VILLAGE OF HOLDEN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Brian King Professional Corporation
Box 560, Hardisty, Alberta T0B 1V0

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Holden:

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Village of Holden (the Entity), which comprise the consolidated statement of financial position as at December 31, 2019, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Holden as at December 31, 2019, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance 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 the financial statements, management is responsible for assessing the Entity'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 cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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

My 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 my 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 reasonable 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

Phone: (780)888-2593 Fax: (780)888-2595 Email - briankingpc@cciwireless.ca

- 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher then 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
  In accordance with Alberta Regulation 255/2000, I 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, I 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 11.

M.D. of Wainwright

April 20, 2020

Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF HOLDEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	**1,842,122**	1,663,209
Taxes and grants in place of taxes (Note 3)	**147,618**	101,753
Trade and other receivables	**7,495**	12,299
Due from other governments	**281,068**	280,132
Inventory held for resale	**40,933**	40,933
Other financial assets	**10**	10
	2,319,246	2,098,336
LIABILITIES		
Accounts payable and accrued liabilities	**32,906**	62,224
Deposits held in trust	**950**	800
Deferred revenue (Note 5)	**929,807**	677,290
Long term debt (Note 6)	**371,632**	421,595
	1,335,295	1,161,909
NET FINANCIAL ASSETS	**983,951**	936,427
NON-FINANCIAL ASSETS		
Tangible capital assets	**3,459,856**	3,537,560
ACCUMULATED SURPLUS (NOTE 9)	**4,443,807**	4,473,987

Commitments and contingencies - See Note 12, 13

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget (unaudited)	**2019**	2018
REVENUE			
Net municipal property taxes (Schedule 3)	404,085	**431,599**	355,826
User fees and sales of goods	109,271	**118,456**	115,611
Penalties and costs on taxes	15,000	**21,361**	13,579
Licenses and permits	1,900	**2,476**	6,439
Fines	2,600	**863**	1,136
Franchise and concession contracts	15,000	**16,423**	15,762
Investment income	208,662	**202,529**	200,343
Rentals	10,000	**10,634**	10,062
Government transfers for operating	92,573	**74,690**	90,561
Other	10,981	**6,895**	5,179
	870,072	**885,926**	814,498
EXPENSES			
Legislative	26,040	**23,091**	22,425
Administration	354,043	**295,484**	275,495
Protective services	61,105	**61,958**	59,988
Transportation	373,109	**121,688**	144,787
Wastewater treatment and disposal	112,556	**50,155**	85,486
Waste management	20,450	**20,442**	20,458
Public health and welfare	3,500	**3,500**	4,715
Recreation	96,008	**91,199**	26,893
Culture	67,544	**57,384**	52,595
Amortization	139,799	**137,678**	140,546
	1,328,716	**916,106**	890,495
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(458,644)	**(30,180)**	(75,997)
OTHER			
Government transfers for capital (Schedule 4)	50,000	**-**	50,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(408,644)	**(30,180)**	(25,997)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,473,987	**4,473,987**	4,499,984
ACCUMULATED SURPLUS, END OF YEAR	4,065,343	**4,443,807**	4,473,987

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CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget (unaudited)	**2019**	2018
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(408,644)	**(30,180)**	(25,997)
Acquisition of tangible capital assets	-	**(59,974)**	-
Proceeds on disposal of tangible capital assets	-	**-**	8,000
Amortization of tangible capital assets	139,799	**137,678**	140,546
Loss (gain) on sale of tangible capital assets	-	**-**	13,514
	139,799	**77,704**	162,060
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(268,845)	**47,524**	136,063
NET FINANCIAL ASSETS, BEGINNING OF YEAR	936,427	**936,427**	800,364
NET FINANCIAL ASSETS, END OF YEAR	667,582	**983,951**	936,427

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	**(30,180)**	(25,997)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	**137,678**	140,546
Loss (gain) on disposal of tangible capital assets	**-**	13,514
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	**(45,865)**	(8,291)
Decrease (increase) in trade and other receivables	**4,804**	(7,124)
Decrease (increase) in due from other governments	**(936)**	(187,075)
Decrease (increase) in inventory held for resale	**-**	6,750
Increase (decrease) in accounts payable and accrued liabilities	**(29,318)**	8,117
Increase (decrease) in deposits held in trust	**150**	(450)
Increase (decrease) in deferred revenue	**252,517**	236,466
	288,850	176,456
CAPITAL		
Acquisition of tangible capital assets	**(59,974)**	-
Sale of tangible capital assets	**-**	8,000
	(59,974)	8,000
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	**(207,517)**	(92,326)
FINANCING		
Long-term debt repaid	**(49,963)**	(48,227)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	**(28,604)**	43,903
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**1,184,285**	1,140,382
CASH AND CASH EQUIVALENTS, END OF YEAR	**1,155,681**	1,184,285
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	**150**	150
Cash in bank	**491,937**	339,586
Term Deposits and demand notices	**1,350,035**	1,323,473
Less: Restricted cash (Note2)	**(686,441)**	(478,924)
	1,155,681	1,184,285

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SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	**2019**	2018
BALANCE, BEGINNING OF YEAR	162,408	1,195,614	3,115,965	**4,473,987**	4,499,984
Prior period adjustment	-	-	-	-	-
Balance as restated	162,408	1,195,614	3,115,965	**4,473,987**	4,499,984
Excess of revenues over expenses	(30,180)	-	-	**(30,180)**	(25,997)
Current year funds used for tangible capital assets	(59,974)	-	59,974	-	-
Annual amortization expense	137,678	-	(137,678)	-	-
Net change in long term debt	(49,963)	-	49,963	-	-
Change in accumulated surplus	(2,439)	-	(27,741)	**(30,180)**	(25,997)
BALANCE, END OF YEAR	159,969	1,195,614	3,088,224	**4,443,807**	4,473,987

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CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	**2019**	2018
COST:								
Balance - beginning of year	412,464	221,968	898,295	6,563,167	420,636	36,217	**8,552,747**	8,580,515
Acquisition of tangible capital assets	-	-	-	-	7,000	-	**7,000**	-
Construction in progress	-		-	52,974	-	-	**52,974**	-
Disposal of tangible capital assets	-	-	-	-	-	-	**-**	27,768
Balance - end of year	412,464	221,968	898,295	6,616,141	427,636	36,217	**8,612,721**	8,552,747
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	75,520	270,621	4,453,469	185,288	30,289	**5,015,187**	4,880,895
Annual amortization	-	11,514	18,114	88,983	17,625	1,442	**137,678**	140,546
Accumulated amortization on disposals	-	-	-	-	-	-	**-**	6,254
Balance - end of year	-	87,034	288,735	4,542,452	202,913	31,731	**5,152,865**	5,015,187
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**412,464**	**134,934**	**609,560**	**2,073,689**	**224,723**	**4,486**	**3,459,856**	3,537,560
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	412,464	146,448	627,674	2,109,698	235,348	5,928	3,537,560	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2019
(Schedule 3)

	Budget (Unaudited)	**2019**	2018
TAXATION			
Real property taxes	446,825	**483,125**	404,336
Linear property taxes	39,481	**38,197**	31,088
Government grants in place of property taxes	2,723	**2,640**	2,601
	489,029	**523,962**	438,025
REQUISITIONS			
Alberta School Foundation	69,271	**76,492**	69,271
Beaver Foundation	15,673	**15,673**	12,845
Designated Industrial Levy	-	**198**	83
	84,944	**92,363**	82,199
NET MUNICIPAL TAXES	404,085	**431,599**	355,826

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Schedule 4)

	Budget (Unaudited)	**2019**	2018
TRANSFERS FOR OPERATING			
Provincial Government	70,510	**52,511**	70,057
Local Governments	22,063	**22,179**	20,504
	92,573	**74,690**	90,561
TRANSFERS FOR CAPITAL			
Federal Government	50,000	**-**	50,000
	50,000	**-**	50,000
TOTAL GOVERNMENT TRANSFERS	142,573	**74,690**	140,561

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2019
(Schedule 5)

	Budget (Unaudited)	**2019**	2018
Expenditures			
Salaries, wages and benefits	248,406	**225,779**	242,602
Contracted and general services	554,805	**214,655**	235,076
Purchases from other governments	10,500	**10,212**	9,398
Materials, goods and utilities	136,510	**113,909**	119,551
Provision for allowances	7,000	**815**	6,892
Transfers to local boards and agencies	144,229	**143,121**	66,945
Transfers to individuals and agencies	72,562	**53,507**	35,636
Bank charges and short term interest	300	**273**	254
Interest on capital long term debt	14,605	**14,527**	16,266
Other expenditures	-	**1,630**	3,815
Amortization of tangible capital assets	139,799	**137,678**	140,546
Loss on disposal of tangible capital assets	-	**-**	13,514
	1,328,716	**916,106**	890,495

VILLAGE OF HOLDEN

SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2019
(Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	431,599	-	-	-	-	-	-	431,599
User fees and sales of goods	5,675	-	2,475	81,817	-	-	28,489	118,456
Penalties and costs on taxes	21,361	-	-	-	-	-	-	21,361
Licenses and permits	1,206	1,270	-	-	-	-	-	2,476
Fines	-	863	-	-	-	-	-	863
Franchise and concession contracts	16,423	-	-	-	-	-	-	16,423
Investment income	202,529	-	-	-	-	-	-	202,529
Rentals	10,634	-	-	-	-	-	-	10,634
Government transfers	50,601	-	-	-	-	-	24,089	74,690
Other	4,925	-	-	-	-	-	1,970	6,895
	744,953	2,133	2,475	81,817	-	-	54,548	885,926
EXPENSES								
Salaries, wages and benefits	156,326	320	26,607	15,209	-	-	27,317	225,779
Contracted and general services	119,318	1,145	30,707	48,027	-	20	15,438	214,655
Purchases from other governments	-	10,212	-	-	-	-	-	10,212
Materials, goods and utilities	33,006	-	49,847	7,361	-	-	23,695	113,909
Provision for allowances	815	-	-	-	-	-	-	815
Transfers to local boards and agencies	8,837	50,281	-	-	3,500	-	80,503	143,121
Transfers to individuals and agencies	-	-	-	-	-	53,507	-	53,507
Bank charges and short term interest	273	-	-	-	-	-	-	273
Interest on capital long term debt	-	-	14,527	-	-	-	-	14,527
	318,575	61,958	121,688	70,597	3,500	53,527	148,583	778,428
NET REVENUE, BEFORE AMORTIZATION	426,378	(59,825)	(119,213)	11,220	(3,500)	(53,527)	(94,035)	107,498
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	5,820	-	71,581	38,682	-	-	21,595	137,678
NET REVENUE	420,558	(59,825)	(190,794)	(27,462)	(3,500)	(53,527)	(115,630)	(30,180)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Holden are the representations of management prepared in accordance with 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 village are as follows:

a) Reporting Entity

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

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations 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.

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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure 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) 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.

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 levelling 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 the respective function.

g) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

i) 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.

j) 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.

k) 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:

	YEARS
Buildings	25-50
Engineered structures - other	10-65
Engineered structures - wastewater system	45-75
Land improvements	10-45
Machinery and equipment	5-40
Vehicles	10-40

No amortization is charged in the year of acquisition and full amortization is taken year of disposal. Assets under construction are not amortized until the asset is available for productive use.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. 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.

iii. 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.

iv. Inventories
Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets
Works of art for display are not recorded as tangible capital assets but are disclosed.

2. CASH AND TERM DEPOSITS

	2019	2018
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 4)		
CARES grant	**-**	4,517
Federal Gas Tax	**252,867**	51,653
Municipal Sustainability Initiative - capital	**432,624**	421,954
	685,491	478,124
Included in cash and term deposits that are deposits held in trust	**950**	800
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	**1,195,614**	1,195,614
Total restricted cash and term deposits	**1,882,055**	1,674,538
Total un-restricted cash and term deposits (deficit)	**(39,933)**	(11,329)

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2019	2018
Current taxes and grants in place of taxes	**67,026**	39,293
Arrears taxes	**12,034**	14,794
Property held by the village as a result of tax forfeiture	**113,887**	92,995
	192,947	147,082
Less: allowance for doubtful accounts	**45,329**	45,329
	147,618	101,753

4. BANK INDEBTEDNESS

Bank indebtedness consists of an authorized overdraft in the amount of $100,000 bearing interest at prime, secured by all assets of the village at large.

5. DEFERRED INCOME

Deferred income consists of the following:	2019	2018
CARES grant	-	4,517
Federal Gas Tax	**252,867**	151,653
Municipal Sustainability Initiative - capital	**672,541**	517,217
Prepaid property taxes	**4,399**	3,903
	929,807	677,290

6. LONG TERM DEBT

	2019	2018
Alberta Capital Finance Authority	**371,632**	421,595

Principal and interest payments are as follows:

	Principal	Interest	Total
2020	51,763	12,805	64,568
2021	53,626	10,942	64,568
2022	55,557	9,011	64,568
2023	57,558	7,010	64,568
2024	59,631	4,938	64,569
Thereafter	93,497	3,356	96,853
	371,632	48,062	419,694

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 3.569% per annum and matures in 2026.

The village`s total cash payments for interest in 2019 were $14,605 (2018 - $16,341).

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 Village of Holden be disclosed as follows:

	2019	2018
Total debt limit	**1,328,889**	1,221,747
Total debt	**371,632**	421,595
Surplus debt limit	**957,257**	800,152
Debt servicing limit	**221,482**	203,625
Debt servicing	**64,568**	64,568
Surplus debt servicing	**156,914**	139,057

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, which 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

	2019	2018
Tangible capital assets (Schedule 2)	**8,612,721**	8,552,747
Accumulated amortization (Schedule 2)	**(5,152,865)**	(5,015,187)
Long-term debt (Note 6)	**(371,632)**	(421,595)
	3,088,224	3,115,965

9. ACCUMULATED SURPLUS

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

	2019	2018
Unrestricted surplus	**159,969**	162,408
Restricted surplus		
Beaver Municipal Solutions surplus	**531,832**	531,832
Debenture retirement	**229,516**	229,516
General	**234,993**	234,993
Grants to other organizations	**1,800**	1,800
Interest on investments	**18,203**	18,203
Land development	**34,000**	34,000
Playground and recreation	**89,100**	89,100
Sewer	**56,170**	56,170
	1,195,614	1,195,614
Equity in tangible capital assets	**3,088,224**	3,115,965
	4,443,807	4,473,987

10. SEGMENTED DISCLOSURE

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

Refer to the Schedule of Segmented Disclosure (schedule 6)

11. SALARY AND BENEFITS DISCLOSURE

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

	2019			2018
	Salary	Benefits & Allowances	Total	Total
Giebelhaus	**7,685**	**213**	**7,898**	6,436
Hanson	**1,420**	**19**	**1,439**	2,505
Markel	**1,555**	**-**	**1,555**	2,370
Marko	**4,685**	**-**	**4,685**	3,510
Marusiak	**2,970**	**-**	**2,970**	1,865
Zoopkow	**685**	**9**	**694**	-
CAO	**67,135**	**15,683**	**82,818**	81,663
Designated Officer (1)	**4,637**	**-**	**4,637**	4,648

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

12. CONTINGENCIES

The village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the 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.

The village is a member of the Beaver Regional Waste Management Services Commission. Under the terms of the membership, the village could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the commission. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

13. COMMITMENTS

The village has committed to reducing municipal property taxes over seven years on a newly developed property in the village to cover the costs of a traffic impact study and turning lanes to the new development. As of December 31, 2019, $186,780 remains to be reduced from future property tax revenues. The commitment ends with the 2024 municipal tax year.

14. CONTAMINATED SITES LIABILITY

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2019 (2018 – nil) as a result of this standard.

15. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long-term debt. 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 receivable 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 fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves 265,813 people and 421 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The village is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the village are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP in 2019 were $15,450. Total current service contributions by the employees of the village to the Local Authorities Pension Plan in 2019 were $13,848.

At December 31, 2018, the LAPP disclosed an actuarial surplus of $3.5 Billion.

17. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.