

**VILLAGE OF HOLDEN**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

# 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, 2021, 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, 2021, 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 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

# Brian King Professional Corporation

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- 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 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 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 19, 2022

Brian King Professional Corporation

Chartered Professional Accountant



# VILLAGE OF HOLDEN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
<b>FINANCIAL ASSETS</b>		
Cash and term deposits (Note 2)	2,082,276	1,688,381
Taxes and grants in place of taxes (Note 3)	126,441	119,232
Trade and other receivables	14,631	34,381
Due from other governments	215,522	460,122
Inventory held for resale	41,633	40,933
	<u>2,480,503</u>	<u>2,343,049</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	101,370	81,772
Deposits held in trust	800	800
Deferred revenue (Note 5)	710,688	768,196
Long term debt (Note 6)	266,242	319,869
	<u>1,079,100</u>	<u>1,170,637</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,401,403</u>	<u>1,172,412</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>3,954,786</u>	<u>3,742,615</u>
<b>ACCUMULATED SURPLUS (NOTE 9)</b>	<u>5,356,189</u>	<u>4,915,027</u>

*Commitments and contingencies - See Note 12, 13*

# VILLAGE OF HOLDEN

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (unaudited)	2021	2020
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	410,076	<b>415,166</b>	397,001
User fees and sales of goods	102,070	<b>110,575</b>	102,899
Penalties and costs on taxes	15,450	<b>15,285</b>	20,074
Licenses and permits	1,957	<b>2,441</b>	2,040
Fines	450	<b>748</b>	643
Franchise and concession contracts	15,450	<b>17,443</b>	16,740
Investment income	309,928	<b>288,365</b>	208,338
Rentals	10,300	<b>10,620</b>	10,592
Insurance proceeds	-	-	13,188
Government transfers for operating	75,547	<b>94,607</b>	68,603
Other	5,150	<b>8,432</b>	38,128
	<u>946,378</u>	<u><b>963,682</b></u>	<u>878,453</u>
<b>EXPENSES</b>			
Legislative	24,543	<b>22,763</b>	22,343
Administration	301,234	<b>301,034</b>	239,495
Protective services	60,399	<b>45,088</b>	50,606
Transportation	201,265	<b>136,487</b>	112,882
Wastewater treatment and disposal	65,965	<b>52,408</b>	43,567
Waste management	20,100	<b>20,392</b>	19,967
Public health and welfare	3,500	<b>3,500</b>	3,500
Recreation	33,218	<b>40,925</b>	31,787
Culture	67,198	<b>72,498</b>	69,798
Amortization	261,105	<b>138,850</b>	132,837
	<u>1,089,527</u>	<u><b>884,220</b></u>	<u>815,015</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(143,149)	<b>79,462</b>	63,438
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	184,912	<b>361,700</b>	407,782
<b>EXCESS OF REVENUE OVER EXPENSES</b>	41,763	<b>441,162</b>	471,220
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>4,915,027</u>	<u><b>4,915,027</b></u>	<u>4,443,807</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>4,956,790</u></u>	<u><u><b>5,356,189</b></u></u>	<u><u>4,915,027</u></u>

# VILLAGE OF HOLDEN

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (unaudited)	2021	2020
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>41,763</u>	<u>441,162</u>	<u>471,220</u>
Acquisition of tangible capital assets	-	(351,021)	(416,639)
Proceeds on disposal of tangible capital assets	-	-	1,250
Amortization of tangible capital assets	261,105	138,850	132,837
Loss (gain) on sale of tangible capital assets	-	-	(207)
	<u>261,105</u>	<u>(212,171)</u>	<u>(282,759)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	302,868	228,991	188,461
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>1,172,412</u>	<u>1,172,412</u>	<u>983,951</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>1,475,280</u>	<u>1,401,403</u>	<u>1,172,412</u>

# VILLAGE OF HOLDEN

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	441,162	471,220
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	138,850	132,837
Loss (gain) on disposal of tangible capital assets	-	(207)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(7,209)	28,386
Decrease (increase) in trade and other receivables	19,750	(26,886)
Decrease (increase) in due from other governments	244,600	(179,054)
Decrease (increase) in other financial assets	-	10
Increase (decrease) in accounts payable and accrued liabilities	19,598	48,866
Increase (decrease) in deposits held in trust	-	(150)
Increase (decrease) in deferred revenue	(57,508)	(161,611)
	<b>798,543</b>	<b>313,411</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(351,021)	(416,639)
Sale of tangible capital assets	-	1,250
	<b>(351,021)</b>	<b>(415,389)</b>
<b>INVESTING</b>		
Decrease (increase) in restricted cash or cash equivalents	(162,050)	328,316
<b>FINANCING</b>		
Long-term debt repaid	(53,627)	(51,763)
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>231,845</b>	<b>174,575</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,330,256</b>	<b>1,155,681</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,562,101</b>	<b>1,330,256</b>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash on hand	150	150
Cash in bank	168,796	338,196
Term Deposits and demand notices	1,913,330	1,350,035
Less: Restricted cash (Note2)	(520,175)	(358,125)
	<b>1,562,101</b>	<b>1,330,256</b>

**VILLAGE OF HOLDEN**

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

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
<b>BALANCE, BEGINNING OF YEAR</b>	359,667	1,132,614	3,422,746	<b>4,915,027</b>	4,443,807
Excess of revenues over expenses	441,162	-	-	<b>441,162</b>	471,220
Current year funds used for tangible capital assets	(351,021)	-	351,021	-	-
Annual amortization expense	138,850	-	(138,850)	-	-
Net change in long term debt	(53,627)	-	53,627	-	-
Change in accumulated surplus	175,364	-	265,798	<b>441,162</b>	471,220
<b>BALANCE, END OF YEAR</b>	<b>535,031</b>	<b>1,132,614</b>	<b>3,688,544</b>	<b>5,356,189</b>	<b>4,915,027</b>

## VILLAGE OF HOLDEN

### CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2021	2020
<b>COST:</b>								
Balance - beginning of year	412,464	221,968	898,295	7,032,779	427,636	25,791	9,018,933	8,612,721
Acquisition of tangible capital assets	-	-	-	351,021	-	-	351,021	416,638
Construction in progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	(10,426)
Balance - end of year	412,464	221,968	898,295	7,383,800	427,636	25,791	9,369,954	9,018,933
<b>ACCUMULATED AMORTIZATION</b>								
Balance - beginning of year	-	98,125	306,849	4,626,316	221,238	23,790	5,276,318	5,152,865
Annual amortization	-	11,091	18,114	90,920	18,325	400	138,850	132,837
Accumulated amortization on disposals	-	-	-	-	-	-	-	(9,384)
Balance - end of year	-	109,216	324,963	4,717,236	239,563	24,190	5,415,168	5,276,318
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>412,464</b>	<b>112,752</b>	<b>573,332</b>	<b>2,666,564</b>	<b>188,073</b>	<b>1,601</b>	<b>3,954,786</b>	<b>3,742,615</b>
<b>OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	412,464	123,843	591,446	2,406,463	206,398	2,001	3,742,615	

# VILLAGE OF HOLDEN

## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2021 (Schedule 3)

	Budget (Unaudited)	2021	2020
<b>TAXATION</b>			
Real property taxes	445,616	<b>450,706</b>	445,833
Linear property taxes	54,499	<b>54,499</b>	45,520
Government grants in place of property taxes	2,310	<b>2,310</b>	2,157
	<u>502,425</u>	<u><b>507,515</b></u>	<u>493,510</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	75,697	<b>75,697</b>	80,020
Beaver Foundation	16,652	<b>16,652</b>	16,489
Designated Industrial Levy	-	-	-
	<u>92,349</u>	<u><b>92,349</b></u>	<u>96,509</u>
<b>NET MUNICIPAL TAXES</b>	<u>410,076</u>	<u><b>415,166</b></u>	<u>397,001</u>

# VILLAGE OF HOLDEN

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2021 (Schedule 4)

	Budget (Unaudited)	2021	2020
<b>TRANSFERS FOR OPERATING</b>			
Federal Government	3,600	-	3,600
Provincial Government	49,947	<b>81,563</b>	44,184
Local Governments	22,000	<b>13,044</b>	20,819
	<u>75,547</u>	<u><b>94,607</b></u>	<u>68,603</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	-	<b>100,000</b>	302,867
Provincial Government	184,912	<b>261,700</b>	104,915
	<u>184,912</u>	<u><b>361,700</b></u>	<u>407,782</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>260,459</u>	<u><b>456,307</b></u>	<u>476,385</u>

# VILLAGE OF HOLDEN

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2021 (Schedule 5)

	Budget (Unaudited)	2021	2020
<b>Expenditures</b>			
Salaries, wages and benefits	251,211	<b>243,166</b>	238,209
Contracted and general services	280,817	<b>224,372</b>	185,766
Purchases from other governments	3,500	-	-
Materials, goods and utilities	141,316	<b>124,249</b>	109,025
Transfers to other governments	6,160	<b>6,160</b>	-
Transfers to local boards and agencies	81,612	<b>82,360</b>	85,247
Transfers to individuals and agencies	50,000	<b>50,275</b>	50,333
Bank charges and short term interest	1,000	<b>917</b>	873
Interest on capital long term debt	12,806	<b>10,858</b>	12,725
Other expenditures	-	<b>3,013</b>	-
Amortization of tangible capital assets	261,105	<b>138,850</b>	132,837
Loss on disposal of tangible capital assets	-	-	(207)
	<u>1,089,527</u>	<u><b>884,220</b></u>	<u>814,808</u>

## VILLAGE OF HOLDEN

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

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUE</b>								
Net municipal property taxes (Schedule 2)	415,166	-	-	-	-	-	-	415,166
User fees and sales of goods	5,487	-	1,250	87,037	-	-	16,801	110,575
Penalties and costs on taxes	15,285	-	-	-	-	-	-	15,285
Licenses and permits	701	1,740	-	-	-	-	-	2,441
Fines	-	748	-	-	-	-	-	748
Franchise and concession contracts	17,443	-	-	-	-	-	-	17,443
Investment income	288,365	-	-	-	-	-	-	288,365
Rentals	10,620	-	-	-	-	-	-	10,620
Government transfers	81,563	-	-	-	-	-	13,044	94,607
Other	5,452	-	-	-	-	-	2,980	8,432
	<u>840,082</u>	<u>2,488</u>	<u>1,250</u>	<u>87,037</u>	<u>-</u>	<u>-</u>	<u>32,825</u>	<u>963,682</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	168,489	622	29,371	15,990	-	-	28,694	243,166
Contracted and general services	122,483	1,890	40,871	44,760	-	-	14,368	224,372
Materials, goods and utilities	25,015	-	55,387	12,050	-	-	31,797	124,249
Transfers to other governments	-	6,160	-	-	-	-	-	6,160
Transfers to local boards and agencies	6,820	36,416	-	-	3,500	-	35,624	82,360
Transfers to individuals and agencies	-	-	-	-	-	50,275	-	50,275
Bank charges and short term interest	917	-	-	-	-	-	-	917
Interest on capital long term debt	-	-	10,858	-	-	-	-	10,858
	<u>323,797</u>	<u>45,088</u>	<u>136,487</u>	<u>72,800</u>	<u>3,500</u>	<u>50,275</u>	<u>113,423</u>	<u>745,370</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>516,285</u>	<u>(42,600)</u>	<u>(135,237)</u>	<u>14,237</u>	<u>(3,500)</u>	<u>(50,275)</u>	<u>(80,598)</u>	<u>218,312</u>
<b>AMORTIZATION AND DISPOSAL OF ASSETS</b>								
Amortization of tangible capital assets	5,821	-	67,443	44,414	-	-	21,172	138,850
<b>NET REVENUE</b>	<u>510,464</u>	<u>(42,600)</u>	<u>(202,680)</u>	<u>(30,177)</u>	<u>(3,500)</u>	<u>(50,275)</u>	<u>(101,770)</u>	<u>79,462</u>

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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### 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.

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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### 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.

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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### 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:

	<b>YEARS</b>
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.

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 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

	<u>2021</u>	<u>2020</u>
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)		
MOST grant	-	29,616
Municipal Sustainability Initiative - capital	<u>519,375</u>	<u>327,709</u>
	<u>519,375</u>	<u>357,325</u>
Included in cash and term deposits that are deposits held in trust	800	800
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	<u>1,132,614</u>	<u>1,195,614</u>
Total restricted cash and term deposits	<u>1,652,789</u>	<u>1,553,739</u>
Total un-restricted cash and term deposits (deficit)	<u>429,487</u>	<u>134,642</u>

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2021</u>	<u>2020</u>
Current taxes and grants in place of taxes	40,372	36,312
Arrears taxes	6,506	4,397
Property held by the village as a result of tax forfeiture	124,892	123,852
	<u>171,770</u>	<u>164,561</u>
Less: allowance for doubtful accounts	45,329	45,329
	<u>126,441</u>	<u>119,232</u>

### 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:

	<u>2021</u>	<u>2020</u>
MOST grant	-	29,616
Municipal Sustainability Initiative - capital	704,287	735,621
Prepaid property taxes	6,401	2,959
	<u>710,688</u>	<u>768,196</u>

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 6. LONG TERM DEBT

	<u>2021</u>	<u>2020</u>
Alberta Capital Finance Authority	<u><b>266,242</b></u>	<u>319,869</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	55,557	9,011	64,568
2023	57,558	7,010	64,568
2024	59,631	4,938	64,569
2025	61,778	2,791	64,569
2026	31,718	566	32,284
	<u><b>266,242</b></u>	<u><b>24,316</b></u>	<u><b>290,558</b></u>

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 2021 were \$10,942 (2020 - \$12,806).

### 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:

	<u>2021</u>	<u>2020</u>
Total debt limit	<u><b>1,445,523</b></u>	<u>1,317,680</u>
Total debt	<u><b>266,242</b></u>	<u>319,869</u>
Surplus debt limit	<u><b>1,179,281</b></u>	<u>997,811</u>
Debt servicing limit	<u><b>240,921</b></u>	<u>219,613</u>
Debt servicing	<u><b>64,568</b></u>	<u>64,568</u>
Surplus debt servicing	<u><b>176,353</b></u>	<u>155,045</u>

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.

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Tangible capital assets (Schedule 2)	9,369,954	9,018,933
Accumulated amortization (Schedule 2)	(5,415,168)	(5,276,318)
Long-term debt (Note 6)	(266,242)	(319,869)
	<u>3,688,544</u>	<u>3,422,746</u>

### 9. ACCUMULATED SURPLUS

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

	<u>2021</u>	<u>2020</u>
<b>Unrestricted surplus</b>	<u>535,031</u>	<u>359,667</u>
<b>Restricted surplus</b>		
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	26,100	26,100
Sewer	56,170	56,170
	<u>1,132,614</u>	<u>1,132,614</u>
<b>Equity in tangible capital assets</b>	<u>3,688,544</u>	<u>3,422,746</u>
	<u>5,356,189</u>	<u>4,915,027</u>

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 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:

	2021			2020
	Salary	Benefits & Allowances	Total	Total
Cole	295	-	295	-
Giebelhaus	5,860	160	6,020	10,725
Markel	2,260	-	2,260	1,170
Marko	3,210	-	3,210	1,215
Marusiak	2,080	16	2,096	2,070
Schiewe	1,715	62	1,777	-
Stavert	565	-	565	-
Zoopkow	4,320	97	4,417	4,070
CAO (2)	53,562	10,279	63,841	83,007
Designated Officer (2)	6,690	-	6,690	4,755

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.

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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### 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, 2021, \$86,171 remains to be reduced from future property tax revenues. The commitment ends with the 2024 municipal tax year.

The village has entered into a lease for a motor vehicle with Ford Credit Canada with 19 monthly payments of \$548 per month remaining as of December 31, 2021.

### 14. CONTAMINATED SITES LIABILITY

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2021 (2020 – 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.

# VILLAGE OF HOLDEN

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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### 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 275,151 people and 433 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 2021 were \$14,200. Total current service contributions by the employees of the village to the Local Authorities Pension Plan in 2021 were \$12,703.

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 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.