

**SUMMER VILLAGE OF HORSESHOE BAY  
CONSOLIDATED 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 Summer Village of Horseshoe Bay is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this financial report. Management believes that the consolidated financial statements present fairly the municipality'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 (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis in order to ensure that 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 Council carries out its responsibilities for review of the consolidated financial statements principally through its oversight procedures. Council meets regularly with management and external auditors to discuss the results of audit examination and financial reporting matters.

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

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



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Chief Administrative Officer

April 23, 2022



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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of Council:

*Opinion*

We have audited the consolidated financial statements of Summer Village of Horseshoe Bay (the municipality), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, changes in net financial assets and cash flows and schedules 1 to 6 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the municipality as at December 31, 2021, and the consolidated results of its operations and consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the municipality in accordance with ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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 the consolidated financial statements, management is responsible for assessing the municipality'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 municipality or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's Responsibilities 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, 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 municipality'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 municipality'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 consolidated 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 municipality 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 audit findings, including any significant deficiencies in internal control that we identify during our audit.


St Paul, Alberta  
April 23, 2022

  
Chartered Professional Accountants

**SUMMER VILLAGE OF HORSESHOE BAY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

	2021	2020
<b>Assets</b>		
Cash (Note 2)	\$ 356,008	\$ 463,840
Receivable from other governments	333,254	271,154
Taxes and grants in place of taxes receivable (Note 3)	107	1,248
Long term investments (Note 4)	1,106	1,078
	<u>690,475</u>	<u>737,320</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	16,736	20,291
Due to other governments	5,086	4,457
Deferred revenue (Note 5)	398,298	447,245
	<u>420,120</u>	<u>471,993</u>
<b>Net financial assets</b>	<u>270,355</u>	<u>265,327</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	887,882	942,143
Prepaid expenses	1,559	1,209
	<u>889,441</u>	<u>943,352</u>
<b>Accumulated surplus</b>	<u>\$ 1,159,796</u>	<u>\$ 1,208,678</u>

APPROVED ON BEHALF OF THE SUMMER VILLAGE OF HORSESHOE BAY:

  
 \_\_\_\_\_  
 Mayor

  
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 Administrator

**SUMMER VILLAGE OF HORSESHOE BAY  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (unaudited)	2021	2020
<b>REVENUES</b>			
Net municipal taxes <i>(Schedule 3)</i>	\$ 80,637	\$ 80,637	\$ 74,902
Sales and user fees	730	570	351
Government transfers for operating <i>(Schedule 4)</i>	182,733	107,115	89,114
Investment income	1,200	1,319	2,003
Penalties and costs of taxes	500	374	267
Licenses and permits	200	350	200
Other	2,000	86	183
	<u>268,000</u>	<u>190,451</u>	<u>167,020</u>
<b>EXPENSES</b>			
Legislative	15,000	10,508	5,495
Administration	38,000	37,171	35,619
Protective services	14,000	13,565	6,538
Roads, streets, walks, lighting	255,000	203,418	132,599
Waste management	14,000	13,251	13,031
Planning and development	1,000	42	-
Parks and recreation	32,000	29,114	21,690
	<u>369,000</u>	<u>307,069</u>	<u>214,972</u>
<b>Deficiency of revenues over expenses - before other</b>	(101,000)	(116,618)	(47,952)
<b>Other</b>			
Government transfers for capital <i>(Schedule 4)</i>	355,000	67,736	33,815
<b>Excess (deficiency) of revenues over expenses</b>	254,000	(48,882)	(14,137)
<b>Accumulated surplus, beginning of year</b>	1,208,678	1,208,678	1,222,815
<b>Accumulated surplus, end of year</b>	<u>\$ 1,462,678</u>	<u>\$ 1,159,796</u>	<u>\$ 1,208,678</u>

**SUMMER VILLAGE OF HORSESHOE BAY**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (unaudited)	2021	2020
<b>Excess (deficiency) of revenues over expenses</b>	\$ 254,000	\$ (48,882)	\$ (14,137)
Acquisition of tangible capital assets	(318,000)	-	(47,851)
Amortization of tangible capital assets	54,261	54,261	53,857
	(263,739)	54,261	6,006
<b>Use (acquisition) of prepaid expenses</b>	-	(350)	142
	(263,739)	53,911	6,148
<b>Increase (decrease) in net financial assets</b>	(9,739)	5,029	(7,989)
<b>Net financial assets - beginning of year</b>	265,326	265,326	273,315
<b>Net financial assets - end of year</b>	\$ 255,587	\$ 270,355	\$ 265,326

**SUMMER VILLAGE OF HORSESHOE BAY  
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 (deficiency) of revenues over expenses	\$ (48,882)	\$ (14,137)
Item not affecting cash:		
Amortization of tangible capital assets	<u>54,261</u>	<u>53,857</u>
	<u>5,379</u>	<u>39,720</u>
Decrease (increase) in:		
Taxes and grants in place of taxes receivable	1,141	23
Receivable from other governments	(62,100)	(45,725)
Under-levy receivable	-	250
Prepaid expenses	(350)	142
Increase (decrease) in:		
Accounts payable and accrued liabilities	(3,556)	(12,870)
Due to other governments	629	2,734
Deferred revenue	<u>(48,947)</u>	<u>184,315</u>
	<u>(113,183)</u>	<u>128,869</u>
	<u>(107,804)</u>	<u>168,589</u>
<b>Capital</b>		
Purchase of tangible capital assets	<u>-</u>	<u>(47,851)</u>
<b>Investing</b>		
Decrease (increase) in long term investments	(28)	(32)
Decrease (increase) in restricted cash	<u>107,966</u>	<u>(131,033)</u>
	<u>107,938</u>	<u>(131,065)</u>
<b>Change in cash during the year</b>	<b>134</b>	<b>(10,327)</b>
<b>Cash - beginning of year</b>	<u>283,870</u>	<u>294,197</u>
<b>Cash - end of year</b>	<b>\$ 284,004</b>	<b>\$ 283,870</b>
<b>Cash is made up of:</b>		
Cash (Note 2)	\$ 356,008	\$ 463,840
Less restricted portion	<u>(72,004)</u>	<u>(179,970)</u>
	<u>\$ 284,004</u>	<u>\$ 283,870</u>



**SUMMER VILLAGE OF HORSESHOE BAY  
SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Unrestricted Surplus	Equity in Tangible Capital Assets	2021	2020
<b>Balance, beginning of year</b>	\$ 266,535	\$ 942,143	\$ 1,208,678	\$ 1,222,815
Excess (deficiency) of revenues over expenses	(48,882)	-	(48,882)	(14,137)
Purchase of tangible capital assets	-	-	-	-
Annual amortization expense	54,261	(54,261)	-	-
<b>Change in accumulated surplus</b>	5,379	(54,261)	(48,882)	(14,137)
<b>Balance, end of year</b>	\$ 271,914	\$ 887,882	\$ 1,159,796	\$ 1,208,678

**SUMMER VILLAGE OF HORSESHOE BAY  
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Land	Land Improvements	Buildings	Engineered Structures	2021	2020
<b>Cost</b>						
Balance beginning of year	\$ 175,269	\$ 80,222	\$ 103,578	\$ 1,384,051	\$ 1,743,120	\$ 1,695,269
Acquisition of tangible capital assets	-	-	-	-	-	47,851
Balance, end of year	175,269	80,222	103,578	1,384,051	1,743,120	1,743,120
<b>Accumulated amortization</b>						
Balance, beginning of year	-	37,309	34,607	729,061	800,977	747,120
Annual amortization	-	2,463	2,341	49,457	54,261	53,857
Balance, end of year	-	39,772	36,948	778,518	855,238	800,977
<b>Net book value of tangible capital assets</b>	\$ 175,269	\$ 40,450	\$ 66,630	\$ 605,533	\$ 887,882	\$ 942,143
<b>2020 Net book value of tangible capital assets</b>	\$ 175,269	\$ 42,913	\$ 68,971	\$ 654,990	\$ 942,143	

**SUMMER VILLAGE OF HORSESHOE BAY  
SCHEDULE 3 - PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (unaudited)	2021 Actual	2020 Actual
<b>Taxation</b>			
Residential land and improvement	\$ 122,498	\$ 122,498	\$ 114,711
Commercial property	2,005	2,005	1,871
	<u>124,503</u>	<u>124,503</u>	<u>116,582</u>
<b>Requisitions</b>			
Alberta School Foundation	43,866	43,866	41,680
<b>Net taxes for general municipal purposes</b>	<u>\$ 80,637</u>	<u>\$ 80,637</u>	<u>\$ 74,902</u>

**SCHEDULE 4 - GOVERNMENT TRANSFERS**

	Budget (unaudited)	2021 Actual	2020 Actual
<b>Transfers for operating</b>			
Provincial government	\$ 182,733	\$ 107,115	\$ 89,114
<b>Transfers for capital</b>			
Provincial government	355,000	67,736	33,815
<b>Total government transfers</b>	<u>\$ 537,733</u>	<u>\$ 174,851</u>	<u>\$ 122,929</u>

**SUMMER VILLAGE OF HORSESHOE BAY**  
**SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (unaudited)	2021 Actual	2020 Actual
<b>Expenses</b>			
Salaries, wages and benefits	\$ 11,500	\$ 9,000	\$ 4,800
Contracted and general services	257,686	202,278	124,227
Purchases from other governments	22,659	19,390	20,470
Material, goods, supplies and utilities	11,856	11,198	7,437
Transfers to other governments	11,038	10,942	4,181
Amortization of tangible capital assets	54,261	54,261	53,857
<b>Total expenses</b>	<b>\$ 369,000</b>	<b>\$ 307,069</b>	<b>\$ 214,972</b>

**SUMMER VILLAGE OF HORSESHOE BAY  
SCHEDULE 6 - SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Total
<b>Revenues</b>							
Net municipal taxes	\$ 80,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,637
Government transfers	9,871	9,215	149,446	-	6,319	-	174,851
User fees and sales of goods	450	-	-	-	120	-	570
Investment income	1,319	-	-	-	-	-	1,319
Other revenue	374	-	-	350	86	-	810
	<u>92,651</u>	<u>9,215</u>	<u>149,446</u>	<u>350</u>	<u>6,525</u>	<u>-</u>	<u>258,187</u>
<b>Expenses</b>							
Contracted and general services	35,845	5,179	151,994	42	16,076	12,532	221,668
Salaries and wages	9,000	-	-	-	-	-	9,000
Good and supplies	2,834	-	1,968	-	6,396	-	11,198
Transfers to other governments	-	8,385	-	-	2,557	-	10,942
	<u>47,679</u>	<u>13,564</u>	<u>153,962</u>	<u>42</u>	<u>25,029</u>	<u>12,532</u>	<u>252,808</u>
<b>Net revenue before amortization</b>	44,972	(4,349)	(4,516)	308	(18,504)	(12,532)	5,379
Amortization expense	-	-	(49,457)	-	(4,085)	(719)	(54,261)
<b>Net revenues</b>	<u>\$ 44,972</u>	<u>\$ (4,349)</u>	<u>\$ (53,973)</u>	<u>\$ 308</u>	<u>\$ (22,589)</u>	<u>\$ (13,251)</u>	<u>\$ (48,882)</u>

**SUMMER VILLAGE OF HORSESHOE BAY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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**1. Significant Accounting Policies**

The consolidated financial statements of the Summer Village of Horseshoe Bay are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the summer village are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, 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 summer village and are, therefore, accountable to the summer village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not 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.

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 for 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.

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 and 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 include allowance for uncollectable receivables and providing for amortization of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Cash

Cash is defined as cash in bank accounts adjusted for outstanding items.

Investments

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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**SUMMER VILLAGE OF HORSESHOE BAY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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**1. Significant Accounting Policies (*continued*)**

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

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.

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.

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, if any, 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 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.

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**SUMMER VILLAGE OF HORSESHOE BAY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**1. Significant Accounting Policies (continued)**

(a) 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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	Years
Buildings	25 - 50
Engineered structures	
Roadway system	10 - 40
Bridge	55
Machinery and equipment	10
Land improvements	15 - 25

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(b) 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

(c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risk 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.

**2. Cash**

	2021	2020
Credit Union chequing	\$ 6,031	\$ 995
Credit Union savings	349,977	462,845
	\$ 356,008	\$ 463,840

Included in cash is a restricted amount of \$66,960 (2020 - \$179,970) comprised of deferred revenue received and not yet expended (see note 5).

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

	2021	2020
Taxes receivable		
Current	\$ 107	\$ 590
Arrears	-	658
	\$ 107	\$ 1,248



**SUMMER VILLAGE OF HORSESHOE BAY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**4. Long-Term Investments**

	2021	2020
Servus Credit Union shares	\$ 1,106	\$ 1,078

**5. Deferred Revenue**

	2021	2020
Municipal sustainability initiative - capital	\$ 249,643	\$ 230,171
Municipal sustainability initiative - MOST	-	4,522
MSP grant	9,005	-
ACP - Inter-municipal Collaboration	79,607	171,939
Gas tax fund	54,999	36,451
Recreation fund	5,044	4,162
	\$ 398,298	\$ 447,245

Funding in the amount of \$72,004 was received and funding in the amount of \$326,294 was allocated (in receivables from other governments) to the municipality in the current and previous years from various provincial government programs. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements. Funds received and unexpended are supported by restricted cash.

**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 Summer Village of Horseshoe Bay be disclosed as follows:

	2021	2020
Total debt limit	\$ 154,112	\$ 138,891
Total debt	-	-
Amount of debt limit unused	154,112	138,891
Debt servicing limit	25,685	23,148
Debt servicing	-	-
Amount of debt servicing limit unused	25,685	23,148

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.

**SUMMER VILLAGE OF HORSESHOE BAY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**7. Equity in Tangible Capital Assets**

	2021	2020
Tangible capital assets <i>(Schedule 2)</i>	\$ 1,743,120	\$ 1,743,120
Accumulated amortization <i>(Schedule 2)</i>	(855,238)	(800,977)
	\$ 887,882	\$ 942,143

**8. Accumulated Surplus**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2021	2020
Unrestricted surplus	\$ 271,914	\$ 266,535
Equity in tangible capital assets <i>(Note 7)</i>	887,882	942,143
	\$ 1,159,796	\$ 1,208,678

**9. Segmented Disclosure**

The Summer Village of Horseshoe Bay provides a range of services to its ratepayers. For each 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 Schedule of Segmented Disclosure (Schedule 6).

**10. Salary and Benefits Disclosure**

Disclosure of salaries and benefits for municipal officials and the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	2021	2020
Mayor - Burns	\$ 3,000	\$ 200	\$ 3,200	\$ 1,175
Deputy mayor - Amyotte	3,900	30	3,930	2,650
Councillor - Gushaty	900	-	900	1,200
Councillor - Laberge	1,200	-	1,200	-
	\$ 9,000	\$ 230	\$ 9,230	\$ 5,025
CAO - Contract position	\$ 20,484	\$ -	\$ 20,484	\$ 18,984
Assessor - Contract position	\$ 5,300	\$ -	\$ 5,300	\$ 5,150

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

(2) Benefits and allowances include travel reimbursements.

**SUMMER VILLAGE OF HORSESHOE BAY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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**11. Operating Loan**

The Summer Village of Horseshoe Bay has a prime plus 1% authorized operating line with a \$30,000 limit with Servus Credit Union. No balance was outstanding at December 31, 2021. The operating loan is issued on the credit and security of the summer village at large.

**12. Contingencies**

The Summer Village of Horseshoe Bay has delegated their powers and duties under the Emergency Management Act to the County of St. Paul No. 19 under an Emergency Management Agreement, with an unspecified term. The Summer Village of Horseshoe Bay is responsible to pay all unrecoverable costs incurred by the County in implementing an Emergency Response within the boundaries of the Summer Village of Horseshoe Bay. Any liability incurred would be accounted for as a current transaction in the year an emergency response occurs.

The Summer Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Summer Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

**13. Commitments**

Effective January 1, 2020 under the terms of a cost sharing agreement with the County of St. Paul No. 19, Town of St. Paul, and Town of Elk Point, the summer village contributes to the Regional Recreation Class A facilities operating expenses. The annual contribution by the Summer Village for 2021 was \$2,557.

The Summer Village has entered into an agreement with a third party to provide assessment services until 2025.

The Summer Village has entered into a Fire Protection agreement with a local municipality until 2025.

**14. Financial Instruments**

The summer village's financial instruments consist of cash, receivables, long-term investment, accounts payable and accrued liabilities and deferred revenue. It is management's opinion that the summer village is not exposed to significant interest or currency risks arising from these financial instruments.

The summer village is subject to credit risk with respect to taxes and grants in place of taxes receivable. Credit risk arises from the possibility that taxpayers may experience financial difficulty and be unable to fulfill their obligations. The number and diversity of taxpayers minimizes the credit risk.

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

**15. Contaminated Sites Liability**

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

**16. Approval of Financial Statements**

Council and Management have approved these financial statements.

**SUMMER VILLAGE OF HORSESHOE BAY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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**17. Budget Amounts**

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

**18. Recent Accounting Pronouncements Published But Not Yet Adopted**

PSAS Section 1000, Financial Statement Concepts

The amendments are effective beginning on or after April 1, 2023. This standard has been amended to allow for recognition of intangibles.

PSAS Section 1201, Financial Statement Presentation

Revised standard is effective beginning on or after April 1, 2023, when sections PS2601 and PS3450 are adopted.

PSAS Section 2601, Foreign Currency Translation

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements. It applies to years beginning on or after April 1, 2022.

PSAS Section 3041, Portfolio Investments

This standard addresses the distinction between temporary and portfolio investments. The standard is effective beginning on or after April 1, 2022, when sections PS1201, PS2601 and PS3450 are adopted

PSAS Section 3160, Public Private Partnerships

This standard establishes standards on how to account for public private partnership arrangements. It applies in years beginning on or after April 1, 2023.

PSAS Section 3280, Asset Retirement Obligations

This standard is intended to provide guidance on accounting for asset retirement obligations and will apply in years beginning on or after April 1, 2021

PSAS Section 3400, Revenue

This standard will provide greater clarity on the difference between exchange and non-exchange transactions. It applies in years beginning on or after April 1, 2023.

PSAS Section 3450, Financial Instruments

This standard establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. It applies to years beginning on or after April 1, 2022

**19. Continuing Economic Event**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements as 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 Summer Village's operations as at the date of these financial statements.