2021 \$	2020 \$
Trade and other receivables are comprised of the following:		
GST receivable	16,172	16,623
Water and sewer accounts receivable	29,552	23,142
Grants receivable	534,528	683,113
Other receivables	4,162	15,141
Allowance for doubtful accounts	<u>(1,825)</u>	<u>(966)</u>
	<u>582,589</u>	<u>737,053</u>

**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
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<b>5. Deferred Revenue</b>	2021	2020
	\$	\$
Deferred revenue is comprised of the following:		
Municipal Operating Support Transfer	-	16,341
ACP - Local Land Use Planner	-	20,440
Family and Community Support and Services	1,035	345
Municipal Sustainability Initiative Program - Capital	556,536	640,901
Federal Gas Tax Fund	94,678	147,911
County of Paintearth No. 18	20,000	-
Halkirk Centennial	11,426	-
Municipal Stimulus Program	-	50,000
Paintearth Waste Management	-	4,594
	<u>683,675</u>	<u>880,532</u>

Included in the above figure are \$534,528 (2020 - \$683,113) of grants which are in accounts receivable.

Municipal Sustainability Initiative Program - Capital, Federal Gas Tax Fund, and County of Paintearth No. 18 are restricted to eligible capital projects, as approved under the funding agreement. Family and Community Support and Services and Halkirk Centennial 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:

	2021	2020
	\$	\$
Total debt limit	873,374	559,418
Total debt	<u>-</u>	<u>-</u>
Amount under total debt limit	<u>873,374</u>	<u>559,418</u>
Service on debt limit	145,562	93,236
Service on debt	<u>-</u>	<u>-</u>
Amount under service on debt limit	<u>145,562</u>	<u>93,236</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, 2021**

<b>7. Tangible Capital Assets</b>	2021	2020
	\$	\$
<b>Net Book Value</b>		
Land	52,317	52,317
Land improvements	23,024	24,672
Buildings	625,107	475,703
Engineering structures		
Roadway system	813,945	598,084
Water distribution system	597,402	620,666
Wastewater treatment system	243,772	254,337
Natural gas	17,698	18,894
Machinery, equipment and furnishings	146,402	151,854
Vehicles	<u>13,004</u>	<u>15,573</u>
	<u>2,532,671</u>	<u>2,212,100</u>
<b>8. Equity in Tangible Capital Fund</b>	2021	2020
	\$	\$
Tangible capital assets (Schedule 1)	6,100,621	5,612,469
Accumulated amortization (Schedule 1)	<u>(3,567,950)</u>	<u>(3,400,369)</u>
	<u>2,532,671</u>	<u>2,212,100</u>
<b>9. Accumulated Surplus</b>	2021	2020
	\$	\$
Unrestricted surplus	377,141	374,930
Restricted surplus		
Operating		
Fire	4,000	4,000
General equipment replacement	36,010	87,674
Water and lagoon	45,300	40,300
Recreation, parks and culture	11,164	11,164
Gas	37,714	33,464
Equity in tangible capital assets	<u>2,532,671</u>	<u>2,212,100</u>
	<u>3,044,000</u>	<u>2,763,632</u>

**VILLAGE OF HALKIRK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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 \$	2021 \$	2020 \$
Councilor 1	2,700	-	2,700	2,500
Councilor 2	2,600	67	2,667	2,100
Councilor 3 (part year)	2,900	-	2,900	4,100
Councilor 4 (part year)	600	6	606	-
Chief Administrative Officer (part year)	36,300	2,591	38,891	-
Chief Administrative Officer (part year)	10,747	725	11,472	38,556
Chief Administrative Officer (part year)	-	-	-	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 2021 were \$305 (2020 - \$308). At December 31, 2021, the Village's share of the remaining principal balance is estimated at \$4,430. Payments for 2022 are expected to total \$305 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  
NOTES TO THE FINANCIAL STATEMENTS  
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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. Viability Review**

During the year, a viability review was completed by Municipal Affairs at the request of the Village. A vote by the Village residents was conducted subsequent to year-end to determine if they wish to remain as a Village or become a Hamlet and part of the County of Paintearth No. 18. The votes were in favor of remaining a Village at this time and Municipal Affairs will now mandate a Ministerial Order that Council will need to follow to help sustain a viable Village.

**17. Approval of Financial Statements**

Council and management have approved these financial statements.