SUMMER VILLAGE OF KAPASIWIN

Financial Statements

Year Ended December 31, 2021

SUMMER VILLAGE OF KAPASIWIN
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Year Ended December 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared in compliance with legislation and in accordance with Public Sector Accounting Standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the 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, 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 financial statements.

The Summer Village Council carries out its responsibilities for review of the financial statements principally through its Council meetings. Council 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 Council with and without the presence of management. The Summer Village Council has approved the financial statements.

The financial statements have been audited by Seniuk and Company, independent external auditors, appointed by the Summer Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

The financial statements have been audited on behalf of the Members of Council by Seniuk and Company in accordance with Canadian public sector accounting standards (PSAS).

Ms. Emily House, CAO

Onoway, Alberta
March 31, 2022

Seniuk & Company
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of Kapasiwin

Opinion

We have audited the financial statements of Summer Village of Kapasiwin (the Summer Village), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Summer Village as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Financial Statements* section of our report. We are independent of the Summer Village in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Summer Village's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Summer Village or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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:

(continues)

- Identify and assess the risks of material misstatement of the financial statements whether 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal 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 Summer Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made 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 Summer 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 Summer Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the 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 audit findings including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Alberta Municipal Governance Act, we also report the following:

- 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 7.
- 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.

The engagement partner on the audit resulting in this Independent Auditor's Report is Laura Marcato CPA, CA.

Seniuk & Company

Edmonton, Alberta
March 31, 2022

Seniuk and Company,
Chartered Professional Accountants

SUMMER VILLAGE OF KAPASIWIN
Statement of Financial Position
December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and temporary investments *(Note 2)*	$ **139,144**	$ 129,708
Restricted cash *(Note 2)*	**258,043**	274,099
Taxes and grants in place of taxes recievable *(Note 3)*	**8,311**	6,164
Grants and receivables from other governments *(Note 4)*	**271,062**	179,244
	676,560	589,215
LIABILITIES		
Accounts payable	**6,508**	4,472
Deferred income *(Note 6)*	**525,446**	448,645
	531,954	453,117
NET FINANCIAL ASSETS	**144,606**	136,098
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 5)*	**854,623**	866,609
ACCUMULATED SURPLUS	$ **999,229**	$ 1,002,707

APPROVED ON BEHALF OF COUNCIL

Mayor

Councilor

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN

Statement of Operations and Accumulated Surplus

Year Ended December 31, 2021

	Budget (Unaudited) 2021	2021	2020
REVENUES			
Net municipal taxes (Schedule 1)	$ 77,182	**$ 77,182**	$ 72,808
User fees	50	**50**	125
Government transfers for operating (Schedule 2)	8,596	**3,860**	9,587
Investment income	1,500	**2,186**	2,447
Penalties and costs of taxes	823	**2,017**	2,898
Licenses and permits	500	**2,842**	1,944
	88,651	**88,137**	89,809
EXPENSES			
Administration and legislative	43,831	**40,530**	40,050
Protective services	14,278	**18,106**	7,724
Transportation services	15,100	**24,302**	13,920
Environmental services	4,950	**5,829**	4,842
Land use planning, zoning and development	5,725	**2,925**	7,599
Parks and recreation	14,250	**21,484**	21,342
	98,134	**113,176**	95,477
DEFICIT FROM OPERATIONS	(9,483)	**(25,039)**	(5,668)
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	87,887	**21,561**	51,561
ANNUAL SURPLUS (DEFICIT)	78,404	**(3,478)**	45,893
ACCUMULATED SURPLUS - BEGINNING OF YEAR	1,002,708	**1,002,707**	956,814
ACCUMULATED SURPLUS - END OF YEAR	$ 1,081,112	**$ 999,229**	$ 1,002,707

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Statement of Changes in Net Financial Assets
Year Ended December 31, 2021

	Budget 2021	2021	2020
ANNUAL SURPLUS (DEFICIT)	$ 78,404	**$ (3,478)**	$ 45,893
Amortization of tangible capital assets	-	**32,186**	19,298
Purchase of tangible capital assets	-	**(21,543)**	(106,191)
Proceeds on disposal of tangible capital assets	-	**1,344**	-
Decrease (increase) in prepaid expenses	-	**(1)**	43,712
	-	**11,986**	(43,181)
INCREASE IN NET FINANCIAL ASSETS	78,404	**8,508**	2,712
NET FINANCIAL ASSETS - BEGINNING OF YEAR	-	**136,098**	133,386
NET FINANCIAL ASSETS - END OF YEAR	$ 78,404	**$ 144,606**	$ 136,098

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus (deficit) for the year	**$ (3,478)**	$ 45,893
Item not affecting cash:		
Amortization of tangible capital assets	**32,186**	19,298
	28,708	65,191
Changes in non-cash working capital:		
Other receivables	**-**	14,968
Grants and receivables from other governments	**(91,818)**	80,460
Current taxes and grants in place of taxes	**(2,147)**	4,591
Accounts payable	**2,035**	(1,022)
Deferred income	**76,801**	30,777
Prepaid expenses	**-**	43,711
	(15,129)	173,485
Cash flow from operating activities	**13,579**	238,676
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	**(21,543)**	(106,191)
Proceeds on disposal of tangible capital assets	**1,344**	-
Cash flow used by capital activities	**(20,199)**	(106,191)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	**16,056**	(109,899)
Decrease (increase) in term deposits	**-**	33,926
Cash flow from (used by) investing activities	**16,056**	(75,973)
INCREASE IN CASH FLOW	**9,436**	56,512
Cash - beginning of year	**129,708**	73,196
CASH - END OF YEAR *(Note 2)*	**$ 139,144**	$ 129,708

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Schedule of Property and Other Taxes *(Schedule 1)*
Year Ended December 31, 2021

	Budget (Unaudited) 2021	2021	2020
TAXATION			
Real property tax	$ 151,182	$ **151,182**	$ 147,240
REQUISITIONS	(74,000)	**(74,000)**	(74,432)
NET MUNICIPAL TAXES	$ 77,182	$ **77,182**	$ 72,808

Schedule of Government Transfers *(Schedule 2)*

	Budget (Unaudited) 2021	2021	2020
TRANSFERS FOR OPERATING			
Provincial Government	$ 8,596	$ **3,860**	$ 9,587
	8,596	**3,860**	9,587
TRANSFERS FOR CAPITAL			
Provincial Government	87,887	**21,561**	51,561
TOTAL GOVERNMENT TRANSFERS	$ 96,483	$ **25,421**	$ 61,148

Schedule of Expenditures by Object *(Schedule 3)*
Year Ended December 31, 2021

	Budget (Unaudited) 2021	2021	2020
EXPENSES			
Salaries, wages & benefits	$ 5,500	$ **1,707**	$ 2,724
Contracted and general services	80,084	**70,343**	62,032
Materials, goods and utilities	10,500	**8,940**	11,423
Transfer to local boards and agencies	50	**-**	-
Amortization	-	**32,186**	19,298
Total Expenditures by Object	$ 96,134	$ **113,176**	$ 95,477

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Schedule of Changes in Accumulated Surplus *(Schedule 4)*
Year Ended December 31, 2021

	Unrestricted Surplus	Equity in Tangible Capital Assets	**Total 2021**	Total 2020
BALANCE, BEGINNING OF YEAR	$ 136,098	$ 866,610	**$ 1,002,707**	$ 956,814
Excess (deficiency) of revenues over expenses	(3,478)	-	**(3,478)**	45,893
Disposal net of proceeds on tangible capital assets	1,344	(1,344)	**-**	-
Current year funds used to purchase of tangible capital assets	(21,543)	21,543	**-**	-
Annual amortization expense	32,186	(32,186)	**-**	-
	8,509	(11,987)	**(3,478)**	45,893
BALANCE, END OF YEAR	$ 144,607	$ 854,623	**$ 999,229**	$ 1,002,707

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN

Schedule of Segmented Disclosure *(Schedule 5)*

Year Ended December 31, 2021

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2021
REVENUE							
Net municipal taxes	$ 77,182	$ -	$ -	$ -	$ -	$ -	$ **77,182**
Government transfers	3,860	-	-	-	-	-	**3,860**
User fees and sales of goods	50	-	-	-	-	-	**50**
Investment income	2,186	-	-	-	-	-	**2,186**
Other revenues	2,017	-	-	2,842	-	-	**4,859**
	85,295	-	-	2,842	-	-	**88,137**
EXPENSES							
Contract and general services	40,530	18,106	1,697	2,925	1,256	5,829	**70,343**
Salaries and wages	-	-	1,707	-	-	-	**1,707**
Materials, goods and utilities	-	-	7,997	-	943	-	**8,940**
Amortization	13,608	-	12,902	-	5,676	-	**32,186**
	54,138	18,106	24,303	2,925	7,875	5,829	**113,176**
Excess (deficiency) of revenue over expenses before other	31,157	(18,106)	(24,303)	(83)	(7,875)	(5,829)	**(25,039)**
OTHER							
Government transfers for capital	-	-	15,372	-	6,189	-	**21,561**
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 31,157	$ (18,106)	$ (8,931)	$ (83)	$ (1,686)	$ (5,829)	$ **(3,478)**

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF KAPASIWIN
Schedule of Tangible Capital Assets *(Schedule 6)*
Year Ended December 31, 2021

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
For the year ended December 31, 2021				
Cost				
Land	$ 354,259	$ -	$ -	$ **354,259**
Land improvements	171,553	6,170	-	**177,723**
Buildings	193,735	-	-	**193,735**
Engineered structures	325,894	66,289	-	**392,183**
Assets under construction	106,191	-	(52,259)	**53,932**
Machinery and equipment	58,402	-	-	**58,402**
	1,210,034	72,459	(52,259)	**1,230,234**
Accumulated Amortization				
Land improvements	(37,028)	(5,676)	-	**(42,704)**
Buildings	(27,529)	(3,798)	-	**(31,327)**
Engineered structures	(235,181)	(12,902)	-	**(248,083)**
Other machinery and equipment	(43,687)	(9,810)	-	**(53,497)**
	(343,425)	(32,186)	-	**(375,611)**
Net Book Value	$ 866,609	$ 40,273	$ (52,259)	$ **854,623**
For the year ended December 31, 2020				
Cost				
Land	$ 354,259	$ -	$ -	$ **354,259**
Land improvements	171,553	-	-	**171,553**
Buildings	193,735	-	-	**193,735**
Engineered structures	325,894	-	-	**325,894**
Assets under construction	-	106,191	-	**106,191**
Machinery and equipment	58,402	-	-	**58,402**
	1,103,843	106,191	-	**1,210,034**
Accumulated Amortization				
Land improvements	(31,454)	(5,574)	-	**(37,028)**
Buildings	(23,731)	(3,798)	-	**(27,529)**
Engineered structures	(235,064)	(117)	-	**(235,181)**
Machinery and equipment	(33,877)	(9,810)	-	**(43,687)**
	(324,126)	(19,299)	-	**(343,425)**
Net Book Value	$ 779,717	$ 86,892	$ -	$ **866,609**

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

The accompanying notes form an integral part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Kapasiwin (the Summer Village) are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). It is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA). Significant aspects of the accounting policies adopted by the Summer Village are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

Tax Revenue

Annually, the Summer Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by the Summer Village Council in accordance with legislation and the Summer Village Council approved policies to raise the tax revenue required to meet the Summer Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Schedule of Property and Other Taxes.

The Summer Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Schedule of Property and Other Taxes (Schedule 1).

Cash and Short Term Investments

Cash and cash equivalents consist of cash on deposit, bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market value. These cash equivalents generally mature within 90 days from the date of purchase, are capable of reasonably prompt liquidation and may be used to manage the Summer Village's cash position throughout the year.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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

Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Summer Village receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Summer Village are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, has been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include:

- Estimated accrued receivables.
- Useful lives for tangible capital assets.
- Assessment of impairment of long term assets.
- Estimated accrued payables.

Deferred Revenue

Deferred revenue comprises of funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose that interest is treated as a contribution received and recorded as an addition to deferred revenue.

Debt Charges Recoverable

Debt recoverable consists of long term debt amounts borrowed that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

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

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.

Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

Local Improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established as a receivable in the period that the project expenditures are completed.

Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations is determined. Deposits are recognized as revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Non-Financial Assets

Non-financial assets are not available to discharge 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. Non-financial assets include tangible capital assets, inventory of materials and supplies, and other assets.

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

Tangible Capital Assets

Tangible capital assets are stated at cost which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less accumulated amortization of the tangible capital assets, is amortized on a straight-line basis at the following rates:

Land improvements	30 years
Buildings	50 years
Machinery and equipment	5 - 10 years
Engineered structures	10 - 50 years

The Summer Village regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of Long Lived Assets

The Summer Village tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Contributions of Tangible Capital Assets

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

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

2. CASH, TEMPORARY INVESTMENTS, AND RESTRICTED CASH

	2021	2020
Cash and temporary investments	$ **139,144**	$ 129,708
Restricted portion of cash	**258,043**	274,099
	$ **397,187**	$ 403,807

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated

Not included in cash are funds held in trust of $4,390 (2020 - $0).

Restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 6)

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2021	2020
Current taxes and grants in place of taxes	$ **4,434**	$ 6,164
Arrears taxes and grants in place of taxes	**3,877**	-
	$ **8,311**	$ 6,164

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2021	2020
Grants receivable	$ **267,403**	$ 174,534
Goods and services tax refundable	**3,659**	4,710
	$ **271,062**	$ 179,244

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2021 Net book value**	2020 Net book value
Land	$ 354,259	$ -	**$ 354,259**	$ 354,259
Land improvements	177,724	42,704	**135,020**	134,525
Engineered structures	392,182	248,083	**144,099**	90,713
Assets under construction	53,932	-	**53,932**	106,191
Buildings	193,735	31,327	**162,408**	166,206
Machinery and equipment	58,402	53,497	**4,905**	14,715
	$ 1,230,234	$ 375,611	**$ 854,623**	$ 866,609

For additional information, see the Schedule of Tangible Capital Assets (Schedule 6).

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2021	2020
Municipal Sustainability Initiative - Capital	**$ 370,818**	$ 304,339
Basic Municipal Transportation Grant	**101,192**	101,192
Federal Gas Tax Fund	**53,436**	42,251
Municipal Operating Support Grant	**-**	863
	$ 525,446	$ 448,645

Municipal Sustainability Initiative - Capital and Basic Municipal Transportation Grant

Funding from the Provincial Government was allocated to the Municipality in the current year from the Municipal Sustainability Initiative - Capital and Basic Municipal Transportation Grant. This grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance less amounts receivable from the Provincial Government are supported by restricted cash held exclusively for these projects (refer to Note 2.).

Federal Gas Tax Fund

Funding from the Provincial Government was allocated to the Summer Village in the current year from the Federal Gas Tax Fund and is restricted to eligible capital projects as approved under the funding agreement. Funds from this grant are being deferred for a future project. Unexpended funds related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2.).

(continues)

6. DEFERRED REVENUE *(continued)*

	2021	2020

Municipal Operating Support Grant

Funding from the Provincial Government was allocated to the Summer Village in the current year from the Municipal Operating Support Grant to support municipalities which have experienced significant operating impacts due to the COVID-19 pandemic. Funding is provided for incremental operating costs incurred due to COVID-19 response and restart as well as other operating losses or deficits incurred as a result of COVID-19 impacts on revenues and operations. Unexpended funds related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2.).

7. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/00 for the Summer Village of Kapasiwin, be disclosed as follows:

	2021	2020
Total debt limit	**$ 132,206**	$ 134,714
Total debt	**-**	-
Amount of debt limit unused	**132,206**	134,714
Debt servicing limit	**22,034**	22,452
Debt servicing	**-**	-
Amount of debt servicing limit unused	**$ 22,034**	$ 22,452

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk, if further debt is acquired. The calculation taken alone does not represent the financial stability of the Municipality. Rather, the financial statements must be interpreted as a whole.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2021	2020
Tangible capital assets (Note 5.)	**$ 1,230,234**	$ 1,210,034
Accumulated amortization (Note 5.)	**(375,611)**	(343,425)
	$ 854,623	$ 866,609

9. SEGMENTED DISCLOSURE

The Summer Village of Kapasiwin provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 4).

10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Remuneration (1)	Benefits & allowances (2)	**2021 Total**	2020 Total
T. Wiles - Mayor	$ -	$ -	**$ -**	$ -
J. McIver - Deputy Mayor	-	-	**-**	-
T. Kirby - Councilor	-	-	**-**	-
Chief Administrative Officer	25,068	-	**25,068**	22,724
Designated Officer	450	-	**450**	1,220
	$ 25,518	$ -	**$ 25,518**	$ 23,944

1. Remuneration includes lump sum payments, gross honoraria, and any other direct cash remuneration. The Chief Administrative Officer and designated officer are paid via contracted services.

2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

11. FINANCIAL INSTRUMENTS

The Summer Village is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Summer Village's risk exposure and concentration as of December 31, 2021.

Credit risk

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

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Summer Village is exposed to this risk mainly in respect of its receipt of funds from its taxpayers and other related sources, and accounts payable.

12. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2021 (2020 – Nil) as a result of this standard.

13. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

14. COMPARATIVE FIGURES

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

15. BUDGET AMOUNTS

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