

VILLAGE OF HOLDEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023, 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, 2023, 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:

- 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 16, 2024

Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF HOLDEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	2,731,577	2,564,459
Taxes and grants in place of taxes (Note 3)	100,774	108,566
Trade and other receivables	18,165	12,510
Due from other governments	208,384	156,461
	<u>3,058,900</u>	<u>2,841,996</u>
LIABILITIES		
Accounts payable and accrued liabilities	74,867	75,996
Deposits held in trust	750	800
Deferred revenue (Note 5)	847,779	908,805
Long term debt (Note 6)	153,127	210,685
	<u>1,076,523</u>	<u>1,196,286</u>
NET FINANCIAL ASSETS	<u>1,982,377</u>	<u>1,645,710</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	3,906,924	3,873,147
Inventory held for resale	60,933	61,633
	<u>3,967,857</u>	<u>3,934,780</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>5,950,234</u>	<u>5,580,490</u>

Commitments and contingencies - See Note 12, 13

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (unaudited)	2023	2022
REVENUE			
Net municipal property taxes (Schedule 3)	437,738	456,237	421,794
User fees and sales of goods	109,278	136,862	123,762
Penalties and costs on taxes	10,000	11,005	14,279
Licenses and permits	1,300	2,129	2,430
Fines	-	230	312
Franchise and concession contracts	20,000	18,231	18,977
Investment income	324,582	412,970	333,864
Rentals	9,741	9,854	10,463
Government transfers for operating	167,994	194,442	110,808
Other	1,000	3,642	14,460
	<u>1,081,633</u>	<u>1,245,602</u>	<u>1,051,149</u>
EXPENSES			
Legislative	32,525	17,476	14,695
Administration	404,459	386,682	301,983
Protective services	84,159	79,666	53,330
Transportation	197,232	125,556	125,847
Wastewater treatment and disposal	102,800	64,167	57,511
Waste management	20,638	20,638	20,572
Public health and welfare	4,000	3,850	3,900
Recreation	41,112	49,675	29,735
Culture	54,639	47,126	55,776
Amortization	-	144,481	143,096
	<u>982,588</u>	<u>981,041</u>	<u>863,977</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	99,045	264,561	187,172
OTHER			
Government transfers for capital (Schedule 4)	589,525	105,183	37,129
EXCESS OF REVENUE OVER EXPENSES	688,570	369,744	224,301
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,580,490	5,580,490	5,356,189
ACCUMULATED SURPLUS, END OF YEAR	<u>6,269,060</u>	<u>5,950,234</u>	<u>5,580,490</u>

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CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (unaudited)	2023	2022
EXCESS OF REVENUE OVER EXPENSES	688,570	369,744	224,301
Acquisition of tangible capital assets	(514,477)	(178,258)	(61,457)
Amortization of tangible capital assets	-	144,481	143,096
Net (increase) decrease of land held for resale	-	700	(20,000)
INCREASE IN NET FINANCIAL ASSETS	174,093	336,667	285,940
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,645,710	1,645,710	1,359,770
NET FINANCIAL ASSETS, END OF YEAR	<u>1,819,803</u>	<u>1,982,377</u>	<u>1,645,710</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	369,744	224,301
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	144,481	143,096
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	7,792	17,875
Decrease (increase) in trade and other receivables	(5,655)	2,121
Decrease (increase) in due from other governments	(51,923)	59,061
Decrease (increase) in inventory held for resale	700	(20,000)
Increase (decrease) in accounts payable and accrued liabilities	(1,129)	(25,374)
Increase (decrease) in deferred revenue	(61,026)	198,117
	<u>402,934</u>	<u>599,197</u>
CAPITAL		
Acquisition of tangible capital assets	<u>(178,258)</u>	<u>(61,457)</u>
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	<u>107,718</u>	<u>(250,722)</u>
FINANCING		
Long-term debt repaid	<u>(57,558)</u>	<u>(55,557)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	274,836	231,461
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,793,562</u>	<u>1,562,101</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>2,068,398</u></u>	<u><u>1,793,562</u></u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	150	150
Cash in bank	568,175	511,861
Term Deposits and demand notices	2,163,252	2,052,448
Less: Restricted cash (Note2)	<u>(663,179)</u>	<u>(770,897)</u>
	<u><u>2,068,398</u></u>	<u><u>1,793,562</u></u>

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SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF YEAR	698,184	1,219,844	3,662,462	5,580,490	5,356,189
Prior period adjustment	-	-	-	-	-
Balance as restated	698,184	1,219,844	3,662,462	5,580,490	5,356,189
Excess of revenues over expenses	369,744	-	-	369,744	224,301
Unrestricted funds designated for future use	(131,534)	131,534	-	-	-
Restricted funds used for operations	14,421	(14,421)	-	-	-
Current year funds used for tangible capital assets	(178,258)	-	178,258	-	-
Annual amortization expense	144,481	-	(144,481)	-	-
Net change in long term debt	-	(57,558)	57,558	-	-
Change in accumulated surplus	218,854	59,555	91,335	369,744	224,301
BALANCE, END OF YEAR	<u>917,038</u>	<u>1,279,399</u>	<u>3,753,797</u>	<u>5,950,234</u>	<u>5,580,490</u>

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CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2023	2022
COST:								
Balance - beginning of year	412,464	221,968	898,295	7,445,257	427,636	25,791	9,431,411	9,369,954
Acquisition of tangible capital assets	-	-	-	-	36,547	25,711	62,258	61,457
Construction in progress	-	-	-	116,000	-	-	116,000	-
Balance - end of year	412,464	221,968	898,295	7,561,257	464,183	51,502	9,609,669	9,431,411
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	119,986	343,077	4,813,633	256,978	24,590	5,558,264	5,415,168
Annual amortization	-	10,770	18,114	98,247	16,950	400	144,481	143,096
Balance - end of year	-	130,756	361,191	4,911,880	273,928	24,990	5,702,745	5,558,264
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	412,464	91,212	537,104	2,649,377	190,255	26,512	3,906,924	3,873,147
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	412,464	101,982	555,218	2,631,624	170,658	1,201	3,873,147	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 3)

	Budget (Unaudited)	2023	2022
TAXATION			
Real property taxes	480,017	496,773	460,197
Linear property taxes	51,983	51,983	53,448
Government grants in place of property taxes	2,326	2,326	2,278
	<u>534,326</u>	<u>551,082</u>	<u>515,923</u>
REQUISITIONS			
Alberta School Foundation	76,491	74,748	76,491
Beaver Foundation	20,097	20,097	17,638
	<u>96,588</u>	<u>94,845</u>	<u>94,129</u>
NET MUNICIPAL TAXES	<u>437,738</u>	<u>456,237</u>	<u>421,794</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 4)

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING			
Provincial Government	153,494	177,364	97,008
Local Governments	14,500	17,078	13,800
	<u>167,994</u>	<u>194,442</u>	<u>110,808</u>
TRANSFERS FOR CAPITAL			
Federal Government	50,000	-	-
Provincial Government	539,525	105,183	37,129
	<u>589,525</u>	<u>105,183</u>	<u>37,129</u>
TOTAL GOVERNMENT TRANSFERS	<u>757,519</u>	<u>299,625</u>	<u>147,937</u>

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 5)

	Budget (Unaudited)	2023	2022
Expenditures			
Salaries, wages and benefits	294,540	287,827	235,229
Contracted and general services	346,986	273,444	206,111
Materials, goods and utilities	176,354	112,900	121,577
Provision for allowances	-	-	480
Transfers to other governments	12,771	12,771	9,245
Transfers to local boards and agencies	102,303	96,784	81,307
Transfers to individuals and agencies	41,024	41,024	56,843
Bank charges and short term interest	1,600	1,605	1,165
Interest on capital long term debt	7,010	6,920	8,924
Other expenditures	-	3,285	-
Amortization of tangible capital assets	-	144,481	143,096
	<u>982,588</u>	<u>981,041</u>	<u>863,977</u>

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SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2023 (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)	456,237	-	-	-	-	-	-	456,237
User fees and sales of goods	5,355	-	1,300	94,603	-	20,000	15,604	136,862
Penalties and costs on taxes	11,005	-	-	-	-	-	-	11,005
Licenses and permits	439	1,690	-	-	-	-	-	2,129
Fines	-	230	-	-	-	-	-	230
Franchise and concession contracts	18,231	-	-	-	-	-	-	18,231
Investment income	412,970	-	-	-	-	-	-	412,970
Rentals	9,854	-	-	-	-	-	-	9,854
Government transfers	177,364	-	-	-	-	-	17,078	194,442
Other	357	-	-	-	-	-	3,285	3,642
	#####	<u>1,920</u>	<u>1,300</u>	<u>94,603</u>	<u>-</u>	<u>20,000</u>	<u>35,967</u>	<u>1,245,602</u>
EXPENSES								
Salaries, wages and benefits	190,271	437	39,320	19,457	350	-	37,992	287,827
Contracted and general services	171,941	7,191	28,937	53,112	-	-	12,263	273,444
Materials, goods and utilities	30,167	-	50,379	12,236	-	700	19,418	112,900
Transfers to other governments	-	12,771	-	-	-	-	-	12,771
Transfers to local boards and agencies	10,174	59,267	-	-	3,500	-	23,843	96,784
Transfers to individuals and agencies	-	-	-	-	-	41,024	-	41,024
Bank charges and short term interest	1,605	-	-	-	-	-	-	1,605
Interest on capital long term debt	-	-	6,920	-	-	-	-	6,920
	<u>404,158</u>	<u>79,666</u>	<u>125,556</u>	<u>84,805</u>	<u>3,850</u>	<u>41,724</u>	<u>96,801</u>	<u>836,560</u>
NET REVENUE, BEFORE AMORTIZATION	<u>687,654</u>	<u>(77,746)</u>	<u>(124,256)</u>	<u>9,798</u>	<u>(3,850)</u>	<u>(21,724)</u>	<u>(60,834)</u>	<u>409,042</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	5,820	-	67,509	50,445	-	-	20,707	144,481
NET REVENUE	<u><u>681,834</u></u>	<u><u>(77,746)</u></u>	<u><u>(191,765)</u></u>	<u><u>(40,647)</u></u>	<u><u>(3,850)</u></u>	<u><u>(21,724)</u></u>	<u><u>(81,541)</u></u>	<u><u>264,561</u></u>

VILLAGE OF HOLDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023

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, 2023

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>2023</u>	<u>2022</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	25,469	102,939
Municipal Sustainability Initiative - capital	<u>636,960</u>	<u>667,158</u>
	<u>662,429</u>	<u>770,097</u>
Included in cash and term deposits that are deposits held in trust	750	800
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	<u>1,279,399</u>	<u>1,219,844</u>
Total restricted cash and term deposits	<u>1,942,578</u>	<u>1,990,741</u>
Total un-restricted cash and term deposits (deficit)	<u>788,999</u>	<u>573,718</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2023</u>	<u>2022</u>
Current taxes and grants in place of taxes	29,343	35,034
Arrears taxes	11,630	13,409
Property held by the village as a result of tax forfeiture	66,040	66,362
	<u>107,013</u>	<u>114,805</u>
Less: allowance for doubtful accounts	6,239	6,239
	<u>100,774</u>	<u>108,566</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>2023</u>	<u>2022</u>
Alberta Community Partnership	25,469	102,939
Canada Community Building Fund	100,000	50,000
Municipal Sustainability Initiative - capital	711,945	742,143
Prepaid property taxes and utilities	10,365	13,723
	<u>847,779</u>	<u>908,805</u>

VILLAGE OF HOLDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Loans to Local Authorities	<u>153,127</u>	<u>210,685</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	59,631	4,938	64,569
2025	61,778	2,791	64,569
2026	31,718	566	32,284
	<u>153,127</u>	<u>8,295</u>	<u>161,422</u>

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 2023 were \$7,010 (2022 - \$9,011).

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:

Total debt limit	<u>1,868,403</u>	<u>1,576,724</u>
Total debt	<u>153,127</u>	<u>210,685</u>
Surplus debt limit	<u>1,715,276</u>	<u>1,366,039</u>
Debt servicing limit	<u>311,401</u>	<u>262,787</u>
Debt servicing	<u>64,569</u>	<u>64,568</u>
Surplus debt servicing	<u>246,832</u>	<u>198,219</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, 2023

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	9,609,669	9,431,411
Accumulated amortization (Schedule 2)	(5,702,745)	(5,558,264)
Long-term debt (Note 6)	<u>(153,127)</u>	<u>(210,685)</u>
	<u>3,753,797</u>	<u>3,662,462</u>

9. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	<u>917,038</u>	<u>698,184</u>
Restricted surplus		
Beaver Municipal Solutions surplus	531,832	531,832
Debenture retirement	122,442	180,000
General	240,233	246,008
Administration	26,849	26,849
Streets and roads	133,054	66,913
Land development	34,000	34,000
Playground and recreation	45,574	31,229
Sewer	133,876	95,252
Culture	11,539	7,761
	<u>1,279,399</u>	<u>1,219,844</u>
Equity in tangible capital assets	<u>3,753,797</u>	<u>3,662,462</u>
	<u>5,950,234</u>	<u>5,580,490</u>

VILLAGE OF HOLDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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:

	2023			2022
	Salary	Benefits & Allowances	Total	Total
Beckett	2,360	38	2,398	-
Cole	2,350	16	2,366	1,284
Markel	2,550	-	2,550	1,830
Schiewe	6,490	265	6,755	6,979
Stavert	-	-	-	1,260
CAO (2)	79,336	17,490	96,826	56,394
Designated Officer (2)	12,284	-	12,284	6,725

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, 2023

13. CONTAMINATED SITES LIABILITY

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2023 (2022 – nil) as a result of this standard.

14. 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, 2023

15. 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 291,259 people and 437 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 12.23% 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 11.23% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP in 2023 were \$11,164. Total current service contributions by the employees of the village to the Local Authorities Pension Plan in 2023 were \$9,873.

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.7 Billion.

16. COMPARITIVE FIGURES

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

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.