

**VILLAGE OF HALKIRK
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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, 2023 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.

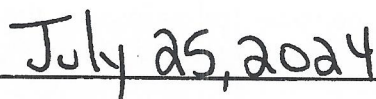
The external auditors have full access to the Audit Committee with and without the presence of management. The Village council has approved the consolidated financial statements.

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



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, 2023, 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, 2023, 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
July 25, 2024

RWA LLP
Chartered Professional Accountants

**VILLAGE OF HALKIRK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	529,880	651,915
Receivables		
Taxes and grants in place of taxes (note 3)	14,312	7,187
Trade and other receivables (note 4)	472,836	657,752
Land for resale inventory (note 1f)	<u>10,580</u>	<u>13,975</u>
	<u>1,027,608</u>	<u>1,330,829</u>
LIABILITIES		
Accounts payable and accrued liabilities	52,737	42,906
Deferred revenue (notes 1b & 5)	<u>511,458</u>	<u>796,320</u>
	<u>564,195</u>	<u>839,226</u>
NET FINANCIAL ASSETS	<u>463,413</u>	<u>491,603</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	2,680,403	2,416,315
Prepaid expenses	<u>6,122</u>	<u>646</u>
	<u>2,686,525</u>	<u>2,416,961</u>
ACCUMULATED SURPLUS (note 9)	<u>3,149,938</u>	<u>2,908,564</u>
Commitments - see note 12		

**VILLAGE OF HALKIRK
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget \$ (Unaudited)	2023 \$	2022 \$
REVENUE			
Net municipal taxes (Schedule 3)	117,851	112,260	98,363
User fees and sales of goods	206,994	174,764	208,569
Government transfers for operating (Schedule 4)	79,905	140,217	83,415
Investment income	1,804	30,321	923
Penalties and cost on taxes	4,800	9,589	5,672
Concession and franchises	6,304	7,470	8,277
Other revenue	<u>11,416</u>	<u>11,316</u>	<u>11,059</u>
Total Revenue	<u>429,074</u>	<u>485,937</u>	<u>416,278</u>
EXPENSES			
Operating			
Legislative	16,266	9,869	11,490
Administration	160,184	216,796	136,835
Protection Services	34,701	29,148	26,979
Roads, streets, walks, lighting	54,514	52,168	57,964
Water supply and distribution	57,552	61,943	54,705
Wastewater treatment and disposal	15,550	7,095	13,468
Waste management	6,111	8,558	6,119
Family and community support	7,417	6,753	6,770
Planning and development	7,216	9,942	4,821
Parks and recreation	41,793	39,407	41,556
Cemeteries	3,743	2,670	1,821
Natural gas operations	65,000	47,216	72,830
Amortization of tangible capital assets	168,107	185,539	161,541
Loss on disposal of tangible capital assets	<u>-</u>	<u>13,199</u>	<u>-</u>
Total Expenses	<u>638,154</u>	<u>690,303</u>	<u>596,899</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>(209,080)</u>	<u>(204,366)</u>	<u>(180,621)</u>
OTHER			
Donations from local organizations and insurance proceeds	5,000	74,822	19,885
Government transfers for capital (Schedule 4)	<u>210,531</u>	<u>370,918</u>	<u>25,300</u>
	<u>215,531</u>	<u>445,740</u>	<u>45,185</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	6,451	241,374	(135,436)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,908,564</u>	<u>2,908,564</u>	<u>3,044,000</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>2,915,015</u></u>	<u><u>3,149,938</u></u>	<u><u>2,908,564</u></u>

VILLAGE OF HALKIRK
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget \$ (Unaudited)	2023 \$	2022 \$
EXCESS OF REVENUES OVER EXPENSES	<u>6,451</u>	<u>241,374</u>	<u>(135,436)</u>
Acquisition of tangible capital assets	(210,531)	(462,826)	(45,185)
Amortization of tangible capital assets	168,107	185,539	161,541
Loss on sale of tangible capital assets	<u>-</u>	<u>13,199</u>	<u>-</u>
	<u>(42,424)</u>	<u>(264,088)</u>	<u>116,356</u>
Acquisition of prepaid expenses	-	(6,122)	(646)
Use of prepaid expenses	<u>-</u>	<u>646</u>	<u>2,597</u>
	<u>-</u>	<u>(5,476)</u>	<u>1,951</u>
INCREASE (DECREASE) IN NET ASSETS	(35,973)	(28,190)	(17,129)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>491,603</u>	<u>491,603</u>	<u>508,732</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>455,630</u></u>	<u><u>463,413</u></u>	<u><u>491,603</u></u>

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**VILLAGE OF HALKIRK
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	241,374	(135,436)
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	185,539	161,541
Loss on disposal of tangible capital assets	13,199	-
Non-cash changes to operations (net change):		
Increase in taxes and grants in place of taxes	(7,125)	(4,563)
Decrease (increase) in trade and other receivables	184,916	(75,163)
Decrease (increase) in prepaid expenses	(5,476)	1,951
Decrease (increase) in land held for sale	3,395	(7,975)
Increase (decrease) in accounts payable and accrued liabilities	9,831	(3,232)
Increase (decrease) in deferred revenue	<u>(284,862)</u>	<u>112,645</u>
Cash provided by operating transactions	<u>340,791</u>	<u>49,768</u>
CAPITAL		
Acquisition of tangible capital assets	(462,826)	(45,185)
Increase in accounts payable - capital	<u>-</u>	<u>(36,750)</u>
Cash applied to capital transactions	<u>(462,826)</u>	<u>(81,935)</u>
INVESTING		
Decrease (increase) in restricted cash and temporary investments	<u>154,160</u>	<u>(61,858)</u>
Cash provided to investing transactions	<u>154,160</u>	<u>(61,858)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	32,125	(94,025)
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	<u>306,722</u>	<u>400,747</u>
CASH AND CASH EQUIVALENT, END OF YEAR (note 2)	<u><u>338,847</u></u>	<u><u>306,722</u></u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (note 2)	529,880	651,915
Less: restricted portion of cash and temporary investments (note 2)	<u>(191,033)</u>	<u>(345,193)</u>
	<u><u>338,847</u></u>	<u><u>306,722</u></u>

**VILLAGE OF HALKIRK
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 1)**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023 \$	2022 \$
BALANCE, BEGINNING OF YEAR	<u>353,960</u>	<u>138,289</u>	<u>2,416,315</u>	<u>2,908,564</u>	<u>3,044,000</u>
Excess of revenues over expenses	241,374	-	-	241,374	(135,436)
Unrestricted funds designated for future use	(3,500)	3,500	-	-	-
Restricted funds used for operations	17,086	(17,086)	-	-	-
Current year funds used for tangible capital assets	(462,826)	-	462,826	-	-
Disposal of tangible capital assets	13,199	-	(13,199)	-	-
Annual amortization expense	<u>185,539</u>	<u>-</u>	<u>(185,539)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(9,128)</u>	<u>(13,586)</u>	<u>264,088</u>	<u>241,374</u>	<u>(135,436)</u>
BALANCE, END OF YEAR	<u><u>344,832</u></u>	<u><u>124,703</u></u>	<u><u>2,680,403</u></u>	<u><u>3,149,938</u></u>	<u><u>2,908,564</u></u>

VILLAGE OF HALKIRK
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023 \$	2022 \$
COST:								
BALANCE, BEGINNING OF YEAR	52,317	51,895	1,152,428	4,275,404	534,272	79,490	6,145,806	6,100,621
Acquisition of tangible capital assets	-	-	7,000	363,754	92,072	-	462,826	45,185
Disposal of tangible capital assets	-	-	(5,280)	-	(13,664)	-	(18,944)	-
BALANCE, END OF YEAR	<u>52,317</u>	<u>51,895</u>	<u>1,154,148</u>	<u>4,639,158</u>	<u>612,680</u>	<u>79,490</u>	<u>6,589,688</u>	<u>6,145,806</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	30,519	527,981	2,716,163	386,709	68,119	3,729,491	3,567,950
Annual amortization	-	1,648	25,945	130,859	25,454	1,633	185,539	161,541
Accumulated amortization on disposals	-	-	(106)	-	(5,639)	-	(5,745)	-
BALANCE, END OF YEAR	<u>-</u>	<u>32,167</u>	<u>553,820</u>	<u>2,847,022</u>	<u>406,524</u>	<u>69,752</u>	<u>3,909,285</u>	<u>3,729,491</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>52,317</u>	<u>19,728</u>	<u>600,328</u>	<u>1,792,136</u>	<u>206,156</u>	<u>9,738</u>	<u>2,680,403</u>	<u>2,416,315</u>
2022								
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>52,317</u>	<u>21,376</u>	<u>624,447</u>	<u>1,559,241</u>	<u>147,563</u>	<u>11,371</u>	<u>2,416,315</u>	

VILLAGE OF HALKIRK
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 3)

	Budget (Unaudited)	2023 \$	2022 \$
TAXATION			
Real property taxes	111,444	134,158	119,619
Linear property taxes	<u>3,524</u>	<u>3,539</u>	<u>3,687</u>
	<u>114,968</u>	<u>137,697</u>	<u>123,306</u>
REQUISITIONS			
Alberta School Foundation Fund	23,331	21,399	21,060
Seniors Lodge	<u>4,038</u>	<u>4,038</u>	<u>3,883</u>
	<u>27,369</u>	<u>25,437</u>	<u>24,943</u>
NET MUNICIPAL TAXES	<u><u>87,599</u></u>	<u><u>112,260</u></u>	<u><u>98,363</u></u>

VILLAGE OF HALKIRK
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 4)

	Budget (Unaudited)	2023 \$	2022 \$
TRANSFERS FOR OPERATING:			
Provincial Government	50,000	95,593	29,559
Other Local Governments	<u>29,905</u>	<u>44,624</u>	<u>53,856</u>
	<u>79,905</u>	<u>140,217</u>	<u>83,415</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	210,531	346,668	25,300
Other Local Governments	<u>-</u>	<u>24,250</u>	<u>-</u>
	<u>210,531</u>	<u>370,918</u>	<u>25,300</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>290,436</u></u>	<u><u>511,135</u></u>	<u><u>108,715</u></u>

VILLAGE OF HALKIRK
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 5)

CONSOLIDATED EXPENSES BY OBJECT	2023	2022
	\$	\$
Salaries, wages and benefits	157,348	124,520
Contracted and general services	123,961	130,352
Materials, goods and utilities	151,716	164,972
Provisions for allowances	39,854	3,225
Transfers to local boards and agencies	16,909	11,138
Bank charges and short-term interest	1,777	1,151
Amortization of tangible capital assets	185,539	161,541
Loss on disposal of tangible capital assets	<u>13,199</u>	<u>-</u>
	<u>690,303</u>	<u>596,899</u>

**VILLAGE OF HALKIRK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023**

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. Cash and Temporary Investments

	2023 \$	2022 \$
Cash	<u>529,880</u>	<u>651,915</u>

Council has designated funds of \$124,703 (2022 - \$138,289) included in the above amounts for future operating and capital reserves.

Included in cash is a restricted amount of \$66,330 (2022 - \$206,904) received from grants and held for specified projects (Note 5).

The Village has an authorized line of credit in the amount of \$500,000 at prime plus 1.0%. Prime rate at December 31, 2023 was 7.20%.

3. Taxes and Grants in Place of Taxes Receivables

	2023 \$	2022 \$
Current taxes and grants in place of taxes	17,720	13,203
Arrears tax	<u>10,270</u>	<u>5,500</u>
	27,990	18,703
Less: allowance for doubtful accounts	<u>(13,678)</u>	<u>(11,516)</u>
	<u>14,312</u>	<u>7,187</u>

4. Trade and Other Receivables

Trade and other receivables are comprised of the following:

	2023 \$	2022 \$
GST receivable	-	6,072
Water and sewer accounts receivable	22,232	37,509
Grants receivable	445,128	589,416
Other receivables	6,994	27,937
Allowance for doubtful accounts	<u>(1,518)</u>	<u>(3,182)</u>
	<u>472,836</u>	<u>657,752</u>

**VILLAGE OF HALKIRK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

5. Deferred Revenue

	2023	2022
	\$	\$
Deferred revenue is comprised of the following:		
Municipal Sustainability Initiative Program - Capital	266,834	597,447
Canada Community Building Fund	196,757	146,757
County of Paintearth No. 18	36,190	40,439
Halkirk Centennial	<u>11,677</u>	<u>11,677</u>
	<u>511,458</u>	<u>796,320</u>

Included in the above figure are \$445,128 (2022 - \$589,416) of grants which are in accounts receivable.

Municipal Sustainability Initiative Program - Capital, Canada Community Building Fund, and County of Paintearth No. 18 are restricted to eligible capital projects, as approved under the funding agreement. Halkirk Centennial is 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:

	2023	2022
	\$	\$
Total debt limit		
Total debt	818,028	661,832
	<u>-</u>	<u>-</u>
Amount under total debt limit	<u>818,028</u>	<u>661,832</u>
Service on debt limit		
Service on debt	136,338	110,305
	<u>-</u>	<u>-</u>
Amount under service on debt limit	<u>136,338</u>	<u>110,305</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, 2023**

7. Tangible Capital Assets	2023	2022
	\$	\$
Net Book Value		
Land	52,317	52,317
Land improvements	19,728	21,376
Buildings	600,328	624,447
Engineering structures		
Roadway system	971,544	728,077
Water distribution system	553,466	575,434
Wastewater treatment system	235,210	239,229
Natural gas	31,916	16,501
Machinery, equipment and furnishings	206,156	147,563
Vehicles	<u>9,738</u>	<u>11,371</u>
	<u>2,680,403</u>	<u>2,416,315</u>
8. Equity in Tangible Capital Fund	2023	2022
	\$	\$
Tangible capital assets (Schedule 1)	6,589,688	6,145,806
Accumulated amortization (Schedule 1)	<u>(3,909,285)</u>	<u>(3,729,491)</u>
	<u>2,680,403</u>	<u>2,416,315</u>
9. Accumulated Surplus	2023	2022
	\$	\$
Unrestricted surplus	344,832	353,960
Restricted surplus		
Operating		
Fire	4,000	4,000
General equipment replacement	36,010	36,010
Water and lagoon	45,300	45,300
Recreation, parks and culture	11,164	11,164
Gas	28,229	41,815
Equity in tangible capital assets	<u>2,680,403</u>	<u>2,416,315</u>
	<u>3,149,938</u>	<u>2,908,564</u>

**VILLAGE OF HALKIRK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 \$	2023 \$	2022 \$
Councilor 1 (part year)	2,575	-	2,575	3,300
Councilor 2 (part year)	1,700	29	1,729	3,254
Councilor 3 (part year)	1,100	-	1,100	-
Councilor 4 (part year)	-	-	-	1,984
Councilor 5 (part year)	300	-	300	-
Councilor 6 (part year)	300	-	300	-
Chief Administrative Officer (part year)	-	-	-	24,037
Chief Administrative Officer (contract wage)	87,750	6,991	94,741	56,993

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 2023 were \$153 (2023 - \$306). At December 31, 2023 the Village's share of the remaining balance is estimated at \$4,140 (which includes the second instalment of \$153.04 for the 2023 debenture not paid until after year end). Payments for 2024 are expected to total \$459 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
FOR THE YEAR ENDED DECEMBER 31, 2023**

13. Viability Review

During the prior year, a viability review was completed by Municipal Affairs at the request of the Village. A vote in March 2022 by the Village residents was conducted 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 that time and Municipal Affairs mandated a Ministerial Order that Council had to follow to help sustain a viable Village. Subsequent to year end, another viability review has been requested, with a dissolution vote tentatively scheduled for October 2024.

14. Approval of Financial Statements

Council and management have approved these financial statements.