

VILLAGE OF HOLDEN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, 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, 2022, 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:

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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 17, 2023

Brian King Professional Corporation

Chartered Professional Accountant

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	2,564,459	2,082,276
Taxes and grants in place of taxes (Note 3)	108,566	126,441
Trade and other receivables	12,510	14,631
Due from other governments	156,461	215,522
Inventory held for resale	61,633	41,633
	<u>2,903,629</u>	<u>2,480,503</u>
LIABILITIES		
Accounts payable and accrued liabilities	75,996	101,370
Deposits held in trust	800	800
Deferred revenue (Note 5)	908,805	710,688
Long term debt (Note 6)	210,685	266,242
	<u>1,196,286</u>	<u>1,079,100</u>
NET FINANCIAL ASSETS	<u>1,707,343</u>	<u>1,401,403</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>3,873,147</u>	<u>3,954,786</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>5,580,490</u>	<u>5,356,189</u>

Commitments and contingencies - See Note 12, 13

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (unaudited)	2022	2021
REVENUE			
Net municipal property taxes (Schedule 3)	417,953	421,794	415,166
User fees and sales of goods	103,086	123,762	110,575
Penalties and costs on taxes	15,000	14,279	15,285
Licenses and permits	1,900	2,430	2,441
Fines	400	312	748
Franchise and concession contracts	16,000	18,977	17,443
Investment income	286,582	333,864	288,365
Rentals	10,500	10,463	10,620
Government transfers for operating	272,366	110,808	94,607
Other	5,000	14,460	8,432
	<u>1,128,787</u>	<u>1,051,149</u>	<u>963,682</u>
EXPENSES			
Legislative	24,875	14,695	22,763
Administration	499,396	301,983	301,034
Protective services	54,742	53,330	45,088
Transportation	183,909	125,847	136,487
Wastewater treatment and disposal	73,551	57,511	52,408
Waste management	21,100	20,572	20,392
Public health and welfare	3,500	3,900	3,500
Recreation	34,631	29,735	40,925
Culture	55,336	55,776	72,498
Amortization	-	143,096	138,850
	<u>1,002,040</u>	<u>863,977</u>	<u>884,220</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	126,747	187,172	79,462
OTHER			
Government transfers for capital (Schedule 4)	30,000	37,129	361,700
EXCESS OF REVENUE OVER EXPENSES	156,747	224,301	441,162
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,356,189	5,356,189	4,915,027
ACCUMULATED SURPLUS, END OF YEAR	<u>5,512,936</u>	<u>5,580,490</u>	<u>5,356,189</u>

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CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (unaudited)	2022	2021
EXCESS OF REVENUE OVER EXPENSES	<u>156,747</u>	<u>224,301</u>	<u>441,162</u>
Acquisition of tangible capital assets	-	(61,457)	(351,021)
Amortization of tangible capital assets	-	143,096	138,850
	<u>-</u>	<u>81,639</u>	<u>(212,171)</u>
INCREASE IN NET FINANCIAL ASSETS	156,747	305,940	228,991
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,401,403</u>	<u>1,401,403</u>	<u>1,172,412</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>1,558,150</u>	<u>1,707,343</u>	<u>1,401,403</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	224,301	441,162
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	143,096	138,850
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	17,875	(7,209)
Decrease (increase) in trade and other receivables	2,121	19,750
Decrease (increase) in due from other governments	59,061	244,600
Decrease (increase) in inventory held for resale	(20,000)	(700)
Increase (decrease) in accounts payable and accrued liabilities	(25,374)	19,598
Increase (decrease) in deferred revenue	198,117	(57,508)
	599,197	798,543
CAPITAL		
Acquisition of tangible capital assets	(61,457)	(351,021)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	(300,722)	(162,050)
FINANCING		
Long-term debt repaid	(55,557)	(53,627)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	181,461	231,845
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,562,101	1,330,256
CASH AND CASH EQUIVALENTS, END OF YEAR	1,743,562	1,562,101
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	150	150
Cash in bank	511,861	168,796
Term Deposits and demand notices	2,052,448	1,913,330
Less: Restricted cash (Note2)	(820,897)	(520,175)
	1,743,562	1,562,101

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SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, BEGINNING OF YEAR	535,031	1,132,614	3,688,544	5,356,189	4,915,027
Excess of revenues over expenses	224,301	-	-	224,301	441,162
Unrestricted funds designated for future use	(136,746)	136,746	-	-	-
Current year funds used for tangible capital assets	(61,457)	-	61,457	-	-
Annual amortization expense	143,096	-	(143,096)	-	-
Net change in long term debt	(6,041)	(49,516)	55,557	-	-
Change in accumulated surplus	163,153	87,230	(26,082)	224,301	441,162
BALANCE, END OF YEAR	698,184	1,219,844	3,662,462	5,580,490	5,356,189

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**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Schedule 2)**

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2022	2021
COST:								
Balance - beginning of year	412,464	221,968	898,295	7,383,800	427,636	25,791	9,369,954	9,018,933
Acquisition of tangible capital assets	-	-	-	61,457	-	-	61,457	351,021
Balance - end of year	412,464	221,968	898,295	7,445,257	427,636	25,791	9,431,411	9,369,954
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	109,216	324,963	4,717,236	239,563	24,190	5,415,168	5,276,318
Annual amortization	-	10,770	18,114	96,397	17,415	400	143,096	138,850
Balance - end of year	-	119,986	343,077	4,813,633	256,978	24,590	5,558,264	5,415,168
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	412,464	101,982	555,218	2,631,624	170,658	1,201	3,873,147	3,954,786
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	412,464	112,752	573,332	2,666,564	188,073	1,601	3,954,786	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 3)

	Budget (Unaudited)	2022	2021
TAXATION			
Real property taxes	456,356	460,197	450,706
Linear property taxes	53,448	53,448	54,499
Government grants in place of property taxes	2,278	2,278	2,310
	<u>512,082</u>	<u>515,923</u>	<u>507,515</u>
REQUISITIONS			
Alberta School Foundation	76,491	76,491	75,697
Beaver Foundation	17,638	17,638	16,652
	<u>94,129</u>	<u>94,129</u>	<u>92,349</u>
NET MUNICIPAL TAXES	<u>417,953</u>	<u>421,794</u>	<u>415,166</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 4)

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING			
Provincial Government	253,547	97,008	81,563
Local Governments	18,819	13,800	13,044
	<u>272,366</u>	<u>110,808</u>	<u>94,607</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	-	100,000
Provincial Government	30,000	37,129	261,700
	<u>30,000</u>	<u>37,129</u>	<u>361,700</u>
TOTAL GOVERNMENT TRANSFERS	<u>302,366</u>	<u>147,937</u>	<u>456,307</u>

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 5)

	Budget (Unaudited)	2022	2021
Expenditures			
Salaries, wages and benefits	267,331	235,229	243,166
Contracted and general services	453,408	206,111	224,372
Materials, goods and utilities	140,422	121,577	124,249
Provision for allowances	-	480	-
Transfers to other governments	9,245	9,245	6,160
Transfers to local boards and agencies	67,728	81,307	82,360
Transfers to individuals and agencies	50,000	56,843	50,275
Bank charges and short term interest	1,000	1,165	917
Interest on capital long term debt	12,806	8,924	10,858
Other expenditures	100	-	3,013
Amortization of tangible capital assets	-	143,096	138,850
	<u>1,002,040</u>	<u>863,977</u>	<u>884,220</u>

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SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2022 (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)	421,794	-	-	-	-	-	-	421,794
User fees and sales of goods	4,470	-	1,850	87,178	-	16,000	14,264	123,762
Penalties and costs on taxes	14,279	-	-	-	-	-	-	14,279
Licenses and permits	890	1,540	-	-	-	-	-	2,430
Fines	-	312	-	-	-	-	-	312
Franchise and concession contracts	18,977	-	-	-	-	-	-	18,977
Investment income	333,864	-	-	-	-	-	-	333,864
Rentals	10,463	-	-	-	-	-	-	10,463
Government transfers	97,008	-	-	-	-	-	13,800	110,808
Other	758	-	-	-	-	-	13,702	14,460
	<u>902,503</u>	<u>1,852</u>	<u>1,850</u>	<u>87,178</u>	<u>-</u>	<u>16,000</u>	<u>41,766</u>	<u>1,051,149</u>
EXPENSES								
Salaries, wages and benefits	158,201	362	29,974	16,150	400	-	30,142	235,229
Contracted and general services	116,062	1,770	29,551	46,260	-	368	12,100	206,111
Materials, goods and utilities	26,625	280	57,398	15,673	-	321	21,280	121,577
Provision for allowances	480	-	-	-	-	-	-	480
Transfers to other governments	-	9,245	-	-	-	-	-	9,245
Transfers to local boards and agencies	14,145	41,673	-	-	3,500	-	21,989	81,307
Transfers to individuals and agencies	-	-	-	-	-	56,843	-	56,843
Bank charges and short term interest	1,165	-	-	-	-	-	-	1,165
Interest on capital long term debt	-	-	8,924	-	-	-	-	8,924
	<u>316,678</u>	<u>53,330</u>	<u>125,847</u>	<u>78,083</u>	<u>3,900</u>	<u>57,532</u>	<u>85,511</u>	<u>720,881</u>
NET REVENUE, BEFORE AMORTIZATION	<u>585,825</u>	<u>(51,478)</u>	<u>(123,997)</u>	<u>9,095</u>	<u>(3,900)</u>	<u>(41,532)</u>	<u>(43,745)</u>	<u>330,268</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	5,820	-	67,111	48,993	-	-	21,172	143,096
	<u>580,005</u>	<u>(51,478)</u>	<u>(191,108)</u>	<u>(39,898)</u>	<u>(3,900)</u>	<u>(41,532)</u>	<u>(64,917)</u>	<u>187,172</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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>2022</u>	<u>2021</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)		
Alberta Community Partnership	102,939	-
Municipal Sustainability Initiative - capital	<u>667,158</u>	<u>519,375</u>
	<u>820,097</u>	<u>519,375</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>1,219,844</u>	<u>1,195,614</u>
Total restricted cash and term deposits	<u>2,040,741</u>	<u>1,715,789</u>
Total un-restricted cash and term deposits (deficit)	<u>523,718</u>	<u>366,487</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2022</u>	<u>2021</u>
Current taxes and grants in place of taxes	35,034	40,372
Arrears taxes	13,409	6,506
Property held by the village as a result of tax forfeiture	66,362	124,892
	<u>114,805</u>	<u>171,770</u>
Less: allowance for doubtful accounts	6,239	45,329
	<u>108,566</u>	<u>126,441</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>2022</u>	<u>2021</u>
Alberta Community Partnership	102,939	-
Canada Community Building Fund	50,000	-
Municipal Sustainability Initiative - capital	742,143	704,287
Prepaid property taxes and utilities	13,723	6,401
	<u>908,805</u>	<u>710,688</u>

VILLAGE OF HOLDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

6. LONG TERM DEBT

	2022	2021
Loans to Local Authorities	210,685	266,242

Principal and interest payments are as follows:

	Principal	Interest	Total
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
	210,685	15,305	225,990

Debenture debt is repayable to the Loans to Local Authorities and bears interest at 3.569% per annum and matures in 2026.

The village's total cash payments for interest in 2022 were \$9,011 (2021 - \$10,942).

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:

	2022	2021
Total debt limit	1,576,724	1,453,523
Total debt	210,685	266,242
Surplus debt limit	1,366,039	1,187,281
Debt servicing limit	262,787	240,921
Debt servicing	64,568	64,568
Surplus debt servicing	198,219	176,353

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, 2022

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	9,431,411	9,369,954
Accumulated amortization (Schedule 2)	(5,558,264)	(5,415,168)
Long-term debt (Note 6)	<u>(210,685)</u>	<u>(266,242)</u>
	<u>3,662,462</u>	<u>3,688,544</u>

9. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	<u>698,184</u>	<u>535,031</u>
Restricted surplus		
Beaver Municipal Solutions surplus	531,832	531,832
Debenture retirement	180,000	229,516
General	246,008	246,008
Administration	26,849	18,203
Streets and roads	66,913	-
Land development	34,000	34,000
Playground and recreation	31,229	16,885
Sewer	95,252	56,170
Culture	7,761	-
	<u>1,219,844</u>	<u>1,132,614</u>
Equity in tangible capital assets	<u>3,662,462</u>	<u>3,688,544</u>
	<u>5,580,490</u>	<u>5,356,189</u>

VILLAGE OF HOLDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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:

	2022			2021
	Salary	Benefits & Allowances	Total	Total
Cole	1,280	4	1,284	295
Giebelhaus	-	-	-	6,020
Markel	1,830	-	1,830	2,260
Marko	-	-	-	3,210
Marusiak	-	-	-	2,096
Schiewe	6,755	224	6,979	1,777
Stavert	1,260	-	1,260	565
Zoopkow	-	-	-	4,417
CAO (2)	47,845	8,549	56,394	63,841
Designated Officer (2)	6,725	-	6,725	6,690

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, 2022

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, 2022, \$29,328 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 7 monthly payments of \$548 per month remaining as of December 31, 2022.

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, 2022

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 281,754 people and 435 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the village are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP in 2022 were \$10,824. Total current service contributions by the employees of the village to the Local Authorities Pension Plan in 2022 were \$9,543.

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 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.